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HOUSE OF COMMONS

Monday, September 13, 1971

The House met at 2 p.m.

PRIVILEGE

MR. KNOWLES (WINNIPEG NORTH CENTRE)—
WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER
TEMPORARY WHEAT RESERVES ACT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege, having given Your Honour notice under the terms of Standing Order 17(2). The basis of my question of privilege is to be found, in the first place, in two answers to written questions given by the minister in charge of the Wheat Board last Wednesday and appearing in the *Hansard* we received on Thursday. My question of privilege arises also out of answers to oral questions given on Thursday on the same subject. It might be suggested that the appropriate time to have raised this question of privilege would have been on Friday, but as a matter of fact neither the minister in charge of the Wheat Board nor the Minister of Finance, who is also involved, were scheduled to be in the House on Friday, so it seems to me that under the provisions of citation 104(3) of Beauchesne's Fourth Edition this is the earliest opportunity for me to raise the matter.

The answers which were given on Wednesday, September 8, should, I think, be placed on record at this point. The first one appears in *Hansard* at page 7596 in response to a question by the hon. member for Moose Jaw (Mr. Skoberg). The question was as follows:

• (2:10 p.m.)

Are payments being made on a monthly basis to the Canadian Wheat Board under the provisions of the Temporary Wheat Reserves Act and (a), if so, are the payments still being made; (b), if not, for what reason?

The reply of the minister responsible for the Canadian Wheat Board was as follows:

Payments are not being made to the Canadian Wheat Board under the provisions of the Temporary Wheat Reserves Act on a monthly basis because the government has a bill before the House to rescind that act effective August 1, 1970.

A similar question and answer are to be found at page 7609, the questioner in this case being the hon. member for Regina East (Mr. Burton). The written answer, which is the important part of the exchange, is as follows:

Although funds were appropriated in the estimates for the fiscal year ending March 31, 1972, expenditures have not been authorized because the government has a bill before the House to rescind the Temporary Wheat Reserves Act effective August 1, 1970.

There were oral questions and answers on this matter on that day, and further questions were put on Thursday, including a question asked by the hon. member for Regina East of the Minister of Finance and to be found at page 7660 of *Hansard*. Part of the question was:

... has the Minister of Finance ... asked the Minister of Justice for a legal opinion on the validity of the action or lack of action by the Minister of Finance and has a legal opinion been given?

To which the Minister of Finance replied:

Not to me, no, Mr. Speaker.

If I may state my question of privilege—

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): —as succinctly and narrowly as I can, it is this. My question of privilege relates to the non-payment of moneys which it is specified in the Temporary Wheat Reserves Act are to be paid by the Minister of Finance to the Canadian Wheat Board; and, more particularly, the action of the government in telling this House that the reason it is not carrying out the provisions of the law is that it has a bill on the order paper.

Mr. Turner (Ottawa-Carleton): That is not a question of privilege.

Mr. Knowles (Winnipeg North Centre): My hon. friend suggests that this is not a question of privilege. I submit that anything which in a court would be regarded as contempt can be regarded as privilege in this House. I further suggest that when the government admits to Parliament that it is not carrying out the law and tells Parliament the reason it is not carrying out the law is that it has a bill on the order paper to rescind that law, a bill which has not yet been passed, then the rights and privileges of Parliament are being affronted.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): My case today has, of course, to be made not to those opposite but to Your Honour. I would point out that there are certain things that a question of privilege must not do—and I think I am avoiding those things. In the first place a question of privilege must not be a dispute over facts. We must not ask Your Honour to judge as between the opinions of members regarding certain facts. I think it will be clear as I develop my case that there is no dispute over the facts. My authority for saying that I must not ask Your Honour to judge as to facts is, of course, citation 104(2) of Beauchesne's Fourth Edition.

It is also a clear provision of the procedural citations about privilege that one must not ask Your Honour for a legal opinion. I must not ask you to state whether the government is right or wrong in not carrying out the provisions of the act. But I do suggest that when the government says to Parliament that the reason it is not carrying out the clear provisions of the statute is that it has before Parliament an unpassed bill which would rescind that statute a serious question of privilege is

raised. Does the government have the right to give us that excuse for not carrying out the law?

As I shall say when I come to the latter part of my case, it seems to me I should not ask you to rule that the government is in the wrong, but neither should you rule that the government is in the right. I submit there is a big enough question, a big enough issue, in this matter that there is a prima facie case of privilege, that it meets the requirements of the procedural citations about privilege and that Your Honour ought to let the House decide. I do not ask you to make a decision that there is an absolute case of privilege. I ask Your Honour to find that there is a prima facie case of privilege and then to let the House decide.

I said, Mr. Speaker, that I am not asking you to judge with regard to the facts. I submit that the facts are not in dispute. In the first place there is on the statute books chapter 2 of the Statutes of 1956 entitled the "Temporary Wheat Reserves Act". It is only a two-page statute but it is a very important one and some of us who are here today were here when that bill was adopted and made law.

Section 4 of chapter 2 of the Statutes of 1965 says:

The moneys payable to the Board—

To the Wheat Board.

—by the Minister of Finance under this Act shall be paid as follows:

There is nothing permissive; there is no use of the word "may". The moneys shall be paid. Then there are two subparagraphs of section 4. The (a) part need not be read because it describes how payment was to be made in the crop year 1955-56. Paragraph (b) of section 4 is the one that is still in effect. Let me read section 4 from the preamble into paragraph (b) in order that it will be complete. This is what it says:

4. The moneys payable to the Board by the Minister of Finance under this Act shall be paid as follows: . . .

(b) in respect of any subsequent crop year, the total amount payable for the crop year shall be paid in equal monthly payments within such crop year.

There is no dispute over that. It is in the statutes and the government does not deny its existence.

The second point that is not in dispute is the fact that the payments have not been made since the end of July, 1970. This has been brought out at meetings of the Standing Committee of Agriculture, and in his answers last week the minister admitted that payments have not been made since the end of July or since August 1, 1970.

The third point that is not in dispute is that the reason given by the government is very simple and straightforward, namely, that Bill C-244 is the reason for not making these payments. Bill C-244 has not yet been passed by the House. It has in it clause 33 which says:

The Temporary Wheat Reserves Act is repealed, effective July 31, 1970.

The explanatory note opposite clause 33 reads:

The repeal of the Temporary Wheat Reserves Act is consequential on the enactment of the stabilization program set out in this Act.

That makes it clear that the government knows that clause 33 does not come into effect until the act as a whole has been passed.

[Mr. Knowles (Winnipeg North Centre).]

• (2:20 p.m.)

One other point I cite in the list of facts is that Bill C-244 has not been passed and therefore authority to act on that basis has not been established by Parliament.

In my view the privileges of Parliament have been attacked by this action of the government. As I said earlier, I am one of those who were here in 1956. The record shows I took at least some part in that debate and agreed to the passing of the bill. As a matter of fact, it was supported unanimously. The Right Hon. C. D. Howe, who piloted the bill, gave the House the assurance that the payments would be made monthly as long as that act was in effect.

Some questions were asked. The present member for Calgary Centre (Mr. Harkness) wanted the payments to be made in a lump sum at the beginning of the year. There are five or six pages of debate in the 1956 *Hansard* on this matter. Mr. Howe did not agree but did make clear that the payments would be made monthly in advance beginning with the first month of the crop year which in every case is the month of August. Because that has not been carried out, I submit we have a point of privilege. Even more directly, however, I suggest it is an affront to the rights of members of the House for the government to give as an excuse the fact that there is a bill on the order paper which has not yet been passed.

You might say, Sir, that this is a legal matter to be dealt with in the courts. There is, of course, a provision in the Criminal Code, section 115, which reads as follows:

Every one who, without lawful excuse, contravenes an Act of the Parliament of Canada by wilfully doing anything that it forbids or by wilfully omitting to do anything that it requires to be done is, unless some penalty or punishment is expressly provided by law, quilty of an indictable offence and is liable to imprisonment for two years.

An hon. Member: There goes John Turner.

Mr. Knowles (Winnipeg North Centre): No. It is the Minister of Finance we will miss because the Temporary Wheat Reserves Act says that the Minister of Finance shall make these payments on a monthly basis at the beginning of the crop year. An answer to that might be forthcoming in the sections in Beauchesne regarding privilege which point out that we provide certain defences against arrest or against people interfering with Members of Parliament in the discharge of their duties. In other words, there might be trouble if someone tried to lay an information against the Minister of Finance. We might have to defend him and keep him here. That remains to be seen.

The point I am making is that the place for us to deal with a matter like this and what has been done to us is here on the floor of Parliament. What has been done to us is that we have been told that, although we have passed a law and although it is there and is clear, the government feels it does not have to carry it out because of this other provision, an unpassed bill which it has on the order paper. This I find strange today after a statement made by the Secretary of State for External Affairs on Friday in another context when he was Acting Prime Minister. His words were clear and are found at page 7702 of *Hansard* for Friday September 10. The Secretary of State for External Affairs said:

Everyone in this country knows that the Canadian Parliament makes the laws in this country and that these are the laws to be observed.

Here we have a law which Parliament made. The government admits it is not carrying out the law and gives us the excuse that it is asking Parliament to rescind that law. I am just about through with my presentation, Sir.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I knew that at least that statement would get applause from the other side. I make the point again, Sir—it is to Your Honour I am addressing myself and not the other side; we will take them on when we get into debate on the motion if it takes place—that I am not asking you to make a decision regarding the facts. There is no dispute between us about the facts. I am not asking you to make a decision whether the government is right or wrong, but I ask you not to say that the government is right by saying that there is no wrong.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): I do ask that the provisions in Beauchesne be observed, namely, that if there is a prima facie case of privilege Your Honour will leave it to the House to decide. If Your Honour does make that decision and if you permit a motion, may I simply read the motion I would make. I know quite well that I cannot make the motion at this time, but I think it should be on the record. If Your Honour finds that I have a prima facie case of privilege, I would make the following motion:

That the matter of the non-payment by the Minister of Finance to the Canadian Wheat Board, since August 1, 1970, of certain moneys payment of which is specified in the Temporary Wheat Reserves Act, being chapter 2 of the Statutes of Canada for 1956, be referred to the Standing Committee on Privileges and Elections for consideration and report.

I ask Your Honour to note that in that motion, as in my statement, I have avoided alleging anything that is in dispute. I do not try to settle the issue; I simply ask that Parliament be given the chance to refer this matter to the Standing Committee on Privileges and Elections so that that committee can consider the matter and make its report on this very important issue.

Some hon. Members: Hear, hear!

Mr. Speaker: I see that the minister seeks the floor. I should like to suggest to hon. members that while I do not want to prevent a minister from replying on behalf of the government, the suggestion which has been made and the practice followed over the years is that only in instances where a minister's conduct is involved do we allow that minister to reply to a question of privilege. I doubt very much if any point would be served or any advantage achieved by allowing the minister to reply at this time. Again, I want to be fair and I do not want him to feel aggrieved in any way by not being allowed to reply at some length or briefly, as he might wish, to the presentation by the hon. member for Winnipeg North Centre.

I do feel that on questions of privilege hon. members have to rely pretty well on the judgment of the Chair as to whether there is a prima facie case, and if it were the decision at any time that there was a prima facie case, then hon. members on behalf of the government and other hon. members on behalf of the opposition would have an opportunity to take part in a full-fledged debate on whether the matter should be referred to a committee as suggested by the motion proposed by the hon. member who has raised the question of privilege. So at this point I really have to ask the indulgence of hon. members to allow the Chair to make the decision now.

I might say that I am in a particularly good position in this instance to make a decision now because of the terms of the notice given by the hon. member for Winnipeg North Centre under the provisions of Standing Order 17, subsection (2). The hon. member was kind enough to indicate at some length what the points were that he proposed for the consideration of the House and of the Chair. This was to my advantage, and I am grateful to the hon. member. I am not sure whether it was to his advantage also. Certainly it gave me an opportunity to look at precedents and to reflect for some hours on this very important issue.

• (2:30 p.m.)

I want to tell hon. members that I am not in any way belittling the importance of the matter which has been brought once again to the attention of the House. I might say that many of the points made by the hon. member for Winnipeg North Centre have been made already in the course of debate and in questions put by the hon. member for Vegreville and the hon. member for Saskatoon-Biggar, both of whom suggested last week that the regular debates of the House be adjourned under the dispositions of Standing Order 26 for the purpose of considering this important matter. The hon. member for Winnipeg North Centre suggested that this matter is so large and so big that it should impress the Chair that it should be considered by way of a question of privilege. I cannot agree at all with this argument. I would think some questions would be so immense or at least would be so considerable in terms of national importance and national interest that the Chair would not be justified in suggesting that they be considered by the House by way of a question of privilege.

Again I thank the hon. member for the notice he has given me under the terms of the Standing Order and for the fact he has gone so generously into some detail in explaining . . .

Some hon. Members: Oh, oh!

Mr. Speaker: I am referring to the notice which was given to the Chair and which explained so generously for the guidance of the Chair what the points were that the hon. member proposed to put to the House.

On numerous occasions, as hon. members know, the Chair has cited the definition of parliamentary privilege as "the sum of the fundamental rights of the House and of its individual members as against the prerogatives of the Crown, the authority of the ordinary courts of law and the special rights of the House of Lords". This definition, of course, is taken from May's work. It is a long-standing definition which has never been contradicted, and although we might change the citation because, this being a British citation, it refers to the House of Lords, it applies, generally speaking, to our own proceedings.

This definition is further expounded by Sir Erskine May at page 42 of the seventeenth edition of his work on parliamentary practice:

> The privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers". They are enjoyed by individual members, because the House cannot perform its functions without unimpeded use of the services of its members; and by each House for the protection of its members and the vindication of its own authority and dignity.

At page 43 the learned author states as follows:

> When any of these rights and immunities, both of the members, individually, and of the assembly in its collective capacity, which are known by the general name of privileges, are disregarded or attacked by any individual or authority, the offence is called a breach of privilege, and is punishable under the law of Parliament.

The duty of the Chair in the present circumstances is to determine whether there is a prima facie case of breach of privilege. That is a point that was made very ably by the hon. member for Winnipeg North Centre. The Chair is not authorized to say whether there is a question of privilege or a breach of privilege but whether the circumstances are such as to justify a judgment by the Chair that there is at least a prima facie case.

The facts are simple. Again, as the hon. member said, they do not appear to be in dispute. The dispositions of the Temporary Wheat Reserves Act are a matter of record well known to hon. members on both sides of the House. The fact that there is before the House legislation which in some way relates to the dispositions of the existing statute is also well known to hon. members.

Whether the government has an obligation under the terms of the existing law to make certain payments is not a question for the Chair to decide. The hon. member, in making his submission, has also pointed out that the Chair is not required to make a determination as to the law. This is a matter of judicial interpretation and is far beyond the jurisdiction and certainly far beyond the competence of the Chair.

In reply to certain questions members of the government have given their interpretation of the facts of the case. Whatever this interpretation may be, I again suggest that this cannot be the basis for a question of privilege.

The crux of the whole matter, as I understand it, is that the government is withholding payments authorized by an existing statute until a new statute has been adopted. Either what the government is doing is or is not contemplated, or anticipated, or authorized by the existing statute. Its action may well be subject to censure, but that would be a decision for the House to take on the basis of a non-confidence or censure motion.

Whether it is in order to use this method to induce the adoption of alternative government legislation can again be the subject of debate, but I suggest that this should not be done within the framework of a debate on a question of privilege.

Some time last week the hon. member for Vegreville and the hon. member for Saskatoon-Biggar sought the adjournment of the House under Standing Order 26 for the purpose of debating what was termed then "the failure of the government to carry out the explicit instructions of the Temporary Wheat Reserves Act". The reasons which were given by the Chair to suggest that such a debate should not be initiated under Standing Order 26 would apply to the suggestion by the hon. member for Winnipeg North Centre that a debate on this contentious issue should be launched by way of breach of privilege.

While the Chair recognizes the importance and urgency of the situation, and also the anxiety of many hon. members to initiate a debate on the subject, I cannot agree that there has been a prima facie breach of parliamentary privilege, at least on the basis of my understanding of parliamentary privilege.

ROUTINE PROCEEDINGS

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43 I would like to move a motion, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

> That the matter of the failure of the government to observe the law with respect to the provisions of the Temporary Wheat Reserves Act be referred to the courts for immediate consideration.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Vegreville. I do not have before me a copy of the motion in writing. I assume the hon. member has one before him. But in any event if there is unanimous consent—

Some hon. Members: No.

Mr. Speaker: —the hon. member can provide the Chair with a written copy of the motion. Is there unanimous consent for the motion proposed by the hon. member for Vegreville?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The hon. member has heard, as I have, that there is not unanimity and consequently the motion he has proposed cannot be put at this time.

* * *

FAMILY INCOME SECURITY PLAN

MEASURE TO PROVIDE BENEFITS IN RESPECT OF CHILDREN

Hon. John C. Munro (Minister of National Health and Welfare) moved for leave to introduce Bill C-264, to provide for the payment of benefits in respect of children.

Motion agreed to, bill read the first time and ordered to be printed.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

LOCKHEED JETSTAR AIRCRAFT

Question No. 1,378—**Mr. McCutcheon:**

1. Has the Department of Transport recently purchased a used Lockheed Jetstar aircraft?

2. From whom was it purchased and at what price?

3. What was the cost of the aircraft when new?

4. How many hours of use remained on its engines and its airframe before requiring a mandatory overhaul when the government purchased it?

5. Were any spare parts included in the selling price and, if so, what was their value?

6. Has the government had to spend any money on the aircraft to bring it up to operational standards and, if so, how much?

7. How many hours has it been flown since its purchase by the government?

8. How many Jetstars are now in government service?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. Yes.

2. T. Eaton Company Limited, $1,200,000.

3. $2,500,000.

4. 1—Engine, 1,730 hours; 2—Engine, 375 hours; 3—Engine, 620 hours; 4—Engine, 1,657 hours. Airframe, eight months remaining to a normal Annual Inspection.

5. Yes, $280,000 ($130,000 spare parts and $150,000 for overhauled power plant).

6. No. Normal Annual Inspection.

7. 584:00 Air time to June 3, 1971.

8. Three.

COST OF CENSUS FORMS AND PENCILS

Question No. 1,549—**Mr. Downey:**

1. What was the cost to the government of pencils provided with census forms?

2. Did the above cost include the cost of sharpening each pencil and the cost of the printing on them and, if not, what was the cost for each?

3. Were tenders called for the purchase of these pencils?

4. How many companies tendered and who submitted the accepted tender?

5. Is the company which submitted the accepted tender a Canadian company?

6. What was the highest bid submitted and what was the lowest?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): I am informed by Statistics Canada (Dominion Bureau of Statistics) and the Department of Supply and Services as follows: 1. The pencils provided with the 1971 Census forms cost the government $151,939.01, (unit cost of $0.0185 each).

2. Yes; this amount includes the cost of sharpening the pencils and the printing on them.

3. Two tenders were invited, one for 6,500,000 and the other for 2,000,000 pencils.

4. (a) 6,500,000 pencils—Tender April 28, 1970, five (5) companies tendered. The contract was awarded to Eagle Northrite, Division of Verol Corporation, Montreal, Que., who submitted the lowest tender. (b) 2,000,000 pencils—Tender September 17, 1970, four (4) companies tendered. The contract was awarded to Empire Pencil Company, Longueuil, Quebec, who submitted the lowest tender.

5. Of the two companies which received contracts for the pencils, Statistics Canada has no information on company ownership for the Empire Pencil Company of Longueuil, Quebec. This information is not available as this Corporation is not required to report, at present, under any Act of Parliament. In so far as Eagle Northrite, Division of Berol Corporation of Canada Ltd is concerned, Statistics Canada informs that, as of December 31, 1969, 100 per cent of its voting stock was held by non-residents of which 99.9 per cent was owned by Berol Corporation (a United States firm).

6. (a) 6,500,000 pencils. Highest—$185,069.30. Lowest—$115,050. (b) 2,500,000 pencils. Highest—$48,880. Lowest—$33,860.

DEFINITION OF "LABOUR FORCE"

Question No. 1,603—**Mr. Reid:**

1. What is the definition of "Labour Force" used in computing employment and unemployment rates in Canada and how was this definition conceived?

2. To the knowledge of the government, what is the definition of "Labour Force" used in the following countries (a) United States (b) United Kingdom (c) France (d) Germany (e) Japan?

3. In what ways does the definition of "Labour Force" in Canada differ from those of the (a) United States (b) United Kingdom (c) France (d) Germany (e) Japan?

4. Over the past 5 years, what were the actual and seasonally adjusted annual rates of employment and unemployment in Canada using the definition of "Labour Force" in the (a) United States (b) United Kingdom (c) France (d) Germany (e) Japan?

5. Over the past five years, what were the actual employment and unemployment rates in Canada, using the Canadian definition of "Labour Force"?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Statistics Canada reports that: 1. The labour force in Canada is composed of that portion of the civilian non-institutional population 14 years of age and over who, during the reference week, were employed or unemployed. The Yukon and Northwest Territories and Indian reservations are excluded. The employed includes all persons who, during the reference week: (a) did any work for pay or profit; (b) did any work which contributed to the running of a farm or business operated by a related number of the household; or (c) had a job, but were not at work, because of bad weather, illness, etc.

Persons who had jobs but did not work during the reference week and who also looked for work are included in the unemployed. The unemployed include all persons who, through the reference week: (a) were without work and seeking work, or would have been looking for work except that they were temporarily ill, were on indefinite or prolonged layoff, or believed no suitable work was available in the community; or (b) were temporarily laid off for the full week, i.e., were waiting to be called back to a job from which they had been laid off for less than 30 days.

The above concepts were developed in the late 1930's mainly in the United States and received international

support during the 1940's and subsequently. The first Canadian survey was in 1945.

2 and 3. (a)United States—The definitions are similar to those of Canada except that the lower age for inclusion in the survey is 16; the reference period for looking for work is four weeks and some specific job seeking activities must have been undertaken in that period; and persons with jobs but not at work and looking for work are counted as employed. (b) United Kingdom—The British statistics are based on administrative data from employment offices. Differences from Canada that affect unemployment data include: The British compute the unemployment rate by expressing the number of unemployed as a percentage of the wage and salary labour force (excluding the self-employed); The lower age limit is 15; Persons registered as unemployed for only one day are counted as unemployed; Persons temporarily ill are excluded from the unemployed; There is an under-registration of married women, new entrants to the labour force, teenagers, persons voluntarily changing jobs, retired workers, persons delaying in registering. (c) France—The French statistics are based, like the British, on registrants for jobs and similar comments regarding under-registration apply. (d) West Germany—The German statistics are based on administrative data but are close to the coverage used in Canada. The German data include the military. (e) Japan—The Japanese have a labour force survey similar to that used in Canada. Differences are the exclusion from the unemployed of persons on temporary layoff, persons not seeking work because of illness or because of belief no work was available.

4. Statistics Canada does not have sufficient information to make these calculations.

5. Rates of Unemployment and Employment for Canada

Annual Averages
1966-1970

Year	Unemployment	Employment
1966	3.6	96.4
1967	4.1	95.9
1968	4.8	95.2
1969	4.7	95.3
1970	5.9	94.1

*GRANTS TO ORGANIZATIONS WITH HEADQUARTERS AT ROCHDALE COLLEGE

Question No. 1,606—**Mr. Ryan:**

Have any organizations whose headquarters are at Rochdale College been given government grants and, if so (a) what organization (b) in what amounts?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the answer to this question is rather lengthy and I would ask the permission of the House that it be tabled and reported in *Hansard* as though it had been read.

[Mr. Pepin.]

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

[*Editor's Note: The answer above referred to is as follows:*]

I am informed by the Citizenship Branch of the Department of the Secretary of State as Follows: Four grants totalling $6,810 have been made to Rochdale College, and projects within the College: June, 1967—$5,000. During its early stage, Rochdale was of interest to the Citizenship Branch as a Canadian experiment in social organization and youth participation and its development was thus assisted. May, 1968—$110.—to assist a spin-off project of Rochdale, the Indian Institute, in its attempt to develop a better understanding of Canadian-Indian culture. For the first Cross-Cultural Workshop, the Citizenship Branch provided $110. December, 1968—$1,500—to Rochdale College, in support of its experiments to develop new, participatory approaches to learning. On this occasion Rochdale experimented with a project to involve the community in the appreciation of dance and art forms. December, 1969—$200—to Rochdale College, for a task-force of the College engaged in the production of a handbook on legal rights. Under the Opportunities for Youth Program of the Department of the Secretary of State, the Rochdale Free Clinic was given a grant of $13,075 to extend the Clinic into a 24 hours a day medical and crisis intervention service.

* * *

QUESTION PASSED AS ORDER FOR RETURN

1971 CENSUS—BEAUCE CONSTITUENCY

Question No. 1,599—**Mr. Rodrigue:**

1. What are the names and addresses of the census officials and census commissioners hired by the government for the 1971 Census in the constituency of Beauce?

2. What salary does each receive?

Return tabled.

• (2:40 p.m.)

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

EMPLOYMENT SUPPORT BILL—POSSIBLE IMPOSITION BY UNITED STATES OF SPECIAL IMPORT TAXES—ADDITIONAL GOVERNMENT CONTINGENCY PLANS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Prime Minister. In view of the statement this morning by the American Undersecretary of the Treasury that the United States is studying Bill C-262 and would feel free to apply special import taxes under the U.S. countervailing duty law, is the government now reviewing its position and can the Prime Minister indicate if additional alternative contingency plans are now being considered?

Right Hon. P. E. Trudeau (Prime Minister): On the first part of the question, Mr. Speaker, the government is aware, of course, that the United States is free to act as it best sees fit. We have always felt that in this particular case it would not take that decision. There is no indication that it will take the decision to use countervailing duties on this particular bill. It is just a freedom of action reserved to itself by the United States government and we cannot quarrel with that. If the worst does happen and the hypothesis is realized—for the time being it is a hypothetical question, Mr. Speaker, but I did tell the opposition the other day that we have indeed contingency plans if the worst should happen.

Mr. Baldwin: As a statement to this effect was made by a senior American official this morning, does the Prime Minister not feel that it is no longer hypothetical and that this government should give some serious consideration to various alternatives?

Mr. Trudeau: That is exactly the point, Mr. Speaker. I told the Leader of the Opposition last week that we were giving serious consideration to eventual action if this precise method, or the length of operation of the surtax, called for additional measures.

Mr. Baldwin: Is the government aware of the report of the presidential commission headed by Mr. Tresizca delivered today—Mr. Tresizca is Undersecretary of State for Economic Affairs—that special arrangements with Canada with regard to such things as the auto trade pact and other matters should be reviewed and in many cases rescinded and that the whole issue of trade and economic affairs with Canada should be the subject of multilateral rather than bilateral arrangements, and does the government now feel that it should reassess its whole position in this regard?

Mr. Trudeau: The same answer, Mr. Speaker. We are assessing our whole position. We realize the grave consequences which might follow from the United States action if they embarked on a protectionist course permanently, but I repeat that these pronouncements are not government policy. We are reacting to the policy that has been established by the President of the United States and not to hypothetical suppositions by various people in that government.

EMPLOYMENT SUPPORT BILL—FORMAL NOTIFICATION BY UNITED STATES OF POSSIBLE IMPOSITION OF SPECIAL IMPORT TAXES

Mr. David Lewis (York South): I have a supplementary question, Mr. Speaker. In view of the Prime Minister's answer may I ask him whether the government of Canada was informed officially of the statement of the Undersecretary of the Treasury in Washington? Has the government had any formal information from Washington as to their approval or disapproval or of any action they intend to take with regard to Bill C-262?

Right Hon. P. E. Trudeau (Prime Minister): I could not say, Mr. Speaker. As hon. members know, the two ministers mainly responsible are in Toronto meeting with the Japan-Canada ministerial mission. I was not around here on Friday and Saturday because I was touring certain parts of Ontario, so I cannot answer for the ministers. I am sure they will be in a position to give an answer tomorrow.

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LABOUR RELATIONS

IMPLEMENTATION OF UNITED STATES WAGE FREEZE BY UNITED STATES-OWNED CANADIAN CORPORATIONS

Mr. David Lewis (York South): Mr. Speaker, I have a further supplementary question in the same area but on a different aspect. In view of the fact that there is also a report from Washington that the importation of the United States wage freeze into Canada by Douglas aircraft and Chrysler Corporation was made without the support or sanction of the American authorities and in view of the fact that there has been a strike vote at Douglas supported by some 6,000 employees, or an overwhelming majority, would the Prime Minister inform the House whether the government has made representations to those two companies to abandon their present position with regard to the wage freeze and, if not, something will be done without delay?

Hon. Bryce Mackasey (Minister of Labour): Possibly I can answer this question because of the labour implications, Mr. Speaker. I go pretty well from press reports, but at first indication I see no federal law that has been contravened by the actions of these two companies. In the case of Douglas Aircraft, where they are now in the process of collective bargaining, if the company is not bargaining in good faith on the basis of its ability to pay there are provisions in the Ontario Labour Code under which the union can claim that the company is not bargaining in good faith. In the case of the auto workers, I do not know whether they are covered by collective bargaining. In any event, I think both the Acting Prime Minister on Friday and the government of the United States made it very clear that they take a very dim view of the policy of these companies.

Mr. Lewis: I know, of course, about the law in Ontario, and the Chrysler employees concerned are not covered by a collective agreement. As the Minister of Labour ought to know if he does not, they are administrative and managerial staff. I am asking whether the minister or some other member of the government will convey to these companies the federal government's disapproval of the importation into Canada of foreign policies and foreign laws?

Mr. Mackasey: Mr. Speaker, the Acting Prime Minister did precisely that on Friday in his well publicized statements both in the House and outside the House that we take a dim view of this position if it is based on President Nixon's directive and not on the normal forces at play in free collective bargaining.

Mr. Speaker: The hon. member for Edmonton West on a supplementary question.

Hon. Marcel Lambert (Edmonton West): It is not supplementary to this series of questions, Mr. Speaker. I want to

go back to those asked by the hon. member for Peace River.

Mr. Speaker: I appreciate the point being made indirectly by the hon. member for Edmonton West. It is sometimes difficult for the Chair to determine, when a supplementary question is asked, whether it is a genuine supplementary. Even when I have doubts about it, sometimes it is easier to allow the question to be asked. Without further comment, I recognize the hon. member for Edmonton West.

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THE CANADIAN ECONOMY

PROPOSED UNITED STATES DISC PROGRAM—FORMAL PROTEST CONCERNING LEGALITY IN RELATION TO GATT

Hon. Marcel Lambert (Edmonton West): My question is directed to the Prime Minister and relates to the legality or alleged illegality of the employment support bill and whether the Canadian government has examined the DISC program to see whether it contravenes the GATT undertakings. If so, what conclusion has the government reached concerning this proposal and what does it intend to do about it? Is there to be any formal protest by the Canadian government regarding the illegality of the DISC program under GATT?

Right Hon. P. E. Trudeau (Prime Minister): Our position on the surtax was made in the GATT forum but our position cannot be made on a United States program which is not law yet but is just something that is being talked about. This House knows that an item does not become law the day it is introduced by the government.

Mr. Lambert (Edmonton West): Does the Prime Minister anticipate that it will be easier to get changes once Congress has taken the necessary action to implement the DISC program or does he feel that the government of Canada should make its views known now with regard to that program? Has the Minister of Finance been instructed to put forward the views of the government in contacts with the appropriate American government officials whom he will meet during the course of the conference in the next two weeks?

Mr. Trudeau: Mr. Speaker, it is apparent to the country that on the totality of the President's announcement in August representations were made by the ministerial mission which went from Canada to Washington and subsequently in meetings at official levels. We are not making any representations in international forums at the GATT level on something which has not yet become a matter of law or policy of the United States government but we have talked at some great length, as the House knows, although not always with the approval of the members of the opposition, to the people in Washington.

Mr. Lambert (Edmonton West): A further supplementary—

Mr. Speaker: Order, please. the hon. member has had two supplementaries.

[Mr. Lambert (Edmonton West).]

Mr. Lambert (Edmonton West): Others had three.

Mr. Speaker: The Chair will recognize the hon. member for Annapolis Valley and the hon. member for Témiscamingue and return to the hon. member for Edmonton West and other hon. members with further supplementaries, including the hon. member for Prince Edward-Hastings.

PROPOSED UNITED STATES DISC PROGRAM—CANADIAN PROPOSAL TO GROUP OF TEN RESPECTING CO-ORDINATED REPRESENTATIONS TO IMF MEETING

Mr. J. P. Nowlan (Annapolis Valley): My supplementary is also directed to the Prime Minister. Can we assume from his earlier answer, Mr. Speaker, that, whatever the contingency plan is, Canada has no firm proposal for the meeting of the Group of Ten to combine the other nations of the Group of Ten in a co-ordinated strategy against the DISC proposal so that representations in a co-ordinated, collective way can be made when the International Monetary Fund meets a week later?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Mr. Speaker: The hon. member for Témiscaminque.

Mr. Nowlan: A further supplementary, Mr. Speaker.

Mr. Speaker: As I suggested to hon. members, at this point the Chair will recognize the hon. member for Témiscamingue subject to returning to the hon. member in a moment.

* * *

• (2:50 p.m.)

[*Translation*]

UNEMPLOYMENT INSURANCE

REFUSAL TO PAY BENEFITS TO EMPLOYEES LAID OFF BY QUÉMONT MINE

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a question for the Minister of Labour.

Has he received representations from the municipal authorities of Rouyn concerning miners laid off at the Québec mine in view of the Unemployment Insurance Commission's refusal to pay them benefits on grounds that the mine is paying them a severance allowance for their 20-odd years of service?

Can the minister tell us whether unemployment insurance benefits will be paid to those miners?

[*English*]

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, I will have to check with the Unemployment Insurance Commission to see precisely whether the $750 that some of these miners have received in the form of severance pay is considered in relation to income. Usually what happens is that the moneys are considered as wages or deferred wages and these people become eligible for unemployment insurance only after the moneys received as severance pay or holiday pay have been apportioned

over so many weeks. In any event, I will make representations this afternoon to the Unemployment Insurance Commission on this problem.

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NATIONAL DEFENCE

USE OF SUFFIELD MILITARY RESERVE BY BRITISH ARMY—SUBMISSION OF AGREEMENT TO COMMITTEE

Hon. George Hees (Prince Edward-Hastings): I would like to direct a question to the Prime Minister. Before doing so, may I take this opportunity to welcome him back after his foray on the weekend into certain ridings in Ontario which was made to promote the interests of those who will be running as Liberal candidates in the next election—

Mr. Speaker: Order, please.

Mr. Hees: —and made possible by the use of several military aircraft—

Mr. Speaker: Order.

Mr. Hees: —at considerable cost to the taxpayers.

Mr. Speaker: Order, please. The hon. member was recognized for the purpose of asking a question. He has attempted to make a speech. That is not the purpose of the question period.

Mr. Hees: I was trying to be polite and welcome back the Prime Minister and cheer him up. He looks a little disconsolate because of the reception he received there. Is it the intention of the government to accede to the request of the National and Provincial Parks Association, in a recent letter to the Prime Minister, that the agreement which was signed recently by the Canadian and British governments for the use of Suffield military reserve in Alberta by the British army by submitted to the appropriate committee of Parliament for study and recommendation? Does the government intend to accede to that request&

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not remember reading such a letter. It may have been addressed to another minister. I will look into the matter and see if an answer has been given.

Mr. Hees: I will send it across to the Prime Minister.

Mr. Speaker: Order, please. We will return to the supplementaries that were interrupted a few moments ago.

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THE CANADIAN ECONOMY

EFFECT ON EMPLOYMENT OF POSSIBLE RETURN TO UNITED STATES OF AMERICAN SUBSIDIARY COMPANIES

Hon. Marcel Lambert (Edmonton West): My question is for the Prime Minister. In light of the apprehension of the Minister of Finance disclosed yesterday that thousands upon thousands of Canadian jobs will be lost if American subsidiaries in Canada were called back to the United States by American parent companies, can the Prime Minister tell us whether the government intends to take action now in light of the apprehension of the Minister of Finance, perhaps in the same way it took action in another case of apprehension?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is really the same question in another form. I have repeatedly told the House that the government is studying contingency plans in the eventuality that this particular action of the government was not enough, but I am not in a position to announce what we would do if these events developed as apprehended.

PROPOSED UNITED STATES DISC PROGRAM—CANADIAN PROPOSAL TO GROUP OF TEN RESPECTING CO-ORDINATED REPRESENTIONS TO IMF

Mr. J. P. Nowlan (Annapolis Valley): In order to try to clarify the position of the government and without playing any cat and mouse game, is it fair to assume from the answers of the Prime Minister today that as part of the contingency plans the Minister of Finance has a firm proposal he is trying to develop before the Group of Ten so that these countries can react if the DISC proposal becomes law in the United States, especially in view of the fact that the Group of Ten is meeting just a week before the IMF meeting which will determine the whole state of the currency and imbalance-balance problem of the United States and the world?

Right Hon. P. E. Trudeau (Prime Minister): Generally speaking, I suppose it is fair to assume that. I can say that the Minister of Finance is going to the meeting of the Group of Ten with specific things he wants to say to all the other members at that meeting. In that sense we are making specific proposals, but we do not guarantee anything as to the way in which they will be received or as to what will be done by the other members of the Group of Ten, of course. For that reason we see no advantage in being more precise about the type of thing the Minister of Finance is going to be saying in Europe.

PROPOSED UNITED STATES DISC PROGRAM—MAINTENANCE OF EXISTING SAFEGUARDS UNDER AUTOMOTIVE AGREEMENT

Mr. Edward Broadbent (Oshawa-Whitby): I have a supplementary question for the Prime Minister. Following the unclear answer by the Minister of Industry, Trade and Commerce last week and the announcement over the weekend of the introduction again of the DISC proposal before the American congress, will the Prime Minister now assure the House that in any subsequent or continuing negotiations with the Americans the Canadian government will insist on the maintenance of the existing safeguards in the Canada-United States automotive agreement?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I really do not have anything to add to what the Minister of Industry, Trade and Commerce, who is responsible for the application of this act, said to the House last week.

[*Later:*]

Mr. Broadbent: Following his answer, will the Prime Minister inform the House if my interpretation is correct? Is the Prime Minister saying to the House—that the government is not willing to commit itself to the maintenance of the safeguards that currently exist in the Canada-U.S. auto agreement?

Mr. Trudeau: As in all negotiations, Mr. Speaker, there are some important issues and some which are less important. I will not say that the Canadian government is not at all times prepared to discuss with the United States the application of the auto pact as the pact provides. As far as it is concerned, the federal government has no intention to draw away from any of the benefits which have been so great under the auto pact initiated by a previous Liberal government.

UNITED STATES IMPORT SURTAX—REPEGGING OF CANADIAN DOLLAR

Mr. G. W. Baldwin (Peace River): I have a supplementary question for the Prime Minister. In view of the statement made by the Undersecretary of the Treasury to the Senate committee this morning in Washington that certain fundamental conditions will have to be met before the import surtax is removed, has it been made known to the Canadian government that the repegging of the Canadian dollar at a rate satisfactory to the IMF or the United States government is one of those fundamental conditions?

Right Hon. P. E. Trudeau (Prime Minister): This question was asked last week, Mr. Speaker, and answered in the negative by the Minister of Finance.

CANADIAN EXPORT ASSOCIATION REQUEST FOR DOMESTIC EXPORT CORPORATION AND TAX REDUCTIONS

Mr. S. Perry Ryan (Spadina): I have a supplementary question for the Prime Minister. Is the government going to accept the request of the Canadian Export Association of Montreal that the government establish a domestic export corporation of its own and immediately reduce personal, corporate and sales taxes to improve the export price of our products and stimulate domestic demand as well?

Right Hon. P. E. Trudeau (Prime Minister): I have not seen that suggestion, but if the proposal is that we do so even before the United States acts the answer of the government would obviously be no. At the very outset of this whole affair we said that we were not prepared to embark upon a trade war, and certainly we would not want to start one by the establishment of such a proposal. The government cannot regret the setting up of such an institution by other countries and then proceed to do the same itself.

[Mr. Trudeau.]

MEASURE TO ASSIST INDUSTRIES AFFECTED BY CANADIAN DOLLAR APPRECIATION AND UNITED STATES TAX CREDIT MEASURE

Mr. S. Perry Ryan (Spadina): As suggested by the general manager of the Canadian Electrical Manufacturers Association, is the government considering measures to assist industries that have been damaged by the 8 per cent appreciation of the Canadian dollar and the 10 per cent disadvantage caused by the United States tax credit measure and, if so, when will an announcement be made?

Right Hon. P. E. Trudeau (Prime Minister): The answer to the first part is no, Mr. Speaker. With regard to the second part, the hon. member knows there is a bill before the House, now in committee, which is the government's answer to that.

Mr. Speaker: Order, please. There are six or seven members seeking supplementaries. If we are going to consider other subjects, I suggest to hon. members that for a few moments we might try to touch on other matters of interest to hon. members and attempt to return to this subject later. For the moment the Chair will recognize the hon. member for St. John's East.

EMPLOYMENT SUPPORT BILL—EQUITABLE DISTRIBUTION OF FUNDS AMONG PROVINCES

Mr. James A. McGrath (St. John's East): My question is for the Prime Minister. In view of the fact the House has given approval in principle to Bill C-262, can the Prime Minister assure the House that an equitable method of distribution will be figured out for the money available under Bill C-262? I am thinking now of the statement made over the weekend by Premier Bourassa in which he predicted that the province of Quebec would be receiving approximately one-third of the funds under this bill.

• (3:00 p.m.)

Right Hon. P. E. Trudeau (Prime Minister): The answer is yes, Mr. Speaker.

Mr. McGrath: Does the Prime Minister or does the Minister of Finance intend to sit down with the heads of governments in Canada, particularly with the Atlantic premiers and the premiers of the western provinces, to discuss an equitable distribution of these funds so they can plan accordingly?

Mr. Trudeau: There has been a great deal of consultation, particularly with those responsible for the industries concerned. As was said earlier this session, I have talked with some of the premiers about the provisions of the bill and I am sure that various ministers have also talked with their opposite numbers. There has been any amount of consultation at the request of the parties involved. I do not know whether the hon. member is suggesting particular meetings in addition to those which have already taken place.

Mr. McGrath: A further supplementary question, if I may. Can the Prime Minister assure the House that other parts of the country in addition to Quebec and Ontario will receive just consideration in connection with this bill?

IMMIGRATION

ILLEGAL ENTRY BY RUSSIAN SAILOR—REASON FOR TRANSFER FROM VANCOUVER TO QUEBEC CITY

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, my question is directed to the Minister of Manpower and Immigration. May I preface it by saying that the young Russian who swam ashore on the British Columbia coast has been transferred from Vancouver to Quebec City detention cells on the excuse, according to a Vancouver immigration officer, that better accommodation is available to him there.

Some hon. Members: Oh, oh!

Mr. Winch: Will the minister assure the concerned citizens of Vancouver that this sailor has not been moved from an area where his case is well known to a city more than 3,000 miles away so he can be quietly deported and not be an embarrassment when Premier Kosygin visits Canada?

Hon. Otto E. Lang (Minister of Manpower and Immigration): My information also, I am sorry to tell the hon. member, is that the accommodation is better in Quebec City than it is in Vancouver, and this is the reason for the transfer. I should like to assure him that the board of inquiry, should it be reconvened, would almost certainly sit in Vancouver, so there would be no problem in connection with representation. I can also say that at the present time I am fairly confident that a variety of problems associated with this young gentleman's stay in Canada may be settled and it may not be long before he has legal status here.

Some hon. Members: Hear, hear!

Mr. Winch: May I say we greatly appreciate the information as to the question of legal status. In view of the answer the minister gave to the first part of my question, may I ask him when he intends to improve the detention cells in Vancouver?

ILLEGAL ENTRY BY RUSSIAN SAILOR—DETENTION PENDING DISPOSITION OF CASE

Mr. R. Gordon L. Fairweather (Fundy-Royal): I have a supplementary question to ask concerning the holding of Mr. Kourdakov in jail. Was this the consequence of a decision by the minister? Further, may we expect the sailor to be released pending disposition of the hearing?

Hon. Otto E. Lang (Minister of Manpower and Immigration): In the first instance the detention of the Russian sailor was simply a routine procedure reflecting the manner of his arrival in the country. At the present time discussions are going on concerning his various applications. He is being maintained in what are now fairly comfortable quarters. I hope this matter can be settled satisfactorily fairly soon.

Mr. Fairweather: Is this Russian sailor able to leave these comfortable quarters, be they in Vancouver or in Quebec City, or is he under detention?

Mr. Lang: I am not sure the question has arisen in terms of any request to go anywhere other than where he is. He is comfortably housed at the moment.

Mr. Woolliams: Is he in custody? Of course he is.

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MUSIC

FINANCIAL ASSISTANCE TO BUGLE AND OTHER BANDS TO VISIT FOREIGN COUNTRIES

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): I have a question for the Secretary of State. Has the minister's attention been drawn to the fact that over the weekend the National Bugle Corps championships were held in Ottawa? I am particularly interested because for the second year in a row the Durham Bugle Band won the national drum corps junior standstill title. My reason for asking this question is not only to pay tribute to this band but to point out that when the world's fair was held in Japan there was great difficulty in getting assistance from the Department of the Secretary of State for bugle bands of this type which would have been wonderful ambassadors for Canada with their bright, shining faces—

Mr. Speaker: Order, please.

Mr. Howe: I ask the Secretary of State whether he will give consideration—

Mr. Speaker: Order, please. I think the Chair will need a bugle band for assistance in maintaining order at times.

Mr. Howe: On a question of privilege, Mr. Speaker, many members will recall that we have a number of excellent school bands who at the time of the world's fair needed assistance to go to Japan. They had been invited to go but there was no assistance available—

Mr. Speaker: Order, please. That, of course, is hardly a question of privilege.

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GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—LEGAL POSITION

Mr. Don Mazankowski (Vegreville): My question is directed to the Minister of Justice, Mr. Speaker. Have he or officials of his department undertaken to determine whether the provisions of the Temporary Wheat Reserves Act are being contravened by the government's failure to pay to the Canadian Wheat Board some $61 million for the crop year 1970-71 plus a further $26 million, approximately, for the crop year 1971-72?

Hon. John N. Turner (Minister of Justice): We are apprised of the matter.

Mr. Eldon M. Woolliams (Calgary North): The Minister of Justice may be apprised of the situation but will he now refer the matter to the legal officers of the Department of

Justice to determine whether the executive of this country can usurp the law?

Mr. Baldwin: And advise the minister of the penalty for doing so. He may be in that jail in Saskatoon yet.

Mr. John Burton (Regina East): A supplementary to the minister in charge of the Wheat Board. Since the government is following a course of action which assumes that clause 33 of Bill C-244 providing for the repeal of the Temporary Wheat Reserves Act is now in effect, is the government considering following the same course of action with respect to clause 32 of that bill by paying out the $100 million provided for transitional payments in that bill?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Until the money has actually been appropriated by Parliament it would be impossible to pay the $100 million. The position with regard to clause 33 and the $60 million is that if this amount had been paid to the Wheat Board it would have been necessary for them to hold it in trust pending the passage of the bill; it would have been strictly a bookkeeping entry.

Mr. Burton: Since the minister is responsible to Parliament for the actions of the board, may I inquire whether he has taken any steps to ask the Minister of Justice for a legal opinion as to the propriety of the government's failure to pay out these funds, in other words, respecting the failure of the Minister of Finance to pay them out? I ask this in view of the fact that the Wheat Board itself submitted a requisition to the government for the funds in question.

Mr. Lang: We have obtained an opinion on the question of the requirement to repay the money should it have been paid and should Bill C-244 subsequently be passed.

Mr. Woolliams: In view of the fact that the Minister of Justice, who is charged with the administration of justice, remains silent on such an important matter, may I ask him whether he intends to permit the executive to usurp the law of Canada or whether he is prepared to recommend to the cabinet that it be carried out?

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LABOUR CONDITIONS

UNEMPLOYMENT—MAJOR WINTER CONTINGENCY PLAN TO ALLEVIATE PROBLEM—PROJECTED LEVELS

Mr. John Lundrigan (Gander-Twillingate): I have a question for the Prime Minister arising from the domestic unemployment problem in Canada. Can the right hon. gentleman indicate whether there is any major contingency plan in the hands of the government to fight the unemployment expected this winter, and whether such plan will be made public?

Right Hon. P. E. Trudeau (Prime Minister): As in other matters, if there is any policy announcement to be made I will make it in due course.

• (3:10 p.m.)

Mr. Lundrigan: Can the Prime Minister indicate whether the government has made any projections of expected unemployment levels in Canada this year? Can he indicate whether the projections are expected to exceed one million Canadians, whether the government has set any goals for expected levels of unemployment and whether they will be made public?

Mr. Trudeau: Mr. Speaker, I am afraid I cannot answer these statistical questions.

Mr. Lundrigan: A point of order, Mr. Speaker.

Mr. Speaker: Order. The hon. member is rising on a point of order.

Mr. Lundrigan: Perhaps the Prime Minister did not understand my question. I asked him whether the government had made any projections and set any goals. That is not a very statistical question. Can the House and the country be made aware of the expected projections and goals?

CORNWALL—GOVERNMENT PLAN TO ALLEVIATE UNEMPLOYMENT

Hon. George Hees (Prince Edward-Hastings): A supplementary question, Mr. Speaker. Did the Prime Minister advise the people of Cornwall when he spoke there Saturday night of any plan that the government had to overcome the 20 per cent unemployment that now exists in that city? If so, would he outline what the plan is?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will try to see if a transcript of my remarks can be handed over to the hon. member.

Mr. Hees: I have seen the transcript and there is nothing there. I wondered whether I had missed something.

Mr. Speaker: Order, please. We are running short of time. Perhaps the Chair might recognize the hon. member for Edmonton Centre who has been trying to ask a question for a little while.

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THE CANADIAN ECONOMY

DESIGNATION OF MINISTER OF STATE TO ORGANIZE ECONOMIC SECRETARIAT

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is for the Prime Minister. Is the government considering designating a minister of state to organize an economic secretariat to co-ordinate all government departments affecting the the economy?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Mr. Paproski: A supplementary question—

Mr. Speaker: Order, please. I will recognize the hon. member again, but I have been attempting to give other hon. members a chance to ask questions on other subjects. We have had so many supplementaries on this subject that we will soon be running short of time, but since

the hon. member has been very patient I will recognize him for the purpose of asking a supplementary.

Mr. Paproski: Thank you, Mr. Speaker. Is the Prime Minister satisfied, as was once intimated by the former minister of communications, that the date of the next federal election is a sufficient instrument to co-ordinate this government's economic policies?

Mr. Speaker: Order, please.

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INQUIRY OF THE MINISTRY

Mr. Maurice Foster (Algoma): Mr. Speaker, I have a question for the Prime Minister. In view of the very chummy behaviour of the Progressive Conservative member for Prince Edward-Hastings toward the Prime Minister on his visit to Picton fair last Saturday, does the Prime Minister have any other indication that the hon. member wishes to change his party allegiance to the Liberals?

Some hon. Members: Oh, Oh!

Mr. Speaker: Order, please. That question is, of course, not in order.

Mr. Hees: A question of privilege, Mr. Speaker.

Mr. Speaker: I gather that the hon. member is seeking the floor on a question of privilege.

Mr. Hees: Yes, Mr. Speaker. When the Prime Minister arrived in my riding he looked so downcast that I felt somebody had to cheer him up, so I did my very best.

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THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—DISCUSSION WITH JAPANESE OF JOINT APPROACH TO EASE IMPACT

Mr. Derek Blackburn (Brant): Mr. Speaker, I have a question for the Prime Minister. Will the Canadian representatives discuss today with the Japanese the possibility of a joint approach to soften up the impact of the United States import surtax and other U.S. economic steps designed to restrict imports into that country?

Right Hon. P. E. Trudeau (Prime Minister): I am rather certain that this matter will come up in the discussion, Mr. Speaker.

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EXTERNAL AFFAIRS

EAST PAKISTAN REFUGEES AND FAMINE—CANADIAN INITIATIVE AT UNITED NATIONS FOR ACTION

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Prime Minister in reference to the plight of East Pakistan refugees in India and the ominous portents of famine in East Pakistan. Can the Prime Minister advise whether the Canadian delegation to the United Nations General Assembly has been instructed to take any initiative in bringing about major and concerted United Nations action in regard to this very tragic situation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I agree with the hon. member to the extent that this very tragic circumstance can only be handled if there is a great deal of international co-operation. I cannot at this time talk of any special initiative to be taken by the Canadian delegation but it is something that we will consider.

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FISHERIES

REPORT ON SAFETY OF CONTAMINATED FISH FOR ANIMAL FOOD

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I should like to direct my question to the Minister of the Environment. Will the minister report to the House on the results of the research done on mercury contaminated fish in respect of their availability as safe animal food?

Hon. Jack Davis (Minister of the Environment): I will, Mr. Speaker.

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REGIONAL ECONOMIC EXPANSION

QUEBEC—REASONS FOR EXTENSION OF FORMER AGREEMENT—REQUEST FOR STATEMENT ON RESULTS ACHIEVED

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion. In view of the signing last Friday of a federal-provincial agreement between the government of Quebec and the Department of Regional Economic Expansion, can the minister inform the House of the reasons for extending the former agreement with the Quebec government, and will he undertake to make a statement on motions in the near future on the results achieved under the first agreement?

Mr. Speaker: Order, please. I believe both parts of this question ought normally to be answered by a statement on motions.

[*Translation*]

Unless the minister wants to answer the question briefly.

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the agreement was extended because, for reasons which it would take too long to explain, we were unable to bring the first agreement into operation.

[*English*]

Mr. Nystrom: In view of reports that the first agreement was of little direct help to the people of the Gaspé, can the minister inform the House what steps he intends to take to

ensure that the additional federal funds provided will be spent for the direct benefit of the people of that area?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, the hon. member only has to read both agreements in order to see the difference between the two.

[*English*]

RENEGOTIATION OF AGREEMENTS WITH PROVINCES OTHER THAN QUEBEC

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question. In view of the fact that existing agreements with other provinces have failed to meet their objective of creating jobs, may I ask the minister whether he intends to renegotiate existing agreements with other provinces with a view to making an agreement similar to the new agreement signed with Quebec?

Mr. Speaker: Order. The hon. member will recognize that his question was prefaced by a statement of fact or alleged fact. Questions really should not be asked on this basis, but the question having been asked the minister might be allowed to reply to it.

Mr. McGrath: Then may I rephrase my question since the minister does not appear willing to reply to that particular question. Does the minister now intend to renegotiate agreements with other provinces in view of the failure of those agreements to create employment?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): I humbly submit to the House that this is not true. The agreements we signed did not serve their purpose.

* * *

[*English*]

CRIMINAL CODE

BREATHALYZER TEST—PROCUREMENT OF SUITABLE CONTAINER TO PROVIDE ACCUSED WITH SAMPLE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Justice. Can he tell the House whether there are any new developments with regard to the procurement of a suitable and practical container to enable a person charged under the so-called breathalyzer section of the Criminal Code to have a sample of his breath for his own private analysis?

Mr. Speaker: Order. Again I think this type of question ought normally to be asked in writing but, since there are a few minutes left before the end of the question period, with the consent of the House the minister might be allowed to reply.

Hon. John N. Turner (Minister of Justice): Yes, Mr. Speaker, the Royal Canadian Mounted Police are, shall I say, field testing some sample containers.

[Mr. Nystrom.]

POLLUTION

DISCUSSION WITH UNITED STATES OF POLICY AND CLEAN-UP STANDARDS FOR GREAT LAKES—PROPOSED TAPS TANKER ROUTE

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I have a question for the Minister of the Environment. During the visit of the minister to Washington last week, were discussions held on policy and standards to be set for the cleaning up of pollution in the Great Lakes? If so, would the minister inform the House of the progress made?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, this was discussed among other matters. As the hon. member knows, the standards and objectives for the Great Lakes for 1975 have already been agreed upon. Our main consideration was to extend agreements of that type to other parts of North America.

Mr. Harding: Did the minister discuss with the United States authorities Canada's opposition to the proposed oil tanker route down the west coast of British Columbia and, if so, what was the result of such discussion?

Mr. Davis: Mr. Speaker, the main purpose of our discussing environmental problems with the officers of the Council of Environmental Quality and the Environmental Protection Agency was essentially administrative in character. We were talking about long-term policy alternatives and administrative procedures. We did, however, brush on several important matters, including our opposition to tanker movement of oil into Juan de Fuca Strait and the Strait of Georgia on the west coast.

Mr. Speaker: Orders of the day.

• (3:20 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

Hon. Herb Gray (for the Minister of Finance) moved that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, be read the second time and referred to the committee of the whole.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I rise on a point of order, and I believe the minister may have had an indication from his colleague, the Minister of Finance (Mr. Benson) that I would be rising on a point of order at this time. Frankly, I do not know how this has come about, but if we follow the steps which have taken place since June 18 we will see where we are with Bill C-259 at this time.

The burden of my argument is that Bill C-259 contravenes an order of the House made on June 30, and in effect also violates Standing Order 69 in that there was purported to be brought forward an imperfect bill. On June 18, 1971, the Minister of Finance laid upon the table,

pursuant to Standing Order 60(1), four Notices of Motions in respect of ways and means budget resolutions. I am only concerned with those dealing with the Income Tax Act. If I may read them, they are as follows:

An act to amend the Income Tax Act and other acts that it is expedient to introduce a measure to: (a) amend the Income Tax Act and to make certain provisions and alterations to the statute law related to or consequential upon the amendments to that act in accordance with Schedule "A" (printed separately), (b) amend the Income Tax Act to provide certain transitional rules related to or consequential upon the amendments described in paragraph (a) in accordance with Schedule "B" attached hereto, and (c) amend the Income Tax Act to provide certain tax changes to become effective in 1971 in accordance with Schedule "C" attached hereto.

I am only concerned with paragraph (a). There is no complaint about paragraph (b), and paragraph (c) has no relationship at all to the argument this afternoon.

It will be observed that under paragraph (a), the amendments to the Income Tax and the changes in the related and consequential statute law are restricted by the limitation "in accordance with Schedule A". It follows that the legislative measure incorporated in these amendments and changes, other than those under paragraphs (b) and (c), must literally follow the contents of Schedule "A". If we look at Schedule "A" this is confirmed, because the proposed amendments and alterations are not put forward in a general way but in an ultimate, literal and legally finished form. There is the document and it is in bill form, complete as to citation of the regnal year and parliamentary session, with marginal and explanatory notes. It could not be a better example of a bill.

During the debate that followed June 18, the House was given an opportunity to debate and then vote upon the amendments and other changes proposed in the Income Tax Act as set out in Schedule "A". On June 30, following upon the budget debate and pursuant to Standing Order 60(10), the order was read for consideration of the ways and means motion referred to earlier. The Minister of Finance moved for concurrence and the question being put, the motion was agreed to by the House on division.

In accordance with the rules, there was neither debate nor amendment of the motion due to the prohibition of debate or amendment under Standing Order 60(10). The House can only adopt or repudiate the motion. The House adopted the motion.

Here I come to a point I have raised with Your Honour before. I have in mind whether Your Honour is able to accept motions in the same form twice in the same session. As we know, under the ancient and consistently enforced parliamentary rule, any reference to a matter already before the House in the same session is forbidden. That decision by the House stands for the remainder of the present session.

Standing Order 60(11) then provides that:

That the adoption of any ways and means motion shall be an order to bring in the bill or bills based on the provisions of any such motion.

A motion was brought in and the bill must be based upon the provisions of the ways and means motion in accordance with Schedule "A". Quite frankly, we must look at Bill C-259 because it is not in accordance with Schedule "A". If Your Honour will look at this monumental bill you will see there is attached to it a fly-leaf containing three pages of noted changes. I have gone through a number of these changes and find that some of them are of a very minor editorial nature, but others are changes in substance.

Regardless of what good intentions there may have been, what has happened here is that we have had an order from this House directing the minister to bring in a bill according to a certain schedule which ultimately became available, but when the bill was printed, or between the presentation and tabling of Schedule "A" and the printing of the bill, the drafters were still at work. Finally, the bill was brought in in an amended form. I do not know whether it is the same bill.

Either the government has the right to bring in amendments through a ways and means motion which has been adopted or it does not. I put it to you, Your Honour, that if the government has this method open to it then so have private members. We do not know whether the government, during the course of committee meetings, or between now and the time the committee has completed its study, will bring in further amendments, but it is my understanding that amendments of substance are going to be introduced.

I suggest there are two questions to be answered. We should require some form of motion to correct the difficulties which have arisen since June 30 in order to regularize Bill C-259, and I think the House would be quite prepared to agree with that. It seems to me that has to be done. If that cannot be done, then I put it to you that the bill would have to be withdrawn. I am not asking for that, but those are the alternatives open to the House in this regard.

• (3:30 p.m.)

The other point—and this one is even more interesting—is that the government adopted the procedure it did in tacking on all those provisions dealing with the form of tax reform or tax changes in the Estate Tax Act or Income Tax Act and, having tacked on all those budgetary provisions and having had those budgetary provisions agreed upon in general by this House and bearing in mind we cannot come back to a decision taken by this House in this session, is it open to anyone, either the government or any private member be he in the opposition or on the government side, to make any amendment which might disturb the ways and means? Further, it might not disturb the totality of ways and means. We must bear in mind Your Honour's decision—and this is where I think Your Honour may have to rethink the position—taken on a previous occasion with regard to the airline ticket tax proposal at which time Your Honour disallowed an amendment I had put forward which would not have disturbed the ways and means but would merely disturb the incidence of the tax. Your Honour based his decision on some citation in May's. With the greatest respect I suggest that May's was in error. This eminent work is misleading in that it is a misreading of the decisions of two different deputy chairmen in the British House at the time of World War I.

Therefore we come to this final point. Even if it is impossible to change the ways and means because the ways and means has been adopted in this House, is it possible to bring forward any amendments to this bill in committee? I pose those three questions. I am afraid we

will have to have answers. I would be quite prepared, with regard to the first point, to get to work to devise some form of motion which would regularize, shall we say, the purpose of Bill C-259 in the form in which it is before us as against the form it is in Schedule "A". I am speaking only of the first 11 clauses of Bill C-259; that is, the first 602 pages because clauses 12 to 76, which represent another 100 or so pages, are the transitional rule under Schedule "B". I put the point before Your Honour, and although there is no complaint about that portion, I would hope the government could give us an answer on this particular point. Perhaps Your Honour would like to mull over the points I have made with regard to the remainder, because I put it to you that the government has outsmarted or outfoxed itself in the way it handled the budget and the tax proposals.

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I am rising on behalf of the House leader, the President of the Privy Council (Mr. MacEachen) in order to address the government's argument to the points just raised by the hon. member for Edmonton West (Mr. Lambert) on behalf of the official opposition. First of all, I submit to Your Honour that there can be no question that the pith and substance of a tax bill must not differ from the terms defined by the original notice of ways and means. That of course we concede, and it is found in citation 276, paragraph 5, Beauchesne's Fourth Edition at page 225. With the indulgence of Your Honour I should like to read this to you:

> Debate and amendment on the stages of the Finance Bill or other Bills imposing taxes are governed by the ordinary rules of relevancy and, if any of the provisions of the Bill should be found to go beyond the resolutions of the Committee of Ways and Means or other committee of the whole House, as agreed to by the House on report upon which the Bill is founded, a further resolution must be passed by the Committee of Ways and Means or other committee of the whole House, and agreed to by the House before those provisions are considered in Committee on the Bill, or the Bill must be amended so as to conform to the resolutions to which the House has agreed.

Of course, the Committee of Ways and Means to which the citation of Beauchesne refers has been abolished and the original resolutions have been replaced by concurrence in notices of ways and means as found in Standing Order 60 to which the hon. member referred. In other instances, Your Honour, we have had occasion to address ourselves to the current effect of a notice of ways and means or in other instances of a recommendation from the Governor General in limiting the ultimate scope of a bill introduced either pursuant to the recommendation or to a notice of ways and means. The purpose as I understand it, and as I submit to Your Honour, of the old Committee of Ways and Means and the resolutions passed by that committee, was to provide guidelines to the draftsmen of a tax bill as to the substance of the bill. I suppose historically the purpose of both the recommendation of the Governor General or of the Crown and the resolutions in committee of ways and means was to force the Crown to come first to Parliament for the authority to incur expenditure or to set the terms under which expenditure might be incurred on the one hand, or the tax imposed on the other hand against the people of the country.

Now that responsible government operates through an executive responsible to Parliament and that executive depends for its continuing mandate upon the authority and support of Parliament, it would appear today that gradually we are seeing an elimination of the relevancy of the recommendation on the one hand, or even the concept of the limiting function of ways and means on the other. In any event there is no question that the taxation provisions of a tax bill must be explicitly founded upon a ways and means motion. However, I take issue with the learned member for Edmonton West because there is no ground whatsoever upon which one can claim that the precise verbal formulations or the precise words adopted by the draftsmen of the bill cannot differ from those used in the ways and means motion. My submission to Your Honour is that we are dealing with the pith and substance of those resolutions as compared to the pith, substance and purpose of the bill. Certainly, the substance must be the same, but there is no other limitation on the form.

Bill C-259 was based upon a notice of ways and means tabled by the Minister of Finance (Mr. Benson) on June 18 this year. The active part of that notice of ways and means read to the effect that it is expedient to introduce a measure to amend the Income Tax Act and other acts in accordance with Schedules "A", "B" and "C" which were annexed to the notice. The schedules contained a comparatively detailed description of the substance of the bill that was to be introduced upon the concurrence by the House in the notice of ways and means. Between June 18 and June 30, the day ordered for consideration of the notice of ways and means, the drafting of the actual bill was of course completed. The drafters were guided by the terms of the notice of ways and means and produced a bill based on those terms, the provisions of which in my submission to Your Honour are in accordance with the schedules to the notice of ways and means.

In the process of drafting, needless to say, the draftsmen found it necessary to make alterations in the verbal formulations used in the schedules. My learned friend referred to a glossary of changes which accompanied the bill when it was distributed to members of the House. I submit that these changes are primarily technical, but even if some of them were to amount to changes of a more substantial nature I would submit that does not disturb the ways and means but merely the incidence of the tax within the general umbrella of ways and means.

• (3:40 p.m.)

No doubt when the committee of the whole examines Bill C-259, it too will see fit in certain instances to make alterations or amendments in the verbal formulation of the bill, but these alterations will be subject to precisely the same limitations imposed upon and followed by the drafters of the bill when they completed the drafting, namely, that the bill must always remain in accordance with the ways and means motion.

The crux of the argument is: what do the words "in accordance with" mean? I submit that those words do not mean "precisely the same as". No student of language and surely no dictionary can support that claim. Indeed, the Oxford English dictionary gives the definition of the phrase "in accordance with" as "in agreement or in harmony with". As an illustration of this point, Schedule C to the notice of ways and means might well be considered. Unlike Schedule A, which was in a semi-bill form,

Schedule C was in the traditional narrative form attached to most budget bills or income tax bills. In Bill C-259, the provisions of Schedule C are worded in the legal language of a bill. These provisions or descriptive words of Schedule C necessarily had to be converted into the more precise legal terminology suitable to a bill and suitable to legal interpretation. These provisions are not worded precisely the same as the ways and means provisions, but they are in agreement or in harmony with, that is, in accordance with the ways and means motion.

Surely, if Bill C-259 is to be held out of order because it is not precisely the same as Schedule A of the ways and means motion, it also would have to be out of order because it is not precisely in the same form as Schedule C of the ways and means resolution. But this formulation in Schedule C is in the traditional form that has received hallowed approval by this House over many years and has unquestionably been held in order. In other words, the transference from the traditional descriptive language of a ways and means resolution, the narrative or descriptive form, to the precise wording of the bill, with all the necessary alterations that the transfer from narrative to legal precision may mean, have always been held in order by the Speaker and by the House. Indeed, I submit to Your Honour that it has been accepted for the entire history of the Canadian Parliament as correct procedure that a tax bill, while being in accordance with the ways and means resolution, need not be precisely the same as the verbal formulation of the ways and means motion.

Let us consider the situation in which the House of Commons or the committee of the whole would find itself if it were to be restricted in the fashion implied by the learned member for Edmonton West. It would mean really that the ways and means resolution, if we were to follow his argument to its ultimate conclusion, would be so binding on the formulation of a bill that amendments put to the committee of the whole could not be allowed if they strayed from the precise terms of that resolution. Of course that cannot be so because it would hamstring the operation of the committee and, through the committee, of the House.

I submit to Your Honour that what we are dealing with here is something that is in general harmony and agreement with the resolutions. I submit to Your Honour that the bill qualifies under that description and, moreover, that we are dealing less with ways and means than with variations in the incidence of tax within the general umbrella of ways and means. For both these reasons I submit to Your Honour, when you take it under deliberation, if that is the way you wish to deal with it, that these arguments confirm the procedural validity of the bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) raised three points of order. The Minister of Justice (Mr. Turner) dealt with only one of them. I suppose that that was appropriate because only one of the points of order is really before us at this moment. I think my friend, the hon. member for Edmonton West, would admit that the other two are hypothetical, but at some point they will have to be faced.

I would like to say a few words about the point that is actually before us at this moment, namely, the variations between the ways and means resolution and the bill. In plain talk this boils down to variations between Schedule A to the notice of ways and means resolution and Bill C-259. Let me say quite openly that the suggestion was placed before the House leaders that instead of the government being asked to prepare a ways and means resolution that was in paragraph style and that would take 1,000 or 2,000 pages to draft, it would be just as appropriate to submit as a ways and means resolution Schedule A which, in effect, would be an advance printing of the bill.

We, the House leaders, are reasonable, sensible people and since this suggestion made common sense we agreed to it. Now, we are not going to turn around and say that because we agreed to it we are going to insist that the precise wording of Schedule A must not be altered in any respect in Bill C-259. After all, we have to treat Schedule A as a resolution, as laying down the general lines that Bill C-259 must follow. I am afraid we are imposing a rather monumental task on the Chair and the table. I hope you have some spare time to go through these volumes, and you will need some extra staff to carry them around with you as well. However, I do think that each of the changes will have to be looked at to see whether Bill C-259 does carry out the terms that were prescribed in Schedule A. I will not quarrel for one moment with changes that were corrections of errors or changes that are improvements in language, but I submit that there are at least a few examples where there are important changes in substance. When that happens, it seems to me that if our rules apply at all a way will have to be found to validate such changes.

Let me quote just one example to support my contention that there are changes that are matters of substance. Clause 123 in Schedule A reads as follows:

> The tax payable by a corporation under this Part upon its taxable income or taxable income earned in Canada, as the case may be (in this section referred to as "the amount taxable") for a taxation year is, except where otherwise provided, 50% of the amount taxable.

It is as clear as can be that the corporation tax for a taxation year—and I think that means any taxation year after this clause comes into effect—is 50 per cent of the amount taxable. But when I pick up Bill C-259 and look at clause 123, this is what I find:

• (3:50 p.m.)

> The tax payable by a corporation under this Part upon its taxable income or taxable income earned in Canada, as the case may be, (in this section referred to as the "amount taxable") is, except where otherwise provided,
>
> (a) for the 1972 taxation year, 50%,
>
> (b) for the 1973 taxation year, 49%,
>
> (c) for the 1974 taxation year, 48%,
>
> (d) for the 1975 taxation year, 47%, and
>
> (e) for the 1976 and subsequent taxation years, 46%, of the amount taxable.

Now, Mr. Speaker, that is no mere correction of an error; that is no mere refinement of what was intended in clause 123 of Schedule A, but is a change from a proposal that the corporation tax be set at 50 per cent so long as this law is in effect, to a proposal that it be 50 per cent in 1972 and then graded down during the next several years.

If the government has the right to make that kind of change between Schedule A and Bill C-259, I claim the right to make the opposite kind of change, and suggest that the corporation tax should be 50 per cent in 1972, 51 per cent in 1973, 52 per cent in 1974, 53 per cent in 1975, and 55 per cent in 1976.

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Carried already.

Mr. Turner (Ottawa-Carleton): You are carried away.

Mr. Knowles (Winnipeg North Centre): I know that if I try that I won't get anywhere. I will be told about the balance of ways and means, and the limitations that apply to private members moving things that cost money or affect the balance of ways and means. But if that rule is going to apply to us, then I suggest that the rule that the Minister of Justice accepts, namely, that the bill must carry out the general principles of the ways and means resolution, must apply to the government. I repeat that I have no interest in quarreling over changes in wording, over improvements in language, over making things more precise, but where there is a change in substance I submit that something has to be done to validate it or we are just going to be in trouble from here on down the line.

We are in a new ball game with this new way of doing things. We are taking this brand new tax bill into committee of the whole. We have accepted this procedure of using Schedule A as the ways and means resolution, and I think we had better get off on the right foot. If the House will take my word for it, Mr. Speaker, there are other cases where there are substantial changes. The House won't be surprised that I picked out this one, without saying who directed it to my attention, to demonstrate the fact that there are changes of substance. Perhaps we have need to pass a new resolution. Maybe each time in committee of the whole we come to one of these clauses in the bill that is different from the clause in Schedule A there will have to be unanimous consent, or maybe we will have to get some blank cheque recommendation from His Excellency the Governor General to cover these things. But it seems to me we will have to face up to this situation.

The Minister of Justice quite rightly points out that the picture is changed now that we do not have a committee of ways and means before the bill is introduced. But it was quite deliberate on the part of the Committee on Procedure and on the part of the House when we kept alive the requirement that there be a ways and means resolution even if, by itself, it is not debateable in the House. Since we have that resolution, I think we have to stick with the rule that the bill must carry out its intention. Pardon me for repeating myself, but I say again that there is no quarrel about changes of wording or refinement of meaning, but where there are changes of substance I suggest that these are matters with which we have to deal.

Because the other two points raised by the hon. member for Edmonton West were hypothetical, may I refer to them just briefly. I think his point about this being a second budget debate in the session, with a second motion having been made and so on, is well taken. We cannot deny the right of the government to bring in two budgets in a session. It has been done a number of times, and the language of Standing Order 60 contemplates the fact there could be more than one budget in a year.

But I think the hon. member for Edmonton West is perfectly correct when he says that, if it is open to the government to re-open the whole question of its fiscal, financial or budgetary policy and to bring before us a motion identical to a motion put before the House previously, the opposition should have the same right to make the same kind of motion it made in that respect earlier in the session. That, of course, is hypothetical. We can deal with it when such an opposition amendment happens to be before the House.

Mr. Lambert (Edmonton West): But how about going back to a decision taken? This is the point that arises then.

Mr. Knowles (Winnipeg North Centre): The whole question about what we do about decisions previously taken is, as I say, related to the fact that twice in this session we have taken the same decision on the government's initiative, namely, "that this House approves the government's fiscal policy". If that kind of decision can be taken twice in the same session, surely other matters related thereto can also be subject to a second try by members of the opposition.

With respect to the third question as to our rights in committee of the whole when we seek to make amendments to the bill, I think that here the hon. member for Edmonton West has a good point. However, I think that the best time to deal with this issue is when such amendments are made. No doubt he will make amendments to the bill in committee of the whole, and I will support his right to make them even though I do not agree with them, just as he will support my right to seek to increase rather than decrease the corporation tax.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I wish to intervene very briefly in the debate. I know that Your Honour is anxious to deal with this rather important point, just as we are anxious to have it dealt with so that we can get on with this rather important legislation. But I would beg leave to take the time of the House for just a few moments to make one or two observations on this question which is really deciding, or attempting to decide whether the points raised by the members opposite are questions for debate or whether, in fact, they go to the correctness of the measure that it is proposed we debate today.

In that regard I would first draw Your Honour's attention to the specific wording of Rule 60(11) on page 63 of Standing Orders which says:

> The adoption of any Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

Surely, Mr. Speaker, if it were the intention of that rule to say something other than a "bill based on the provisions of the motion"—which I submit certainly is not the confining language which hon. members opposite have contended—that rule would be differently worded. It would say something along the lines being put forward by members on the other side of the House, that is to say, that the bill that is be brought in must be exactly as the

ways and means motion is worded. That is not seriously urged today.

We then come to Beauchesne's reference, which the Minister of Justice (Mr. Turner) cited, dealing with the case if any of the provisions of the bill should be found to go beyond the resolution. I would submit, Your Honour, that the operative words are "going beyond," and with respect in fact I submit that there are two blatant weaknesses in the argument put forward by the hon. member for Winnipeg North Centre (Mr. Knowles). The first is that he has singled out a tax relieving provision, and not a provision that seeks to impose or increase the tax. Since the section that he has referred to tends to graduate the relieving provision downward, it can scarcely be argued that it goes beyond the resolution. It is going in exactly the opposite direction, so certainly does not go beyond the resolution as he has argued.

• (4:00 p.m.)

I would submit, Mr. Speaker, that the most telling argument against the hon. member's suggestion is contained on page 9 of schedule B that was tabled with the ways and means resolution. In the middle of that page there is a paragraph dealing with corporations and their shareholders, and precisely the language now contained in section 123 of which he complained is contained in the schedule. Obviously, in his examination of the legislation his customary care was not taken. While he is usually noted for his precision in these matters, he obviously did not get as far as schedule B or else overlooked that paragraph.

At this point in the argument, I submit that while certain changes have been made between the ways and means resolution and the bill now before us, those changes were advertised completely and accurately when the bill was distributed to all members of this House. Whatever that language is, it fulfils the obligation of the government completely and absolutely, unless it can be shown to you that that language goes beyond the ways and means resolution. I submit that no one who stood up this afternoon for the opposition has shown a single example where the language of this bill goes beyond the wording of the resolution. I submit we should go ahead with the debate, Mr. Speaker.

Mr. Speaker: I should like to indicate immediately to hon. members that the point raised by the hon. member for Edmonton West (Mr. Lambert) has such vast implications that I should like to reflect on the situation. I suggest that perhaps for the time being the House should be allowed to go on with the consideration of second reading of the bill.

As the hon. member for Winnipeg North Centre (Mr. Knowles) has suggested, it is somewhat of a monumental task that is proposed to the House, that is, to study the schedule which is in itself a monumental document, and compare it with the bill now before the House to determine whether there are substantial changes and whether, in fact, what we have before us now is a document which effectively goes beyond the terms of the resolution which has been adopted by the House.

I might say that I am somewhat puzzled by the fact that the novel procedure being followed in this instance is the result of consultations with representatives of the parties of the House. It seems that hon. members, on behalf of the respective parties, got together and agreed that a new policy would be followed, but it seems that perhaps those hon. and learned gentlemen had not foreseen all the difficulties which might result from the agreement under which they were prepared to proceed. I am wondering whether it should not be their penalty to get back together and find an answer to the problem which they have caused for the Chair. I am saying this, perhaps somewhat wistfully, but with a degree of seriousness. If it is found by the Chair that there are some things irregular about the procedure we are now following, and if my conclusion is that certain aspects of the bill would preclude it from being considered by the House in its present form, I think there must be a responsibility on certain hon. members to get together and find a solution to the problem. This might perhaps be in the form of a motion which might be adopted by the House without the necessity of another six day debate before we proceed with second reading of the bill based on the schedule or the motion.

This being said, I appreciate all the advice that has been given to the Chair; it is very learned advice. Within the next couple of hours, I shall look into the matter and try to look at all aspects of the schedule and of the bill. An example was given by both hon. members of where there might be substantial changes between the two documents which might indicate that there is procedural difficulty about having the bill before us in its present form. When I have done that, I will be glad to come back to the House and give a ruling which may be that I would need to consult with hon. members before reaching a decision. The House knows that this is part of the responsibility of the Chair when faced with a particularly difficult situation, to seek the advice of the learned members. I know that all hon. members are, in essence, learned but some have a bit more experience than I, so I may seek their advice and guidance before a ruling is made and before we decide what course of action may be followed later on. For the moment, I suggest we proceed with consideration of the motion now before the House.

Hon. Herb Gray (Minister of National Revenue): Mr. Speaker, I am opening this debate on second reading of this bill on behalf of the Minister of Finance (Mr. Benson). As the House knows, it is necessary for him to take part in an important Canada-Japan ministerial meeting, and then to go on to take part as chairman of an equally important meeting of the Group of Ten.

Mr. Speaker, the past two and a half months have been busy ones for everyone interested in the reform of the Canadian income tax system. On June 18, the Minister of Finance tabled a ways and means motion providing for the most comprehensive reform of the system since it was started in 1917. Following the final vote in the budget debate, first reading was given to this Bill C-259. The motion was more detailed than usual in order to provide members of the House and Senate and the public with as much information as possible during the budget debate itself.

It also meant that the legal and accounting professions could set to work immediately reviewing the proposals. Representatives of these professions traditionally review tax legislation for technical and linguistic deficiencies

between the time of a budget and the passage of the bill in the House. The complexity and length of this bill required even closer consultation and co-operation. Earlier this year officials of the Department of Finance were in touch with the Canadian Bar Association and the Canadian Institute of Chartered Accountants. These organizations and the Canadian Tax Foundation formed special committees which later prepared briefs for submission to the government. They also met many times with officials of the Department of Finance during the summer. I should like to thank these organizations, as well as other organizations which have submitted briefs, for their good work. Submissions from other organizations are still arriving. As a result, technical deficiencies requiring amendments are being continuously brought to the Minister of Finance for decision and sent to the law officers of the Crown for preparation of amendments. These will be moved by the government during the clause by clause study following the second reading vote.

During the summer, the Minister of Finance also discussed the implications of federal tax reform for the provinces with his provincial counterparts. This was followed up by meetings between federal and provincial officials. A main goal of tax reform has been to achieve a federal system which the provinces would find acceptable. The legislation reflects many of the important representations made by the provinces following the publication of the white paper on tax reform.

At their meeting in July, the Minister of Finance reminded the provincial treasurers and finance ministers that those provinces which harmonize their income tax systems with the federal system will receive the same amount of revenue between 1972 and 1974 as they would under the existing system. Income taxes are being reduced for most taxpayers and the federal government is prepared to bear the cost; it is not our intention to force the provinces to share the cost of these reductions. But while it is felt that the provinces should not suffer financially from the federal tax cuts, it is also felt neither should they gain. Therefore, the provinces were informed that the federal undertaking to guarantee provincial income tax revenues if their systems are harmonized with the federal system is conditional upon the provinces establishing rates on January 1, 1972 which, when applied to the new tax base, will result in provincial income tax revenues no higher than during the current year. After that date, the provinces will be free, subject to the provisions of the tax collection agreements, to adjust their rate as they wish.

• (4:10 p.m.)

In seeking approval in principle for this bill, I should like to review what we feel the goals of a good tax system should be.

• (4:10 p.m.)

[*Translation*]

A good tax system must be responsive to the economic and social needs of the country. It must also distribute the tax burden fairly, and it must convince most taxpayers that fairness has been achieved. This means that persons in similar circumstances should share similar tax loads, and those with the lowest incomes pay a smaller share of their incomes in taxes. There must be as few loopholes as possible, and in a complex commercial and industrial society this requires fairly complex tax laws.

A good tax system must be capable of efficient, economical and objective administration. And, as I mentioned earlier, in a country such as Canada the federal tax system must be capable of being harmonized with provincial tax systems to avoid a tax jungle.

[*English*]

As the House knows, some of the measures in the June budget are already in effect. A further stimulus to the economy was provided by the abolition as of July 1 of the 3 per cent surcharge on personal and corporate incomes. The abolition of the personal surtax alone will add about $90 million to the buying power available to Canadian families and individuals during the second half of the year.

The lowest rates of federal tax were changed to eliminate taxes after July 1 on persons with taxable income of less than $500. This change was accomplished in the main by relieving taxpayers with $500 or less taxable income from liability for the whole year under Part I of the Income Tax Act. The guaranteed income supplement for persons 65 and over was exempted from tax, retroactive to January 1 of this year. These latter two changes meant an end of income taxes after July 1 of this year for more than three quarters of a million persons.

The bill, providing it is approved by Parliament, will bring further tax relief to millions of individual Canadians on January 1 and in subsequent years. Personal exemptions are raised to $1,500 from $1,000 for single taxpayers and to $2,850 from $2,000 for married taxpayers. This is the most fundamental form of tax relief provided in the tax reform proposals. There are several measures to help hundreds of thousands of elderly Canadians. The existing $500 extra exemption for persons 70 years and over is increased to $650 and extended to all persons 65 and over. This and the removal of the guaranteed income supplement from taxable income means that all single taxpayers 65 years and over will be exempt on $2,250 of income.

For the six out of seven Canadian taxpayers who are wage earners there is a new employment expense allowance permitting deductions of up to $150 a year; a deduction of up to $500 per child and up to $2,000 per family for child care expenses and new broad deductions for the expense of moving to a new job. Also, unemployment insurance premiums will be deductible, although the benefits will be made taxable.

There are other changes in personal income taxation. Payments made to a school for the care and training of mentally handicapped persons or disabled persons will now be deductible. While medical expenses paid by a medicare plan will no longer be tax deductible, premiums will be deductible if paid to a non-government medical or hospital plan. The limit on charitable donations is increased to 20 per cent from 10 per cent of a taxpayer's income. Donations to registered national athletic associations are to be deductible.

Two new forms of income averaging are provided and these will be available to large numbers of Canadians. An important measure to encourage savings and to permit

Canadians to better provide for their retirement raises the deduction limit for contributions to pension plans, deferred profit-sharing plans and registered retirement savings plans.

Passage of this bill by Parliament will mean that 1 million taxpayers who would have paid taxes next year will be removed from the tax rolls. We estimate also that taxes will be reduced for 4,700,000 taxpayers, and will be changed by less than 1 per cent for another 2 million taxpayers.

There are changes in the definition of income, the most important of which results in a capital gains tax. Half of a capital gain will be taxable at the taxpayer's personal rate, while half of capital losses will be deductible. Accrued capital gains will be taxed at death, and as a companion measure federal gift and estate taxes are to be abolished. A taxpayer's home and an acre of land will be exempt from the capital gains tax and personal property is exempt unless the selling price is more than $1,000. For corporations and their shareholders, the general tax rate for corporations is 50 per cent in 1972. The continuing tax cuts will drop this rate 1 per cent a year, reaching 46 per cent in 1976.

To help the growth of smaller Canadian controlled private corporations, the tax rate is 25 per cent on the first $50,000 of business income. A reformed dividend tax credit, 33.33 per cent to be included in income, makes the credit of greater value to lower income shareholders.

For mining and petroleum industries, substantial incentives are continued, but they will be more efficient and less costly to other taxpayers. Automatic percentage depletion will continue until 1976 when it will be replaced by a system of earned depletion. The three-year tax exemption for new mines will be withdrawn and be replaced by a system of fast write-offs. The federal tax on mining profits will be reduced to 25 per cent from 40 per cent in 1977 to take account of provincial mining taxes. Important changes affecting business and property income include a provision to make deductible interest paid by Canadian corporations on money borrowed to buy shares in other corporations.

The rules applying to business and entertainment expenses are to be tightened. Taxpayers in professions such as law and medicine will bring amounts into income as fees are billed.

I think it is again important to note that several features of the proposals will help encourage Canadians to acquire equity in Canadian enterprise. As I already said, Canadian corporations will be permitted to deduct as an expense, interest on funds borrowed to finance the purchase of shares in other corporations. This measure will take away a disadvantage which Canadian corporations have had in competing with foreign corporations in take-over bids. There will be a 10 per cent limitation on foreign assets of pension funds and retirement savings plans and this will have an important influence in channelling the funds of these large intermediaries to Canadian investment. The lower tax rate for small business will be available only to Canadian-owned companies and tax savings afforded by this incentive will be recoverable should the ownership of companies which have benefited from them pass to non-residents. Also, the form of the dividend tax credit makes the incentive to invest in shares of Canadian corporations more attractive for most Canadians.

• (4:20 p.m.)

In the international field, our tax treaties will be expanded to seek competitive tax treatment for Canadians investing abroad. The withholding tax on investment income paid to non-residents will remain at 15 per cent until the end of 1975. At that time it will be increased to 25 per cent in non-treaty countries. Pensions will be subject to withholding tax after January 1, 1972, but all old age security pensions and $1,290 of Canada and Quebec pension plan benefits will be exempt.

Finally, there are changes in administrative procedures to recognize more fully in law the rights of taxpayers.

[*Translation*]

Mr. Speaker, it has taken more than 10 years to bring about this reform. The process began in the late fifties with the clamour from the business community for reform. The response by the former Conservative government was the Carter Commission which was established in 1962. Each stage of the process—the royal commission hearings, the commission report, the ensuing debate; then the production of the white paper and the debate on that—contribute to the shaping of public opinion and, indeed, to our knowledge of what a good tax system is all about.

[*English*]

The period since the budget was presented I submit has shown that a good consensus about tax reform has developed in Canada. I also submit that this consensus is reflected in the bill and I therefore urge on this House its passage into law.

Hon. Marcel Lambert (Edmonton West): I would suggest to the minister, who appeared to sigh with deep relief as he ended his peroration by saying that a good consensus among Canadians is expressed in the bill now before us, that the Canadian economic body consisting of the entire citizenry has, indeed, heaved a great sigh of relief. But there is a difference. It is the relieved sigh of a man who, suspecting he is suffering a deep-seated ailment, receives a diagnosis which says: yes, we regret to say you do have cancer in the lung, but you have it in one lung only.

We are looking at the Canadian economy in the light of the tax picture as it now appears, and of the changes which will be brought about by Bill C-259. Since the present government took over, the Canadian economy has experienced many rebuffs. It has been constantly plagued by inflation, and a good deal of that inflation was built into the system by the sins of omission and commission of the previous administration. A considerable number of those who sit on the treasury benches today were members of that administration and they cannot shuck off their responsibility. They were responsible for the Pearson decisions which drove inflationary factors deep into the economy. We have not yet got rid of the effects of those decisions, notwithstanding the fact that the present administration has over-reacted in the last 15 to 18 months by taking action which has resulted not in containing inflation but merely in increasing unemployment.

I will say that in 1968 the Canadian economy encountered another major setback through the adoption by this chamber of a new estate tax act, a measure as punitive and as depressing as could ever be devised. The net result is that after three years the government has finally realized it must get rid of that legislation. Thus, we have before us a proposal that the Estate Tax Act and gift tax provisions shall expire as of December 31, 1971. Well, to this extent I suppose one can give a mild hurrah. But it will be only a mild cheer because, as in the old shell game, there has been a great deal more change in appearance than there has been in substance. I say this because there has been a real sand trap or, shall I say, quicksand left in three of the major provinces. It is all very well for the minister to say we intend to get rid of the estate tax because, frankly, we only retained 25 per cent of it except in the case of the provinces of Quebec and Ontario which collect their own. That is precisely the point. The government is giving away nothing, yet it is imposing upon the people of Ontario, Quebec and British Columbia a capital gains tax in return for which there is no compensation whatsoever. This is part of the shell game which has been going on under these provisions. It really does not matter, I suppose, to a bona fide resident of Alberta who was paying 25 per cent estate tax, because in due course there was a 75 per cent refund—that portion which the federal government re-allotted to the province in about the third year after the death of the estate owner. This amount was passed back to the estate upon application. All right. So there is no estate tax and no refund. The Albertan says this is good. But he suddenly finds himself facing a capital gains tax, an additional tax.

With regard to the situation of the man in Ontario and in the Province of Quebec, may I say that admittedly there was a dovetailing of the two acts, the federal and the provincial. The estate tax gave credit for succession duty paid and, subject to some minor differences, it was in effect the same. Now, the federal government says: We are going to be good boys, and we intend to cancel the estate tax. But residents of Quebec, Ontario and British Columbia must still pay succession duty and in addition, as taxpayers, they are to be faced with a capital gains tax. What have they gained in consequence of this shell game? The net result is that a new capital gains tax has been added to their burdens. Let us consider this for precisely what it is. It is an additional tax, and the fact that estate tax has been removed means precisely nothing in the case of three provinces because succession duty will continue to be exacted.

It was a fateful day, that day in November, 1970, when the government white paper on taxation was unveiled for examination. They called it tax reform but no, it was not tax reform at all. It involved tax changes in connection with income tax. There was a great propaganda effort made, and I remember the debate was scheduled to begin on the Friday preceding the Grey Cup game. What the minister had to say as well as the Leader of the Opposition (Mr. Stanfield) and others who had criticisms, by then apparent, of the white paper was completely lost in the discharge of euphoria over the Grey Cup weekend.

[Mr. Lambert (Edmonton West).]

• (4:30 p.m.)

Then, we started the debate in December in this House, which lasted until December 19—in fact, I think it went on even longer than that—to refer the contents of the white paper to the finance committee. The Leader of the Opposition then went from one end of the country to the other on a blitz campaign to get people interested in what would happen to them if the government's proposals in the white paper were adopted. Though these were government proposals, they were known by the minister's own name. However, he has been a poor martyr. The proposals should have been known under the government's title.

In the result, of course, there was a big public uprising against the proposals. As a member of the finance committee, I can assure hon. members that there was wave upon wave of protest sent to the committee. I am not talking of the inarticulate protest which may sometimes arise from the natural reaction one has against paying taxes. No one likes to pay taxes. I am referring to intelligent, cogent criticisms. We were able to examine government officials and those who supported certain aspects of the proposals, such as integration and a number of the other, shall I say, rather sophisticated but unreal proposals that are made in the white paper.

I am sorry that on this occasion we are not going to have the opportunity of at least a limited examination of these protests. The Minister of National Revenue (Mr. Gray) has told us that representations have been received by the Minister of Finance (Mr. Benson) in regard to Bill C-259. Outside of the brief of the Canadian Bar Association, which has been discussed publicly, very little by way of criticism has reached the members of this House. We have had a fragmentary presentation of objections from certain categories of co-operative societies, but we have not seen what the Canadian Institute of Chartered Accountants has prepared, which I gather is a very telling document.

As I said on my previous argument on the point of order, this debate is bound to generate amendments of substance; otherwise the government is going to find this bill amending the Income Tax Act unworkable. This is why I intend to read extensive portions from the brief of the Canadian Bar Association which indicate just what is wrong in the approach taken to this bill.

As I have said, the Canadian economy has suffered a number of rebuffs, and it will continue to suffer rebuffs because of the uncertainty surrounding the tax changes. Mercifully, we may be getting to the end of this period of uncertainty, but why did this uncertainty arise? It was not because the members of the opposition or the Canadian public took a long time to convince the government that it was in error. It is now 22 months since the publication of the white paper, which frankly was like the government putting a fox among the chickens. Although schedule A to the June budget papers had the effect of calming people down, frankly some people had already made the decision not to invest and had taken their money out of the country. I am sure the Minister of National Revenue would be very interested to learn how many people have decided to take their money out of the country during the past year in light of the white paper proposals.

In addition to that, our reputation in the overseas investment market has gone as a result of these foolish steps that were taken. The uncertainty created has also had a great effect upon the Canadian economy. As a matter of fact, the effect of these proposals may be just as bad as the effect that some of the fiscal and monetary restraints proposed by the government have had on creating unemployment.

The government has now seen the error of its ways and has brought back many changes. As a matter of fact, when we look at the schedule containing the comparative tables showing the present law, the white paper proposals, the recommendations made by the House of Commons committee and the proposals contained in the present bill, we find a welcome number of changes which parallel the recommendations of the committee. I suppose that as a member of the committee I should feel gratified, but this seems to me an awful way to run the shop. The economy of this country has been through some 18 months of convulsions, and now the government has come back along the same general path in its return to a little sanity.

Yet that is the exercise we all went through. There has been unemployment and restrictive government policies, both monetary and fiscal. There has been premature acceleration of Kennedy round cuts. I should like to know whether the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) or the Minister of National Revenue is able to tell this House whether these premature cuts did the employment situation in the chemical industry any good. This industry has been driven to its knees as a result of the action of the government. It would have faced a good deal of difficulty with the unpegging of the Canadian dollar, which would have meant an immediate increase in its prices of 7 to 8 per cent. In view of the narrow margins on which so many of our export industries work, it is not difficult to realize the effect on this industry of the action taken by the government.

• (4:40 p.m.)

Since August 15 we have had proposals by President Nixon for the restoration of the United States economy which are very unsettling to Canadian industry and the whole economy of Canada. There is the 10 per cent surcharge, the DISC program and the further upward pressure on the Canadian dollar. We may see an attempt to force the Canadian dollar up to the $1.03 or $1.04 level. Again, this will put people out of business in the export market.

Then, we come along with these tax changes. Are they going to do anything to help the Canadian economy? We realize that many of the changes will be beneficial and welcome, including the increase in personal allowances. The government has not answered in any satisfactory way why it would not have been more beneficial to low income groups, including low wage earners and pensioners either on low personal pensions or on public superannuation allowances, to have instituted the system of tax credits.

A bill was introduced today in respect of income security plans. The same could have been achieved through tax credits with better results and effectiveness and with less injustice than is now apparent under this system. I understand the standard allowance will be $2,850 for a married couple. This exemption of $850 in personal exemptions to a married couple will be of greater benefit in respect of a taxable income of $10,000 than a taxable income of $5,000.

In any event, with these changes we are caught with a question of timing and of complexity. There is no doubt in my mind that this House would be far better occupied in dealing with the major economic problems which now exist. I have in mind unemployment, trade and the terribly complicated relationships with the United States. Instead of that, we are going to be in the committee of the whole dealing with a bill some 600-odd pages long. This is a terribly complex bill, but the whole machinery is related to Bill C-259.

The only way we can deal with Bill C-262, once it comes out of committee, is by suspending our consideration of the tax changes and dealing with the report stage and third reading. All I can say is that in preparing its original white paper the government can only be compared to an engineer, an architect or contractor who, in putting up a building, completely misjudged the necessity of appropriate excavations or footings and foundations. He starts to construct his building and finds that the excavations for his footings and foundations are far too deep and too wide. He has to pull down what he has put up and begin filling and compacting in order to re-establish his foundation. That is all the government has been doing in the past several months in respect of these tax changes. It has been filling and compacting in order to arrive at a much better footing for these tax changes.

Let us consider some of the major provisions. There is no way I could go into all the aspects of this proposal. The House will take some satisfaction from the proposed increases in personal exemptions. They are acceptable as far as they go. Of course, there will be a difference of opinion as to the level at which the increases in exemptions are established. Some might suggest $1,500, others $1,800 and even others $2,000, but the government has proposed $1,500 and that is its responsibility.

There are two areas where I believe some changes in respect of exemptions might have been made had the government been in favour of dispensing entirely with a tax credit system, and one relates to allowances in respect of post-secondary education. Percentages in respect of post-secondary levels in Canada are insufficient and we have been advocating for years that every effort must be made to get children through some form of post-secondary education. We have many community colleges and technical schools where people are improving their qualifications to hold down better jobs, but not one blessed penny of the tuition a taxpayer pays can be recovered through an allowance on his ordinary income. The cost of sending a daughter, a son or even a wife to university in order to obtain a higher level of education is treated in the same way as the cost of taking a trip, in that neither are allowed as an exemption. Certainly, if a student has summer earnings or a personal income he can deduct his education fee on an approved scale, but this is only a minor thing. It seems to me we could have done better with fewer complications by adopting this idea of allowing as a deduction from gross income the cost of tuition for post-secondary education. Many people think that post-secondary education is a prerogative of the more effluent in this country. That is not true and quite contrary to the facts.

In my riding there are many landed immigrants who have come within the last three years. In many cases, the husband and the wife have gone out to work. Many of them speak very little English. They have obtained their citizenship because the president of the citizenship court has admired their guts and determination. Their children are going to university, or in some way are obtaining superior education. Why could we not have rewarded those people and given them encouragement for sending their sons and daughters to university in order to improve themselves. I find it incomprehensible that we somehow feel that an attempt to achieve success must be penalized. Then, we have the case of the Chinese market gardener whose son becomes a doctor in zoology. The father worked with his hands through long hours for years and yet we do not give a damn about him. This is the sort of thing that tax reform should mean for the betterment of Canada. Everyone of those people contribute a great deal more. Not only that, but then we turn around in these proposals and say we are going to tax anyone who wins a scholarship or bursary which will help him in his higher education. We are going to bring in that provision.

• (4:50 p.m.)

Some people will say I am an elitist. Of course I am. I will forever reinforce success and encourage competence and excellence. As Canadians, we should do that. This does not work to the disadvantage of those who do not have those qualities. You are not doing them any good by pulling down the others. You know, we will not build a nation or an economy by merely insisting on a fair share of mediocrity for all. So, it seems to me that in that area the government could have done a lot better. There are complexities. This is referred to in the 76-page brief of the Canadian Bar Association. I should like the government to release the briefs it received from the Canadian Chamber of Commerce, the Canadian Institute of Chartered Accountants and many others. If the Canadian Labour Congress has put forward a studied brief on this, that is fine; I should like to be able to see it and any others which are of a competent nature and which try to improve this law. That is why as I say it would have been better to have sent this bill to the Finance Committee where these people could be heard, and their views examined. Then, it could have been brought back here in due course. But, no. Let me read what the Canadian Bar Association had to say:

> Accordingly, we have tried to avoid in this brief, the expression of views on questions of broad social policy. We have attempted to focus on questions of policy only when the proposed legislation appeared either to depart from what we understand to be the expressed intention of the government or where our particular expertise and experience with legal concepts indicates that the proposed changes may have unforeseen consequences.
>
> At the outset, we must stress that we regard this brief as inadequate. Many of the concepts in the proposed legislation are novel in the sense that the implementation of even previously announced goals has been accomplished by the introduction of concepts which never existed in Canadian tax legislation before, if indeed they have ever previously existed. We are impressed by the attempted integration of these concepts throughout the statutory framework. This has been largely accomplished, however, at the cost of instituting a completely new taxation vocabulary, the mastering of which may be likened to the difficulty of learning a new language. Over and above the vocabulary problem, we also have problems with the extremely complex and detailed provisions, utilizing that vocabulary, which have been considered necessary to implement the desired goals, including permitting necessary exceptions where hardships or overlapping would otherwise occur. The transitional provisions were not available until the beginning of July, the outline of the resource industry regulations and the international income regulations were even later.

I would suggest to you, Mr. Speaker, that if the Canadian Bar Association was handicapped in its examination of these proposals, then the Members of Parliament have been handicapped even more so. I say through you, Mr. Speaker, to the government that it is indeed unfortunate we are to now have this whole complicated package tossed before us, because frankly those who will have to swallow or digest this very indigestible material will not be in a position to deal with it one way or the other. Surely to goodness these tax changes are highly important to the Canadian economy. We can destroy it. The parliamentary secretary just before his peroration—I apologize to the Minister of National Revenue (Mr. Gray). Mind you, I knew him very well as Parliamentary Secretary to the Minister of National Revenue and as Chairman of the Finance Committee. This was old habit. We will go back to the Bank Act sometime to see how we get along. The minister spoke about equity, justice and parity. Of course, a tax system must produce some revenue. I suppose it should incidentally, according to the government I think, maintain and promote economic growth.

Well, we are now being asked to put something on the back of the Canadian public when, frankly, no one, least of all the government, knows what it will do. The Canadian Bar Association complains about the shortness of time and I do, too. The Canadian Bar Association goes on to say:

> We do feel confident that for every problem or mistake, we have found in the statute, there are ten we have missed. In addition, we are sure that some of the possible problems or mistakes hereinafter referred to will, upon further study of the reform legislation, prove not to exist.

I gather that already officials of the Department of Justice have started to take apart this brief and, in places, have found the Canadian Bar Association or the authors of this brief were in error. Such is always the case, particularly when the job has to be rushed. The brief continues:

> We do not feel one can commend legislation of such complexity without a fuller assessment of the benefits it will bring than we have had an opportunity to make in the time available to us. In the same vein, we do commend for your consideration the rewording of definitions which are a complete misnomer.

I shall not go through all that they say about the necessity of rewording all definitions, but they conclude with this:

> Furthermore all defined terms should be put in capital letters to alert the reader to the fact that, in this legislation, words are often defined in strange ways.

• (5:00 p.m.)

Anyone who has had experience with taxation statutes would wonder if there is not some different version of the English language, one reserved specifically for tax statutes.

> Many provisions of the bill are virtually unintelligible at first reading because their purpose is often obscured by the method of presentation. This problem should not be dismissed as being unimportant as the legislation should be understood by—

And I trust all hon. members of this House qualify under this definition.

—an intelligent reader and not only by specialists.

Reference is made by the authors to the internal revenue code of the U.S. being written in a much more readable form. They finish their recommendation by saying:

We commend for your consideration, the setting forth of a general rule at the start of every subdivision where possible. In many instances it is now difficult to tell whether a section in the bill contains a general rule or is dealing with an extraordinary circumstance, special exception or loophole. We have indicated in this submission, several places where reciprocity of treatment is not afforded to both sides of a transaction—

And this, I trust, will be corrected, Mr. Speaker.

—as where a selling price is deemed to be some amount but the purchase price is not deemed so to be. We are sure we have overlooked many places where this will be a problem in the legislation and we suggested a general section might be included to the effect that such reciprocity will always exist unless explicitly excluded in the statute.

In other words, if you sell a car for $5,000, somehow or other that is not the purchase price for the buyer under the circumstances explained in the act. The intelligent reader would say: "Now, come on, let us have a little sense and let us get a little sense". Now, Mr. Speaker, this will create some problems later on. I referred to this in my remarks in the point of order I raised. I do not think it is any secret that the Department of Finance has an armload of amendments ready for this House on this bill. I know that some of them are to be of substance, and I am wondering. I think there is a way out but I wonder whether the government is prepared to take it. However, this cannot be brought about by shuffling amendments.

May I conclude the introduction of the presentation of the Canadian Bar Association:

In view of the complexity of the draft legislation, we are certain that in the course of the next two or three years, many situations will come to light where the technical application of the legislation will be most unfair to taxpayers. We are equally certain that many "loopholes" will become obvious.

But here is that query: why are the dice always loaded in favour of the government?

We assume that it is for the latter reason that the tax collector has retained a broad discretion in cases where the equities clearly dictate a tax should be imposed, even if such a tax is inconsistent with the technical words of the Act. Surely, in fairness, this should be broadened so that the taxpayer has a similar right if he can convince the courts that to levy a tax would be a manifest inequity.

I have not been able to find that particular section, one of those broad discretionary powers given to the Minister of National Revenue that always loads the dice in favour of the tax collector. The hearings of the Finance Committee on the tax proposals, the hearings of the committee of the other place, the representations in the press and the letters to the press all demonstrated one thing, if nothing else, that the Canadian public are in fact the people more affected than the government. Gracious me, you would think sometimes that the government and the people were enemies, but certainly those who line themselves behind the bureaucratic walls consider the public to be the enemy, to be the body that has to be plucked. This white paper of the government was supposedly founded on the main principle of equity; in other words, a sort of neutrality between taxpayers. This was the darling of the academics, so many of the obscure economists who have been writing about this in some dusty journals.

I majored in economics, Mr. Speaker. Perhaps one would never know this, but those were my better subjects in my undergraduate years, and I won a scholarship on the basis of that. But many of those things drove me away from that fate which I thought was worse than death. Many economists have become enlightened, but we have talked about this equity as between taxpayers which was supposed to be the first principle of the white paper. The Canadian public, to a man almost, said that equity is as between me, the taxpayer, and the government. That is where equity shall lie. That is where I say it should lie. As between government and taxpayer there shall be equity, and as between taxpayer and government there shall be equity. There is no equity between those to whom I referred last. Gone are the days of these prerogatives. Many of them are carryovers from the rights of the lords to all sorts of privileges over the persons and property of the subjects they governed. These rights have been translated into government. But I would suggest to you that people are saying no, and after all I do not think that the people of this country exist for this government to govern but that this government exists to govern over the people.

• (5:10 p.m.)

Now, let us turn to other matters. There is the matter of the capital gains tax. It is a very complex matter. We have used the phrase "a can of worms". I have used it many times. It has become a trite phrase. In fact, I think it is a barrel of worms. Some good may come out of it, but it certainly has differing effects in various parts of Canada. I want to point out quite clearly that a case can be made for a capital gains tax with regard to gains in the stock market, provided adequate provisions are made for allowances for losses. Personally, I have always felt that that has been one of the unfortunate features of the financial history of this country. By reason of the absence of a reasonable capital gains tax, with compensating allowances for losses, we found that the average Canadian simply could not afford to lose, and so he allowed the other guy to come in who, under another country's law, had a way of compensating for his losses. As a result, the Canadian invested in savings accounts and government bonds, but not in equities.

Then, we had the principal occupation rules that were insisted upon, contrary to reality. Our foreign friends really were invited to come in to take over many of our natural resources because of a stupid stubbornness to insist upon the purity of the main principal occupation rule.

An hon. Member: You tell them, Marcel.

Mr. Lambert (Edmonton West): A lot of nonsense has been written in the newspapers about capital gains. So far as hon. members opposite are concerned, I can certainly tell them that during the years when I was on that side of the chamber, and connected with National Revenue, there was a degree of inflexibility in the thinking about these matters. Like hon. members opposite now who find themselves in the same position, we were struggling against some kind of official position as inflexible as dry wood.

When you put too much pressure on it, it does not bend; it cracks.

Another reason for this inflexible attitude was that the oil patch was too far away from central Canada. Because oil development was happening a long way off, those people here who were making the decisions did not understand what was involved. The Department of Finance officials did not understand the difference between conventional oil production and the production of oil from tar sands. In their original conception, both forms were lumped together in the most amazing way. Maybe now, after some exposure, we will get a better understanding of the matter.

A lot of people claim that foreigners are making capital gains, that somehow or other this is totally wrong, and that they should not escape free. Should a Canadian firm be taxed because it develops an industry in a foreign land?

Some hon. Members: Sure.

Mr. Lambert (Edmonton West): These people here, Mr. Speaker, are the original goose killers, without understanding whether the eggs are made or laid.

Mr. Knowles (Winnipeg North Centre): Even the geese are off the gold standard now.

Mr. Lambert (Edmonton West): I have seen some rather naïve discussions in some newspaper columns with regard to these tax proposals. Look at the volume of comment that has developed with regard to Imperial Oil, lamenting that we cannot go and tax Standard Oil of New Jersey because of the increases in Imperial Oil assets. Of course, you are never going to be able to do that under a Canadian capital gains tax. The man who wrote that sort of stuff should start back at square zero.

During the committee hearings on capital gains we made a great attempt to bring some fairness and reality into the original proposals. Mr. Speaker, you may recall that the principal residence was going to be subjected to tax, after some allowances. It is true that a principal residence will still not be entirely free from attracting capital gains tax at this time, although in some cases it may do so, but the proposed rates have been halved.

I remind hon. members opposite that when I moved an amendment to exempt farm lands and ranch lands from capital gains tax when sold for bona fide farming purposes, the Liberal majority on the committee voted against my amendment and defeated it. We will have to return to that matter. There is a complete failure to understand the problem when, out of the blue, the government thinks it can institute capital gains tax on farm lands with any degree of equity towards the people who have farmed those lands, or towards those who intend to farm the lands.

We have had quite a reaction to this bill from the co-ops. I do not know what the house is going to decide, but it seems to me that the government has advanced its proposals after looking at some of the largest co-ops in the country, organizations which have lost their co-operative origins, that operate in the hundreds of millions of dollars class, their boards of directors being far removed from the ordinary members, in the same way as the boards of the biggest multinational corporations are far removed from the shareholders.

Unfortunately the government's proposals gather up into the same net hundreds if not thousands, of small local co-operatives. I am speaking of co-operatives organized on a local self-help basis.

Mr. Broadbent: You are defending socialism now.

Mr. Lambert (Edmonton West): If the hon. member thinks that socialism is the co-op movement organized on a local basis, he is one of those academics who got lost in the economic woods.

Then there are the proposals with regard to child care expenses. Unfortunately, there are a number of limitations proposed that will disappoint a great many people. There is the necessity for people who do the child caring to furnish receipts, and there are provisions with respect to income tax, the Canada Pension Plan, and blood relatives under the age of 21 years. I ask, why is the age of 21 years stipulated since a number of provinces now insist that people are adult at the age of 18 years? The federal government has not kept in tune with Alberta, Manitoba and Ontario, in which persons aged 18 are now adults. Under the federal government proposal, persons between the ages of 18 and 21 years are somehow left in the land of limbo, and apparently under these proposals any blood relative under the age of 21 is going to be disqualified. We will find inequities in working allowances and moving allowances. I can think of some office bulding in the centre of this city where there may be a large law firm with a number of young staff lawyers. They will be entitled to working allowances but a young man or woman out of the same graduating class, who may be in a struggling partnership in one of the less attractive sections of the building, will not be entitled to those same working expenses, even though they be incurred. This does not make sense.

• (5.20 p.m.)

Next, we come to medical benefits. In the provinces of British Columbia and Alberta, if medical premiums are paid by the employer, as they and other fringe benefits are under many collective agreements, they become additional income and are taxable. While the payment of premiums is taxable, the benefits, or shall we say the expenses, that are paid on behalf of the individual are disallowed under the medical expense allowance. A lot of people have not heard about that.

With regard to small businesses, we have here a partial unveiling of the government's policy with regard to foreign ownership. The differential in favour of small business is limited to Canadian owned business. All foreign held business of a corporate nature, even though it may be just a small distributing agency, is disallowed from the more favourable rate. I know of scores and scores of businesses, Mr. Speaker, which are small subsidiaries of foreign firms—French, Belgian, British, or even American—that have been domesticated and are presently entirely Canadian. One could be the distributor for an English firm of tool manufacturers, but the net result is that the business will be closed and I suppose the government will be proud of that.

Mr. Woolliams: They have a fair record in that regard.

Mr. Lambert (Edmonton West): This is going to be part of some of that bludgeoning that they do. Some of it is bull-headed, but it is bludgeoning, in order to correct some minor type of inequity. Are we going to tell the Canadian president or manager of a foreign-held subsidiary producing a product which we do not make, that we are putting him out of business, that we are going to tax him at 50 per cent from now on?

I find that the tax changes at this time are inadequate for many reasons, Mr. Speaker. We are being caught up in this tangle whereby this House cannot deal with economic issues unless we swallow this whole bill in one indigestible gulp, acknowledging to the government that, through necessity of dealing with other matters, we will skip over this. That is what they would like. If that is the case I am going to move, seconded by the hon. member for Saint Hyacinthe (Mr. Ricard):

That all the words after "that" be struck out and the following substituted:

This House deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

Subject to your views with regard to the nature of this amendment, Mr. Speaker, I would like to continue my remarks after we have had a consideration of it. If Your Honour wishes to put the amendment, I will be quite happy to conclude my remarks after you have done so, but in the interval I would hope that I could continue my remarks.

Mr. Speaker: Before putting the amendment to the House, it would be helpful if the hon. member or anyone else interested might enlighten the Chair as to the acceptability of the proposed amendment. I might say, prima facie, it looks like a substantive proposal rather than an amendment, but I would be pleased to hear what hon. members have to offer to the Chair by way of guidance.

Mr. Lambert (Edmonton West): Thank you, Mr. Speaker. I welcome the opportunity to try to assist you in accepting this amendment.

First of all, may I repeat an argument that I made the other day, that we are under new rules and that reasoned amendments should be acceptable at second reading. It must be remembered that on this bill this is the first opportunity for debate. This bill had its origin in a resolution passed before this House without debate or amendment. The provision of rule 60 is such that the minister is empowered to bring forward a bill. That is the motion; it is not the budgetary proposal that antedated it. The motion starts with the ways and means resolutions which were not the subject of debate. This, then, is the first opportunity for debate.

I put it to you, Mr. Speaker, that in order to have debate there must be a joinder of issue; there must be an alternative to the principle. There is a joinder of issue when we consider the matter of the principle of second reading of this particular bill. These I have outlined. We declined to read the bill and from a procedural point of view I find it extraordinary that this type of amendment in this House would not be accepted, whereas in the procedure from which we draw our inspiration or, shall I say, our origin, this type of amendment is a commonplace. I would say that certainly the House can express its concern about "unacceptable levels of inflation, persisting unemployment and stagnant industry". That does not introduce a new principle into this particular bill.

• (5.30 p.m.)

We come to the tax bill being conscious of the necessity for meaningful tax reform, but we decline to give second reading to this bill because there is insufficient stimulus to industry contained in the provisions and the amendments to the tax bill. I find it difficult to understand how one could give reasons for being opposed to the bill and still be penalized. This is the point we were making the other day when the hon. member for Winnipeg North Centre (Mr. Knowles) presented a reasoned amendment on another matter.

Is a six months hoist a reasoned amendment? I ask that question in a rhetorical way. Is a motion that the bill be not now read a second time, that the contents be referred to not another committee but to committee of the whole, a reasoned amendment? When a reason for an amendment were added to one of those referral amendments the other day, that portion was chopped and the referral accepted. I find this difficult to understand.

Under these rules, Mr. Speaker, Beauchesne is of little help. I say this with fond memories of the position Your Honour is occupying at the present time and the difficulties I faced in those earlier historic times deciding how far Beauchesne should or should not be used. The interpretations of the rules contained therein go back to a time that even my grandfather would not have known.

If we consider the changes in the House and in the rules today, I submit that now is the time when reasoned amendments can and should be put forward. At the report stage of a bill the amendments to individual clauses are put forward for consideration. That is the change that can be made at that time. On third reading the only amendments that can be made are a six months hoist or referral back to a particular committee for study, not a reasoned amendment such as we are now putting forward.

I hope I have covered some of the ground to assist Your Honour in determining whether this type of amendment is acceptable. Some of my colleagues and other members of the House wish to express themselves, so I will yield the floor.

Mr. Speaker: The hon. member for Peace River (Mr. Baldwin).

Mr. Lambert (Edmonton West): On a point of order, Mr. Speaker, I am yielding the floor only on the point of order.

Mr. Speaker: I realize this. I appreciate that the hon. member has further remarks of substance to make.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I see that I have outfumbled the parliamentary secretary. We are back on the old battleground which we have traversed so often. I think this time we are on pretty good ground. We

have our artillery, infantry and cavalry at strategic points. Hopefully, Your Honour will recognize and give effect to the glorious batallion of words used by my friend the hon. member for Edmonton West (Mr. Lambert), which I think will be supported by other members.

We come back to citation 382. I will deal with that in a little detail and relate it to this amendment. It provides:

It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill—

I stop there. I draw to Your Honour's attention the words "any special reasons". These must be reasons which persuade a member of this House to take steps over and above the usual remedy which he might have when voting on a bill or proposing a six months hoist. There must be some scope for him, if we are to have meaningful, clearcut, precise debate on issues brought forward on, as my hon. friend said, a joinder of issues. There must be special reasons for not wanting the bill to be passed standing by itself, not by voting against it and not by proposing a six months hoist but by saying that (*a*), (*b*), (*c*), (*d*) and (*e*) are the special reasons he is advancing for, using the words of the citation—

—not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy or provisions—

The hon. member for Edmonton West has included in this resolution special reasons for not agreeing to second reading of the bill. He makes this quite plain in his amendment which uses these words:

This House deeply concerned with unacceptable levels of inflation . . . declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts—

They are the special reasons. They are squarely within the four corners of citation 382 which the hon. member has used in an effort to persuade the Chair that he does not agree, and that other hon. members should join him in not agreeing to second reading of this bill. A resolution which he is entitled to move pursuant to this citation is as follows:

—a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill—

Obviously, in a bill as lengthy, as complex and covering as many subjects as Bill C-259 there cannot be said to be one single principle. On that aspect, it is not easy for a member to use this as a peg on which to hang his argument. In addition to that the citation covers:

—the principles, policy, or provisions—

I pluck out of this citation the word "provisions". The hon. member for Edmonton West is stating his reasons for not agreeing to second reading of Bill C-259. He has moved an amendment adverse to or differing from the provisions of the bill. Within the four corners of an amendment of this kind you cannot fill in all the details and particulars as to clauses. Even if the hon. member tried to do that, Your Honour would probably rule him out of order.

The hon. member has said that because he does not like the over-all provisions of this bill he is asking the House to join with him in an amendment which disagrees with the provisions of the bill because it does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, and does not contain adequate exemptions. In this way the hon. member is putting on record a resolution that is declaratory of a principle adverse to the provisions of the bill. I quote further from citation 382:

—or otherwise opposed to its progress—

• (5:40 p.m.)

My hon. friend is saying, I suggest, that because the bill fails to provide sufficient stimulus to the economy by using appropriate tax cuts and incentives, and because it does not make provision for adequate tax exemptions, we are opposed to its further progress. How much further can we go in attempting to place before the House in clearcut terms an opportunity for the House to divide?

It is all very well to say that hon. members can express these views in the course of debate, but I think the House is entitled to have the opportunity to consider motions which will divide the House and compel the government to take a stand, to declare that it approves or disapproves. Obviously, in light of what has already been said by the minister and his supporters, and judging from government policies in the past, members opposite will vote against the amendment and no doubt it will be defeated. But that is not the point. It is our right, I contend, to place the government in a position from which it cannot easily extricate itself through its continued objection to reasoned amendments.

We have reached a point at which there is increasingly little opportunity for hon. members, on second reading, to direct consideration to the reasons for which they believe the principle of a bill should be opposed. There is little opportunity for them to put forward motions of this kind, making it clear why in their view bills coming before the House ought not to be supported.

The other day, speaking to a point of order raised by the hon. member for Winnipeg North Centre (Mr. Knowles) I had occasion to put on record two reasoned amendments which had been accepted in the United Kingdom parliament. I have other examples I should like to place before the House now. While we are not bound, of course, by these U.K. precedents, I think I am entitled to say that the origin of our practice here is the practice in the United Kingdom. In recent years the practice in the United Kingdom has gone a great deal further than was originally allowed. In 1948, Mr. Churchill moved the following as a reasoned amendment:

This House, while recognizing the necessity for an equitable scheme of redistribution, declines to give a third reading to a bill which repudiates agreed recommendations of Mr. Speaker's Conference, 1944, and disregards for the purpose of party advantage the findings of the Boundary Commission, thereby bringing discredit on ministers of the Crown and lowering the traditional standards of our public life.

In 1961, on second reading of a bill dealing with Commonwealth immigration, the following amendment was moved and accepted as a reasoned amendment:

This House declines to give a second reading to a bill which, without adequate inquiry and without full discussion at a meeting of Commonwealth Prime Ministers, removes from Commonwealth citizens the long standing right of free entry to Britain, and

is thus calculated to undermine the unity and strength of the Commonwealth; gives excessive discretionary powers to the executive without any provision for appeals; will be widely regarded as introducing a colour bar into our legislation; and, though providing for health checks and for the deportation of those convicted of certain criminal offences, fails to deal with the deplorable social and housing conditions under which recent Commonwealth immigrants and other subjects of Her Majesty are living.

In 1964, in connection with the resale prices bill the following was moved and accepted as a reasoned amendment:

That this House declines to give a second reading to a bill which may threaten the livelihood of many small independent traders without attempting at the same time to deal with restrictive practices by large commercial monopolistic organizations and trade unions which have a far more profound effect on the national economy.

In connection with the bill dealing with race relations, the following was moved and accepted as a reasoned amendment:

This House deplores discrimination whether on racial or religious grounds but declines to give a second reading to a bill which introduces criminal sanctions into a field more appropriate to conciliation and the encouragement of fair employment practices while also importing a new principle into the law affecting freedom of speech.

The following amendment was moved and accepted as a reasoned amendment when the land commission bill was under discussion:

This House, deeply concerned to secure an increased supply of land for building, while thinking it right that a reasonable charge should be imposed on increased values resulting from the grant of planning permission, declines to give a second reading to a bill which seeks to set up a land commission which is wholly irrelevant to the collection of a levy and which will reduce and make more expensive the supply of building land, so retarding the housing of the people and essential building programs.

Here is another amendment accepted as a reasoned amendment to the motion for second reading of the prices and incomes Bill:

This House, believing that price stability can only be achieved by a comprehensive economic policy which would include the sharpening of competition, the reform of trade union law and the removal of harmful restrictive practices, and accepting that a productivity, prices and incomes board has a useful function in such a policy, declines to give second reading to a bill which makes no contribution to the solution of the serious problems facing the nation caused by the collapse of the economic policy of Her Majesty's government and which introduces a measure of compulsion which will inevitably lead to state control of prices, wages, dividends, and to direction of labour.

I conclude on this note. I ask Your Honour to the extent you exercise a judicial function, to take judicial notice of the fact that debates in this House have tended to decline in quality mainly as a result of the introduction of new rules which have failed to provide adequate compensating factors to private members, particularly members of the opposition. I believe it is in the interest of strong and healthy debate to provide as many opportunities as can be found within the four corners of the rules for expressing disagreement, and that the discretion given to the Chair should be exercised as far as possible on the side of permitting opportunities for clearcut and decisive debate and decision. With respect, Mr. Speaker, this can only be done—

Mr. Mahoney: By changing the opposition.

Mr. Baldwin: —by providing an opportunity for amendments of this kind to be considered, in order that we in the opposition and private members on the other side, if they have the intestinal fortitude to do so, may put forward amendments containing reasons for opposing a bill on second reading—a resolution declaratory to some principle adverse to the bill the government is introducing.

Mr. Speaker, we are concerned now about the economic situation. It cannot be argued that a budgetary measure of the kind before us, legislation which extends beyond the usual budgetary matters to questions of tax reform, will not have a major impact on the economy. Indeed, from speeches which have been made both inside and outside the House we gather that the point of the bill is to improve the economic situation of the country generally. Concern with the economic situation is the gist of the first part of the motion, that we decline to give second reading to a bill which fails to provide the stimulus the economy needs.

• (5:50 p.m.)

I suggest that there is no way in which we can do more to bring ourselves within the scope of citation 382. I urge Your Honour to exercise the discretion that you have in allowing this amendment, hopefully to initiate not a spasm of these amendments—because I realize that they must be reasoned amendments—but to bring about beneficial debate in this House. I know that Your Honour cannot go beyond the rules that the House has given you, but in light particularly of precedents in the United Kingdom I suggest that the time has now come when we should enlarge opportunities for debate on second reading by moving reasoned amendments.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I will take only two minutes to say that, if I read correctly between the lines of the remarks made by the hon. member for Peace River (Mr. Baldwin), I am sure what he is really saying is that he knows perfectly well that this amendment goes totally beyond the rules as we understand them but that he wishes it did not.

Mr. Baldwin: No. On a point of order, Mr. Speaker, if the argument that the parliamentary secretary is going to make conforms with his first remarks, then I think he might as well sit down now.

Mr. Jerome: Well, Mr. Speaker, I am sure the hon. member will agree with me that it is extremely clear under our rules that an amendment should be just that—a proposal to change the motion presently before the House in some way, not completely to negative it. Obviously, the effect of this amendment that he so seriously argues is, he must agree, directly to negative the motion for second reading by saying that the House votes against the motion. The first part of the amendments sets out the mood of the House and the latter part gives reasons why the measure itself is not acceptable and why in the opinion of the opposition it is inadequate.

Although these are interesting questions for debate, surely we are not being asked to come to the stage where what is passed off as a reasoned amendment on second reading is nothing more than a description of the reasons why the opposition rejects the motion for second reading.

Certainly the amendment before the House is clearly and simply just that.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the only thing I find wrong with this amendment is that it contains a split infinitive, which is something up with which I find it difficult to put.

Mr. Baldwin: That is a very serious accusation that you make.

Mr. Knowles (Winnipeg North Centre): It is. I am glad my hon. friend recognizes that. However, despite the error I regard the amendment as being one of substance which we can support, and I should like to join with the hon. member for Edmonton West (Mr. Lambert) and the hon. member for Peace River (Mr. Baldwin) in urging Your Honour to give very serious consideration to it.

It seems to me we are getting to the point where reasoned amendments have become more difficult to move than they ever were, though they have always been difficult. I confess that when I take note of the rulings that we have had from the Chair on reasoned amendments in recent times, especially those that have been negatived, I have had to agree that those rulings were based on precedents and on reasons and that therefore I could not appeal the rulings even if that right still lay with us.

However, if we are going to keep alive the phrase "reasoned amendment" it must be possible to make some kind of amendment under that heading. I am not floored by the comment just made by the Parliamentary Secretary to the President of the Privy Council (Mr. Jerome) that this amendment is just a statement of opposition to the bill plus reasons for so being opposed. I think that is a pretty good description of a right that we ought to have.

Mr. Lambert (Edmonton West): And do have.

Mr. Knowles (Winnipeg North Centre): In fact, I think that is what a reasoned amendment is supposed to do. We already have the right to say yes or no to a bill. We have the right to propose a hoist, which is really just another way of saying no. We also have the right to seek a reference of the subject matter rather than the bill to a committee, which again does not permit any reference to any reasons or any alternative ideas.

In some of the previous debates that we have had on this question it has been said by those on the other side, or by the Chair, that if certain reasoned amendments were allowed the House would find itself discussing, not what the government has put forward but what the opposition has put forward.

Mr. Baldwin: Terrible!

Mr. Knowles (Winnipeg North Centre): Not if what the opposition has put forward is in the same area. Indeed, if all that the opposition puts forward is a set of reasons for being opposed to the government's measure, it seems to me that we ought to have the right to have that sort of discussion.

I do not want to be regarded as pleading that we open up the whole business, that we get to the point where anything that might be a substantive motion and which normally requires notice can be dragged in under this heading. But I do confess to some concern lest we are going in the other direction and getting ourselves in the kind of box where we will not be able to make any reasoned amendments at all.

Citation 382 of Beauchesne has been read, and those of us who take part in these little discussions have read it so often that we know it by heart. So instead of picking up Beauchesne's Fourth Edition, today I have decided to pick up May's seventeenth edition. It is a little unfair to my late friend Dr. Beauchesne to do this, because one sees where he got many of the things that he wrote in his book. But in his seventeenth edition May says the same things that are in citation 382 of Beauchesne's Fourth Edition, namely, that a reasoned amendment can be declaratory of some principle adverse to or differing from the principles, policies or provisions of a bill.

The hon. member for Peace River pointed out that that is what this amendment proposes to do. By the way, Beauchesne does not use the words "reasoned amendment", but May does. At the bottom of page 526 there is a paragraph with the heading "Reasoned Amendment" which goes on to say:

> It is also competent for a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move what is known as a "reasoned amendment".

My concern today relates not only to the amendment now before the House, which I should like to see allowed, but as to where we are going in this whole area. There is a lot more on pages 526 and 527 that I could read, but Your Honour has probably read those pages time and time again. However, I should like to draw attention to the material at the bottom of page 528 and the top of page 529 of May's seventeenth edition, the section under the general heading of "Effect of carrying a 'Reasoned Amendment'." That heading in itself carries a very interesting implication; it suggests that there are times when a reasoned amendment, even though it takes the House away from what the government wants to discuss, might be carried.

• (6:00 p.m.)

Mr. Speaker, I should like another four or five minutes. Does the House want me to continue now, or at eight o'clock?

An hon. Member: Eight o'clock.

Mr. Knowles (Winnipeg North Centre): All right; let me call it six o'clock.

Mr. Speaker: Is it understood that we will rise at this point and pursue the argument at eight o'clock?

Mr. Knowles (Winnipeg North Centre): We can resume the discussion then.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Pursuant to Standing Order 40, the following matters will be discussed this evening at the time of

adjournment: the hon. member for Hillsborough (Mr. Macquarrie)—External Affairs—transmission to United States Secretary of State of third report of environmental pollution committee and concurrence of House; the hon. member for Yorkton-Melville (Mr. Nystrom)—Agriculture—prairie provinces—action to improve net farm income.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, be read the second time and referred to a committee of the whole.

Mr. Speaker: Order. When the House rose earlier today, hon. members were debating the procedural acceptability of an amendment proposed by the hon. member for Edmonton West (Mr. Lambert). We heard from a number of learned colleagues. I remember well the hon. member for Winnipeg North Centre (Mr. Knowles) had the floor, and still has the floor for the purpose of enlightening the Chair.

Mr. Knowles (Winnipeg North Centre): Thank you, Mr. Speaker. As Your Honour has just pointed out, when we rose at six o'clock we were discussing the procedural aspects of the amendment proposed by the hon. member for Edmonton West. I had occupied the time of the House for a few minutes, indicating not only my support for the procedural admissibility of this amendment, split infinitive and all, but also my belief that the House as a whole should take a new look at the whole question of reasoned amendments.

I had begun to point out—and I was going to quote a bit more from May's seventeenth edition—that one of the arguments that is sometimes made from the other side is that if a reasoned amendment is allowed, the House can find itself discussing a proposition which differs from the proposition put before the House by the government. I see nothing wrong with that; in fact, I think there is everything to be said for it. I believe we have to stay within the rules of relevancy: if the government brings down a bill having to do with elephants, we must not try to switch to a discussion about kangaroos. However, when the government brings in a bill having to do with so-called tax reform, surely we have the right to alter that discussion so long as we stay within the general ambit of tax reform. Therefore, I suggest the argument that a reasoned amendment produces a slight turn in the debate on the floor of the House is not a valid one.

It is also sometimes argued from the other side that if a reasoned amendment were to carry, certain dire consequences such as the defeat of the government would follow. On this side of the House we do not regard that as a dire consequence; we regard it as something devoutly to be desired.

Mr. Fairweather: A merciful delivery.

Mr. Knowles (Winnipeg North Centre): I should like to remind the House there have been, certainly in the United Kingdom Parliament, a number of occasions when some pretty far reaching consequences have been the result of reasoned amendments. As I pointed out just before six o'clock, there is a section in May's seventeenth edition, beginning at page 528, which carries the heading, "Effect of carrying a Reasoned Amendment". I do not think the first paragraph is quite so important because it deals with amendments which try to achieve additions to the bill which could be put in the bill in committee, and it tends to frown on that kind of amendment; it states that that kind is really not a reasoned amendment. However, there are examples of even that kind of amendment having been allowed. It is the second paragraph to which I refer and which I should like to read:

> It must be borne in mind, however, that the amendment—

This is a reasoned amendment.

> —if agreed to, does not necessarily arrest the progress of the bill, the second reading of which may be moved on another occasion. The technical effect of such an amendment is to supersede the question for now reading the bill a second time; and the bill is left in the same position as if the question for now reading the bill a second time had been simply negatived or superseded by the previous question. The House refuses on that particular day to read the bill a second time, and gives its reasons for such refusal; but the bill is not otherwise disposed of.

That is precisely what we have in the amendment which is before us. It is a statement that this House does not want to give second reading to this bill, together with the reasons for asking the House not to do so.

• (8:10 p.m.)

I emphasize the fact that these paragraphs in May's seventeenth edition carry with them the implication that because a reasoned amendment can result in something that is not planned by the government is no reason for not allowing such a reasoned amendment.

Then let me draw attention to some of the examples that are on these pages. Granted, some of these go back in history a bit.

Mr. Benjamin: How far?

Mr. Knowles (Winnipeg North Centre): The first was 110 years ago. This is recent history. It reads:

> In 1861, the second reading of the marriage law amendment bill having been superseded by a resolution, the Speaker, on an appeal from the mover of the bill, suggested that the best course would be to withdraw the bill and introduce another in harmony with the expressed opinion of the House.

There is a footnote to tell us where that can be found. But the point of reading it is to tell the House that here was an occasion when a reasoned amendment was

allowed and was carried. Things did not fall apart. The Speaker just said to the mover of the bill that it would be a good idea to bring in another one paying attention to the views that the House had just expressed. That is what my friend the hon. member for Edmonton West is suggesting, that we not give second reading to the bill that the government has brought in, in its present form. I suggest that if that amendment were carried, two things could happen, one might be an election, the other might be a decision on the part of the government to pay some attention to what the House has said by its vote.

The next paragraph in May goes on to say:

> The practical result of carrying such a resolution varies according to its character and importance, the support it has received, and the means there may be of meeting it, and on certain occasions has had far reaching political effects.

I emphasize these few sentences because of the fact that it is so often said from the other side that if a reasoned amendment were allowed, were voted on and were carried, it would be the end of this Parliament, we would have to have an election. Listen to this:

> For example, the amendment to the second reading of the conspiracy to murder bill, in 1858, being also a vote of censure, was not only fatal to that measure, but caused the immediate fall of Lord Palmerston's ministry; and the amendment to the second reading of the representation of the people bill of 1859 was decisive as to the bill and led to a dissolution.

So there have been occasions when reasoned amendments were not only allowed but were voted on, were carried and resulted in the fall of the government of the day. I am not predicting that that would be the result of the amendment that is before us, for I suspect that the majority on the other side of the House is still loyal enough to the government that this amendment would be defeated. But I present these points in support of the argument that I am putting forward, namely, that one cannot contend that the results that would flow from a reasoned amendment are a basis for denying the admissibility of such an amendment.

As I have said two or three times now, some of us are concerned about the developments that have taken place in connection with reasoned amendments. We know that on the opposition side of the House we always go as far as we can with our amendments. We would like to take control and tell the House what it is going to debate. We have to be held in check. We have to see to it that matters that are really new are submitted as substantive motions with proper notice, and we must not break the rule of relevancy. But so long as we stay within the four corners of the subject matter of a government bill which is before us on second reading, I think we should have the right to move, as a reasoned amendment, a proposition to the effect that we do not agree to the second reading of the bill in its present form. We should be allowed to state our reasons for opposing it, our alternative propositions, and such a matter should come to debate on the floor of the House.

Therefore, I not only support the procedural admissibility of the amendment now before us but I hope that we may find ways and means of developing a little more satisfactory experience with regard to reasoned amendments generally.

[Mr. Knowles (Winnipeg North Centre).]

Hon. John N. Turner (Minister of Justice): Mr. Speaker, it is all very well for the hon. member for Winnipeg North Centre (Mr. Knowles) to suggest that this is a welcome opportunity for Your Honour to redefine the scope and ambit of reasoned amendment but I submit to Your Honour that you and the House are bound by the rules as you find them and the precedents as you read them. I want to attack the admissibility of the amendment introduced by the hon. member for Edmonton West (Mr. Lambert) on a number of grounds but primarily on the ground of relevance. I know that the citations are quite familiar to Your Honour, but for the record and in order that you might have in some convenient form the arguments before you I would like to cite Beauchesne's fourth edition citation 203 (1) which reads as follows:

> It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed. Every amendment proposed to be made either to a question or to a proposed amendment should be so framed that if agreed to by the House the question or amendment as amended would be intelligible and consistent with itself.
>
> The law on the relevancy of amendments is that if they are on the same subject matter with the original motion, they are admissible, but not when foreign thereto.

Beauchesne's citations also refer to May and when the hon. member for Winnipeg North Centre starts bringing in May we know that the big guns are out. I want to introduce some citations of May which have received the approval of the Chair in this Parliament and indeed the approval of previous Speakers. On reasoned amendments I refer Your Honour to May's seventeenth edition, pages 526 and 527. May at this juncture is describing what a reasoned amendment is. Here is what he said:

> It is also competent for a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move what is known as a "reasoned amendment". This amendment is to leave out all the words in the main question after the word "that" and to add other words; and the question proposed upon the amendment is, that the words proposed to be left out stand part of the question. A reasoned amendment is placed on the paper in the form of a motion and may fall into one of several categories.

May lists three main categories of a reasoned amendment. The first is:

> It may be declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill.

The second is:

> It may express opinions as to any circumstances connected with the introduction or prosecution of the bill, or otherwise opposed to its progress.

The third is:

> It may seek further information in relation to the bill by committees, commissioners, the production of papers or other evidence.

• (8:20 p.m.)

I submit to Your Honour that the third illustration does not apply here; there is nothing in the amendment that seeks further information in relation to the bill, either by committees, commissioners or the production of papers. I submit, further, that there is nothing in the second category that pertains to this amendment because there is nothing in the amendment expressing an opinion

as to any of the circumstances connected with the introduction or prosecution of the bill.

So we are left with the first category, that is to say, that the amendment may be declaratory of some principle adverse to or differing from the principles, policy or provisions of the bill. There really is nothing in the amendment presented by the hon. member for Edmonton West that does that, because there is no position taken adversely to the principle of the bill. Irrelevant and additional matters are brought in. The amendment reads:

> This House deeply concerned with unacceptable levels of inflation—

That is matter foreign to the bill.

> —persisting unemployment and stagnant industry and conscious of the necessity of meaningful tax reform declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

If you take the amendment, Mr. Speaker, in its terms there is nothing attacking the principle of equity or reform contained in the bill, but only matters foreign to the bill. The use of a tax bill as a vehicle in the economy or as a fiscal weapon, admittedly within the terms of this amendment, are alluded to, and so there are references in the amendment to inflation, to labour and management, to economic stimulus. But on the face of the bill and within the terms of the bill I submit to Your Honour that there is nothing in the amendment stating a principle adverse to the principle of the bill.

After setting forth those three categories, May goes on to say—and I submit to Your Honour that the amendment does not fall within those categories:

> The following rules govern the contents of reasoned amendments:—

The first is the one Beauchesne was referring to in the citation that I gave to Your Honour, 203(1). Here is what May says at the bottom of page 527 of his seventeenth edition:

> The principle of relevancy in an amendment...governs every such motion. The amendment must "strictly relate to the bill which the House, by its order, has resolved upon considering", and must not include in its scope other bills then standing for consideration by the House.

These words have been approved by the Chair on several occasions in this Parliament, and I refer Your Honour to a very recent decision of the Deputy Speaker, in fact made last week, relating to Bill C-262. I quote from *Votes and Proceedings* of September 7, 1971, at page 779 as follows:

> Mr. Lewis, seconded by Mr. Knowles (Winnipeg North Centre), proposed to move in amendment thereto,—That Bill C-262 be not now read a second time, but that it be resolved that in the opinion of this House the government should give consideration to the introduction of measures to stimulate the Canadian economy and to free it from its dependence on that of the United States, to obtain additional markets for Canada's exports, and to protect Canadian jobs from the consequences of the policies announced by the President of the United States.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Turner (Ottawa-Carleton): I am not going to argue the substance of that amendment. I am trying to argue the relevancy of that amendment and I want to draw to the attention of Your Honour the similarity between the amendment introduced by the hon. member for York South (Mr. Lewis), seconded by the perennial hon. member for Winnipeg North Centre, and the present amendment proposed by the hon. member for Edmonton West. I use the word "perennial" with respect to the hon. member's membership in this House and also with respect to his support for this type of amendment which, I suggest to Your Honour, does not usually receive the approbation of the Chair.

I draw Your Honour's attention to the references in both amendments to stimulation of the economy. I agree that this is a very laudable objective, but it is foreign to the substance of this particular bill. What did the Deputy Speaker say on that occasion? He said:

> —an amendment must clearly oppose the principle of a bill.

The Deputy Speaker referred to May and went on to say, as recorded at page 779:

> The second point I should like to make is that an amendment must stay within the four corners of a bill. On the question of relevancy it does seem to me that this amendment goes beyond the four corners of the bill.

I could go on with these precedents, but my first submission to Your Honour is that this amendment as reasoned amendment does not qualify within the essential categories May specifies as a reasoned amendment. I bring in May because the hon. member for Winnipeg North Centre did so, but more particularly because even if it were a reasoned amendment, which I submit it is not, it does not qualify because it is irrelevant.

There are two other citations from Beauchesne that I would like to draw to Your Honour's attention. Going to citation 203, I submit that paragraph 3 is relevant. It reads:

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

I submit to Your Honour that if you read "bill" for "motion," then the principle of foreign and irrelevant matter again would go to exclude the amendment.

Mr. Lambert (Edmonton West): Are "sufficient stimulus" and "tax cuts" also foreign?

An hon. Member: You are getting to him.

Mr. Turner (Ottawa-Carleton): Yes, I may be reaching the hon. member for Edmonton West. In the third place, may I draw Your Honour's attention to citation 203(5):

> An amendment was ruled out because it raised a new question which could only be considered on a distinct motion after notice.

I submit that the matter raised in this amendment dealing with inflation, unemployment, industry, stimulus of the economy, incentives, methods calculated to materially improve business and labour conditions in Canada, are sufficiently wide and sufficiently foreign to the bill before the House that they would deserve to be included

in the substance of a distinct motion that might be made on another occasion.

There is one further remark I would like to make, with Your Honour's indulgence and that of the House. The hon. member for Winnipeg North Centre sought to cushion the effects of what you might decide to do by submitting to Your Honour that if a reasoned amendment were to be found admissible and were to carry, the result would not be as catastrophic as one might think. He quoted from May at page 528 in the seventeenth edition. I think he was quoting through Beauchesne—

Mr. Knowles (Winnipeg North Centre): No, I have got my May too.

Mr. Turner (Ottawa-Carleton): Well, he has got May too.

Mr. Lewis: That sounds like the first words in a new rock song.

Mr. Turner (Ottawa-Carleton): It is permissive anyway, not compulsory.

It must be borne in mind, however, that the amendment, if agreed to, does not necessarily arrest the progress of the bill, the second reading of which may be moved on another occasion.

That is an isolated paragraph from a larger quotation on page 528. I submit that if you are going to get the complete context of that paragraph on the effect of carrying a reasoned amendment, Your Honour might direct your attention to the entire paragraph.

Mr. Knowles (Winnipeg North Centre): On a point of order, Mr. Speaker, I read the entire paragraph and three or four more after it. Where was the minister?

Mr. Turner (Ottawa-Carleton): I am just drawing to Your Honour's attention that the paragraph begins with these words:

According to modern practice, it would appear to be unlikely that, after a reasoned amendment had been carried on the second or third reading of a bill, any further progress would be made.

The last paragraph on the page is even more—

Mr. Knowles (Winnipeg North Centre): Read all of that paragraph.

Mr. Turner (Ottawa-Carleton): I will read the whole passage, and I will do my own underlining. How would that suit?

If it is merely desired to draw attention to a matter incidental to the legislation intended by the bill—

What it is not.

—or to affirm a principle which could be incorporated in the bill at a later stage—

Which it is not here.

—this purpose could probably be better effected by an instruction or an amendment moved in committee.

That is fine.

• (8:30 p.m.)

It must be borne in mind, however—

[Mr. Turner (Ottawa-Carleton).]

These are the words recited by the hon. member for Winnipeg North Centre.

—that the amendment, if agreed to, does not necessarily arrest the progress of the bill, the second reading of which may be moved on another occasion.

I add, parenthetically, that that has to be read with the opening words of the passage where May says that according to modern practice it would be unlikely that any further progress on the bill would be made.

The technical effect of such an amendment is to supersede the question for now reading the bill a second time; and the bill is left in the same position as if the question for now reading the bill a second time had been simply negatived or superseded by the previous question.

Of course, I say parenthetically that that is technically right, but in terms of practical parliamentary procedure any hoist or negative of second reading or any motion following second reading in effect kills the bill.

Mr. Speaker: I understand that the hon. member for Annapolis Valley (Mr. Nowlan) wishes to rise on a point of order.

Mr. Nowlan: Yes, Your Honour, I do, with respect. I am hoping the Minister of Justice (Mr. Turner) is trying to convince the Chair of the point, not the hon. member for Winnipeg North Centre (Mr. Knowles), because he will never do that. I think he should direct his remarks to the Chair.

Mr. Turner (Ottawa-Carleton): The hon. member is right; but I believe the Chair is omnipresent in this chamber and so I am always speaking to the Chair, and through the Chair, to members.

Mr. Nowlan: But when he said "May", Mr. Speaker, I thought he was getting too close to the hon. member for Winnipeg North Centre; he was getting too intimate.

Mr. Turner (Ottawa-Carleton): I think the hon. member knows from his active days of practice at the bar that although he addresses the judge, he rubs elbows with counsel at the bar.

Mr. Knowles (Winnipeg North Centre): Please leave me out of this.

Mr. Turner (Ottawa-Carleton): The hon. member for Winnipeg North Centre did not enjoy that last metaphor, Mr. Speaker. I want to go on with that passage and give it its full amplitude.

The House refuses on that particular day to read the bill a second time, and gives its reasons for such refusal; but the bill is not otherwise disposed of.

Technically, I suppose that is right, but in practical parliamentary terms that bill is dead. Then there is a citation in respect of the marriage law amendment bill. I will not read that now, but this is the paragraph I want to draw to your attention:

The practical result of carrying such a resolution varies according to its character and importance, the support it has received, and the means there may be of meeting it, and on certain occasions has had far reaching political effects.

Now, what about the character and importance of this particular piece of legislation?

Mr. Knowles (Winnipeg North Centre): I read all that.

Mr. Turner (Ottawa-Carleton): Starting with the Carter report about nine years ago, followed by the white paper which involved more informed public discussion than probably any other measure in this Parliament or, indeed, as far as I can recall in active public life—

Mr. Lambert (Edmonton West): That bill didn't.

Mr. Turner (Ottawa-Carleton): I suggest that because of the far reaching nature of this particular measure, any reasoned amendment, if it were permitted and carried, would have far greater impact than the hon. member for Winnipeg North Centre was willing to concede.

May I say one thing further, Mr. Speaker, on the general subject of relevancy and the responsibility for introducing business. I suggest to Your Honour that the government has the responsibility under our parliamentary system to bring the business before the House.

Mr. Fairweather: That is one of our problems.

Mr. Turner (Ottawa-Carleton): And it is going to remain one of your problems. That being so, Parliament has held throughout the years that in order to keep the discussion pertinent and relevant, amendments must stay within the four corners of the business of the House. That is my argument, Your Honour.

Mr. Speaker: I thank hon. members for the advice and guidance they have provided the Chair in relation to the very difficult ruling which has to be made on the procedural acceptability of the amendment moved by the hon. member for Edmonton West (Mr. Lambert).

Hon. members have recognized that it is difficult for the Chair to rule on the procedural aspect of reasoned amendments. Hon. members who have participated in this very interesting procedural debate have suggested, or some of them have, that it is becoming increasingly difficult to propose acceptable reasoned amendments. I cannot agree entirely with this suggestion. If hon. members will look into the records of our House of Commons they will note that during most of our parliamentary history so-called reasoned amendments have been proposed on rare occasions only. It seems that only during the last few years have members started to use this device, that is, the device of reasoned amendment, on second or third reading of bills.

I agree that more such amendments have been ruled out of order in recent years. That is, of course, because many more than before are now proposed for consideration by the House. In other words, if 25, 40 or 50 years ago only one or two such amendments were proposed every session, not many of them were ruled out of order—perhaps one or two every session.

It seems to me from my experience, which is very limited in comparison with that of many other hon. members of this House—and I go back only to the days when I was Deputy Speaker—that I had the impression that very few people understood a reasoned amendment. It is only in recent years that the use of that kind of device has flourished—

Mr. Lambert (Edmonton West): That is progress.

Mr. Speaker: —for the benefit of hon. members and a nightmare for the Chair. Because there has been a tendency in that direction, I have intended for some recent weeks and particularly in recent days to study very closely all our precedents in relation to these motions. This is a study which I admit is not yet completed. When it is, I feel I will be in a much better position to set down rules which will take into account not only British but relevant Canadian precedents.

Briefly, hon. members know, from my having quoted them on a number of occasions, which rules govern the content of reasoned amendments. These are enumerated in May's seventeenth edition at page 527. As suggested by the hon. member for York South (Mr. Lewis), I am sorry to have to disappoint hon. members but I have got May too. Among other rules, it is required that such amendments should be "declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill".

Looking at the amendment proposed by the hon. member for Edmonton West, I find it difficult to identify any such principle—in other words, that the amendment is "declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill". Other conditions expressed by Sir Erskine May are enumerated at page 527 of his seventeenth edition. I doubt whether there is any purpose in my reading paragraphs 1, 2 and 3.

Looking at this question closely, I appreciate that in many respects the amendment proposed by the hon. member and now before the House quite seems to meet some of the requirements proposed by Sir Erskine May. The most important of these, of course, is that the principle of relevancy should govern every such motion. This is the point which was made very clearly and cogently a moment ago by the Minister of Justice (Mr. Turner) in suggesting to hon. members that relevancy is the cornerstone of parliamentary debate. There can be no effective parliamentary debate, there can be no logical debate without the application of this principle by the Chair and, I should add, without respect for the principle by all hon. members who take part in the debate.

As my colleagues will recognize, it is a most difficult task, and a great responsibility for the Chair to insist that hon. members address themselves to the question before the House, not to stray too far and to try to limit contributions to the motion before the House. It is a basic principle that there can be debate only when there is a motion before the House, and contributions should always be limited to what we have before us. Otherwise I suggest there can be no meaningful debate in the House.

It is the responsibility of the Chair to invite hon. members to limit themselves to what is before the House at the time. It is the duty of the Chair to suggest to hon. members that amendments should be relevant to motions

before the House. Again, I say it is the responsibility of hon. members also to co-operate with the Chair in this respect.

In connection with reasoned amendments, the same as in connection with all other amendments and motions, it is the duty of the Chair to enforce the principle of relevancy and it is the responsibility of members, as active participants in the parliamentary process, to respect that principle. That is why it is so difficult for hon. members to propose a reasoned amendment which in effect is not an expanded negative. If an amendment, reasoned or otherwise, is only an expanded negative it is, of course, out of order because it is well known that the way for hon. members to express their objection to a motion before the House is to vote against it. If it is much more than that and goes beyond the four corners of the motion before the House, then it offends the principle of relevancy.

• (8:40 p.m.)

Therefore, in my view hon. members should not be surprised that it is so difficult in practice, from a procedural standpoint, to propose procedurally acceptable reasoned amendments. I think that hon. members expect the Chair to ensure that Parliamentary debates remain logical, meaningful and relevant from a procedural standpoint. Because of this the Chair has to look with extreme caution on so-called reasoned amendments.

The hon. member for Peace River (Mr. Baldwin) suggested that the time has come to enlarge the opportunity for debate. I suggest to him and all hon. members that this is not the responsibility of the Chair. If hon. members wish the rules to be changed to provide for enlarged debate, they will themselves have to change the rules which guide the Chair.

Having said all this, I am prepared to look at the amendment with considerable sympathy. The hon. member for Edmonton West, having heard me go into some detail to explain why the amendment is perhaps out of order and the reasoned amendment should not be accepted, will probably be surprised if I tell him that I am ready to accept it. The reason is that this is perhaps a borderline case. I admit that it is very difficult. It has been very difficult in recent weeks and months to determine which reasoned amendments ought to be accepted and which ought to be refused. This one, I suggest to the House, is a borderline case.

In view of the fact that the whole matter of reasoned amendments is being reviewed by the Chair, perhaps hon. members will want the Chair to exercise some leniency and allow debate to continue on the reasoned amendment. At the same time, I would like to stress that hon. members should not think that the way has been opened for all possible reasoned amendments, which would make Parliamentary debate just about impossible.

I might say I suspect that whether or not we have this amendment before us, the debate which will take place tonight and perhaps in subsequent days will pretty well turn around the points which have been raised in the amendment. It would be very difficult for the Chair to rule out of order considerations which relate in some way to the substance of the reasoned amendment now before us.

We may have a test as to whether we are making a mistake by accepting this kind of reasoned amendment by a subamendment which may be proposed later and which might indicate how far away we would be getting from the motion now before the House. However, that could be a test which might be useful as a guide for the Speaker on future occasions.

Having said all this and having invited hon. members to realize the difficulty with which the Chair is faced in this situation, I feel in the circumstances that I should allow the amendment and put it to the House.

I repeat to hon. members that in the next few days I will continue to consider the general matter of reasoned amendments. The next time one is submitted we may have a set of rules which will establish when, how and in what circumstances such amendments can be accepted. I am afraid it might make it a little more difficult for hon. members to propose amendments which will be acceptable in view of the precedents.

If hon. members will allow, I will now read for the benefit of the House the motion proposed by the hon. member for Edmonton West, seconded by the hon. member for Saint-Hyacinthe (Mr. Ricard):

That all the words after "That" be struck out and the following substituted:

"this House deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future."

Before the hon. member for Edmonton West is given the floor I would like to refer briefly to the procedural objection he took this afternoon to some aspects of the bill now before us. The difficulties with which the Chair is faced in this situation were also referred to this afternoon by the hon. member for Winnipeg North Centre. He and the hon. member for Edmonton West suggested that the bill before us is in a substantive way different from the provisions of the schedule attached to the ways and means motion. He is probably right. I say "probably" because it will take the Chair a long time to analyse the 560 or so pages of the bill and collate them with the schedule attached to the ways and means motion. I suggest to hon. members that the Chair should not be requested to do this. I do not think it is the duty of the Chair to perhaps suspend the sitting of the House for a few weeks while I take this huge book, try to compare it with the schedule attached to the bill and see whether there are substantive differences.

Perhaps the difficulty we are faced with arises from the fact there has been agreement among responsible representatives of the parties of this House that we should follow a new system. Instead of having a generally termed ways and means resolution, it was agreed between representatives of parties that we should have

for consideration by the House by way of a ways and means resolution, a draft bill.

If the House of Commons accepts this procedure and adopts as part of the ways and means resolution a draft bill, I do not see how any amendment can be adopted or suggested to the House at any time thereafter either by the government or the opposition, because the objection can be very well made at any time an amendment is made by the government, the opposition, a member of the opposition or any individual member of the House that this amendment is not in keeping or in accordance with the terms of the ways and means resolution. It will not be, of course, because it is different from the draft bill which has been submitted. I think the House got itself into a bit of a bind and difficulty by following this procedure. I think it should be for the House to find a way out of it. For the moment, I suggest to hon. members that we proceed with the bill before us.

One solution is that there be a further meeting between representatives of the parties to agree on a motion which might rectify the situation. This solution has been proposed by hon. members who took part in the debate. If this is not done, the bill will eventually go to committee and hon. members may make an objection to the effect that the amendment is not in order, actual clauses of the bill now before the House are not in conformity or in accordance with the provisions of the ways and means resolution or the schedule to the ways and means resolution. That would be a good argument. I rather suspect the chairman of the committee of the whole would agree and would refuse to have the committee consider that amendment or clause. But that might cause difficulty for members on both sides of the House, so I suspect it will be an advantage for both sides of the House to get together very soon and try to find a solution to the problem which some of our distinguished leaders have caused for us.

In the circumstances, I think the bill should be allowed to proceed and hon. members given an opportunity to pursue debate on it.

Hon. Marcel Lambert (Edmonton West): I am very grateful to Your Honour, particularly in the face of the difficult problem that was facing the Chair in considering the arguments put before Your Honour with regard to this amendment.

• (8:50 p.m.)

I should like to complete my analysis of the bill as far as I can. Many of my hon. friends will be discussing particular aspects of the measure and making other general observations on second reading. There is one further point, however, I think should be made; it is one which has been made many times. The bill before us continues to accept the philosophy that the government knows best how to dispose of the public's money. An ever increasing share of the gross national product, an ever larger share of the nation's increased productivity is to be collected and distributed by the treasury.

This philosophy is not limited to the federal government. More and more is being taken by provincial governments; more and more is being taken by municipalities. The figure is now, I suppose, up to 38 or 39 per cent of the gross national product, give or take a fraction of a percentage point. It is this that goes against the grain of the majority of Canadian citizens. No matter how hard they struggle, no matter how hard they work, no matter how much risk they take, the government says to them: Give us a bigger share of what you make, because we know how to dispense it.

Look at the size of the national budget in 1963—$6.4 billion. Now, nine years later, it is in excess of $15 billion in proposed expenditures.

Mr. Francis: What about the GNP?

Mr. Lambert (Edmonton West): The GNP has gone up, but it has not doubled or more since that time. One has only to look at the percentage figure. And, of course, the GNP is measured in terms of ever escalating dollars, in cheaper dollars.

Mr. Francis: So are taxes.

Mr. Lambert (Edmonton West): Yes, they are, but the government tends to improve its position because its sales tax and customs duties are all imposed on an ad valorem basis.

Mr. Francis: May I ask the hon. member a question?

Mr. Lambert (Edmonton West): No. I will finish my speech and the hon. gentleman can speak later if he wishes. Then, through a system of progressive income tax, as it is called—I do not think it is progressive; I believe it is a regressive form of taxation—the government takes an ever increasing proportion of salaries, wages and profits. In many cases, increases in these sources of income merely mark time in terms of constant dollars, but because of the incidence of inflation an individual finds himself in a higher tax bracket and taxed at a higher rate.

The same applies in the sphere of sales tax and customs duties. The same applies in the case of ever escalating municipal taxes. Having served on a city council, the hon. member for Ottawa West (Mr. Francis) can tell us just how far within this city municipal taxation has increased in terms of real dollars—

Mr. Francis: Not federal taxes.

Mr. Lambert (Edmonton West): Federal government taxation has certainly increased by a great deal. Members opposite describe this as tax reform, but the person with a low salary, the person living on a low income who is paying little or no income tax asks, "What will this do for me?" The answer is that it will do nothing, or really very little.

There has been no tax reform proposed within the field of these ad valorem taxes. Real reform in this area and in the area of realty taxation has proved beyond hon. members opposite. These are the areas to which we refer. They call this tax reform, but the principles of taxation have not changed. There is provision for increased

exemption, there is a proposal for a capital gains tax. Some tinkering has been carried out here and there, but the principle is the same. I maintain that the opportunity for true tax reform has been missed. There is no question in my mind that the elimination of the estate tax in no way compensates for the imposition of the capital gains tax. The capital gains tax is certainly new. It hits everyone, and most people are still saddled with the equivalent of an estate tax. I urge the House to adopt my amendment.

Mr. Max Saltsman (Waterloo): Mr. Speaker, if we look at the progress of the debate today we get some indication of the affection in which this bill is held by the opposition. We have heard a short statement by the minister and a somewhat longer statement by the hon. member for Edmonton West (Mr. Lambert) whose amendment would have the effect of killing this measure.

The legislation before us is thoroughly bad legislation and it does not represent tax reform. When the Minister of Finance (Mr. Benson) referred to it in his budget speech, he and his hon. friends were crowing; they thought they had pulled off the grand coup. Here was finagling to end all finagling, a juggling act to disguise the fact that after nine years during which the country had been looking forward to tax reform, the government had betrayed it by producing, not tax reform at all but merely some tinkering with existing provisions. At that time, when the budget was introduced members on the government side were saying, "Let's call an election. Now we really have an act to go to the people with."

I said at that time, as did some of my hon. friends, that they must have thought the Canadian people fools to buy the stupid legislation they were introducing. The Canadian people are not fools, and they have not bought it. They see right through the sham measures contained in this so-called tax reform proposal.

• (9:00 p.m.)

Today we have a rather subdued group of people on the government benches. They are not hooting and hollering as they were on budget night, they are not nearly so confident of themselves as they were then, because a look at the legislation of which they were so proud a few months ago reveals that these so-called increased exemptions will do little more than restore the purchasing power of the old exemptions which were introduced many years ago. In other words, they are doing today—inadequately, I might say—that which should have been done progressively over the last ten years at the very least, namely, raise exemptions along with the increase in the cost of living, in fairness to the taxpayers of Canada. This was not done. The government put if off and put if off in order to enable them to put it all together in a little package and to pretend that they had accomplished something substantial. But this has been seen through completely. It is a sham and everyone can see it for what it is.

In many cases the so-called benefits that the taxpayer, particularly the working-class taxpayer, was supposed to receive, if you look at the tables, will not be felt. It is claimed that these taxpayers will be paying $100 less in taxes, in some cases $110 less. However, the government do not take into account, or they pretend not to take into account, the fact that many of these taxpayers will really be paying more taxes, not less, as a result of the increased exemptions.

For the first time unemployment insurance is going to be part of taxable income. Therefore, those who have been receiving unemployment insurance benefits in the seasonal industries will find that they are worse off under these provisions than they were under the old legislation. Those who have been receiving allowances for manpower retraining programs will also find they are worse off, because all their allowances will now be taxable and as a result they will pay more tax, not less. In many cases trade unionists who have negotiated contracts with their employers to include in their wage packages payment of medicare fees, which in many cases were included in the wage packet in lieu of increased wages, will find that these payments are now taxable and will have to be reckoned as taxable income, the amount of which may be far greater than the so-called increase in exemptions that has been granted. So all in all, as a result of just the few examples I have mentioned many of our working men will find they are worse off than they were before. This is why we are quite happy to support this amendment, and we congratulate the hon. member for Edmonton West and all those who participated in preparing the amendment for moving that the bill be not now read the second time.

One must also ask why tax reform was dropped. Why, after all these years during which we had the Carter commission, the white paper, the House of Commons committee report and the Senate committee report, did the government capitulate completely to those who are against tax reform and virtually drop every progressive measure from the tax package? My hon. friend from Edmonton West suggested that it was because there was a large public outcry. I ask him, a large public outcry from whom? The Liberal bagmen were the only ones who were crying out, because they were going to be paying more tax.

I conducted a survey in my riding on the white paper and sent out a questionnaire. Questionnaires usually return about 400 answers in my constituency, but the questionnaire on the white paper returned 500 answers, 300 from those who freely admitted that they did not understand what was in the white paper, the remaining 200 objecting. The truth of the matter is that most people in this country are not opposed to tax reform since it is they who would have benefited substantially from such reform. The people who are opposed to it are those who always "had it made", those who are satisfied with things as they are, those who are getting their money from capital gains, those who are escaping taxation through depletion allowances and shares in resource industries, those who are getting the 20 per cent tax credits: in other words, the very small group at the top.

I am surprised that my hon. friend from Edmonton West says that there was a large public outcry. Perhaps the large public outcry was from friends of his. I under-

stand that there may have been a large public outcry in the circles in which he moves. I am sure there was a large public outcry in the circles in which the Liberal backbenchers move, because the biggest enemies of tax reform were the Liberal party.

I would remind hon. members on the government side that for an opposition party we were very restrained during the discussion of tax reform. There were many things contained in the Carter report that we did not like. There were also many things contained in the white paper that we did not like. But on the whole we thought it was at least a step toward tax reform and we tried to avoid excessive criticism of those reforms in the hope that perhaps this government would bring in some reforms. But, of course, the government did not need our criticism because their own backbenchers were "knifing" the minister every day in the House. When they were not knifing him in the House I understand they were knifing him in the caucus.

As I say, the reason we did not get tax reform was because those who have always "had it made" did not want it. Certainly it was not because of a large public outcry; it was because some people decided that equity in the tax system was not for them. So once again the Liberal party, rather than respond to the mass of people in this country, responded to this very small group who support them in office through their bagmen. I can find no other way to describe the situation.

Mr. Alexander: The only word you can use is bagmen.

Mr. Saltsman: Looking at this great volume one may well wonder what it is all about. There are close to 700 pages in it and it is a very imposing kind of document. If anybody ever digs it up 10 to 15 years from now they will marvel at the ingenuity of the government party that devised something that was so beyond the comprehension of even the tax experts of the country. I am sure it must be even beyond the comprehension of those who had to write the document.

We have a large unemployment problem in this country with over 6½ per cent of the population unemployed. But, Mr. Speaker, the Liberal party has ensured one thing: it has ensured that there will be no unemployment for accountants and tax lawyers. The government has guaranteed that these people will have enough work from this piece of legislation to keep them going forever, because it defies the mind of man to understand it.

I recently attended a number of tax seminars along with people who were experts in the field, and not one of them really knew what was in this legislation or understood its import. One of the reasons for the establishment of the Carter commission was that our tax system had become so complex and open to misinterpretation that it was felt necessary to find a way of evolving a tax system that could be readily understood not only by the experts but by the population of this country. That was one of the terms of reference of the Carter commission, quite aside from the question of equity and general fairness.

Instead of coming up with legislation that would have simplified our tax system, as the Carter recommendations would have, by including all kinds of income within the tax base, the government has so distorted, twisted, picked and plucked at the Carter commission as to make its report unrecognizable and the entire tax legislation even more unintelligible than it was before. This is quite an accomplishment. It took nine years and a great deal of expertise to accomplish this minor miracle of making what was already so totally bad even more so.

• (9:10 p.m.)

I sometimes wonder what the historians, political scientists or archeologists will think when they dig up this little document, this gift from the Liberal party to the people of Canada. What will they think about our civilization and the value judgments of the society of today? A tax system as much as anything else tells us what is important, what is not important, who gets rewarded and who gets punished.

The tax system outlined in this bill very clearly defines the philosophy of the government of today. It tells us, for instance, that the tax system will continue to be unfair as between the manufacturers of goods and the exporters of raw materials. It indicates that the privileges industry has always enjoyed and the privileges the mining industry has always enjoyed are to be continued, albeit in a new form, but no more acceptable than the old form. The point is, the tax system is still biased and loaded in favour of the development of raw materials against the development of the indigenous manufacturing industry.

When they dig up this document it will also show that this government did not think very much of public expenditures. It will show this government was convinced in its mind that any kind of private expenditure, however meagre or unsatisfying, was far more valuable than the roads we built collectively, than the parks we built collectively, and even far more important than the medical services, hospitals and other things which make life civilized in a society. Obviously, this government feels that private needs are more important.

If one looks at the measures proposed he will see there is an advantage to those who possess equities in private corporations as against those who buy bonds in government-financed projects. More important, the historians will see that this government has made a value judgment in respect of the ordinary man. They will find that the government has said to the ordinary man who works with his hands and his skills, "Your wages, your salaries and your income are not terribly important because every cent you earn is subject to tax. You are the people who will pay the entire shot in taxation on your income."

This applies as much to the university professor as it does to the man who works in the construction of a building. However, if one has capital, no matter how he has acquired it, he can invest that capital without working very hard and the income will only be subject to partial tax. Instead of a 20 per cent dividend tax credit he will receive a 33⅓ per cent tax credit. In addition, that capital gain will only be subject to half taxation; he will not have to pay the entire amount.

That is an important value judgment on this society; it shows that those who have money are far more impor-

tant than those who contribute their skill and intelligence to society. In our view that is a shoddy judgment which we cannot accept. I should like to remind this House that the Carter commission rejected that judgment when it said everyone should be taxed on an equal basis. It suggested everyone should be taxed on total income no matter where that income was derived. This government has seen fit to reject that recommendation based on the concept of equity.

In a primitive society one might accept the proposition that equity should be put aside in the interest of growth, as desirable as the principle of equity may be. The Minister of Finance has said this in similar words; he has said we would like to have equity but we cannot because we must have growth. Let us consider that proposition. The Carter commission pointed out that we have one of the most inequitable tax systems in the world, yet this country has been plagued repeatedly and cyclically by unemployment. We have been plagued repeatedly by slow growth. Therefore, our inequities in the tax system have not helped this country develop.

There is really no argument to be made for a trade-off as between growth and equity. On the contrary, it would seem that equity and growth go hand in hand. After all, one of the things that determines growth is the willingness of ordinary people to work. An investor always invests. There is no merit in the suggestion that we must give special concessions to investors. What will they do with their money except invest it?

History will bear out the fact that there are opportunities when people have purchasing power. If a country is prosperous, the investor will find a way to invest and satisfy the needs of society. After all, that is his role. There is very little evidence to suggest that an investor has to be stimulated over and over again by tax concessions which create a climate of unfairness.

Let us again consider the concept of growth and equity requiring separate things. Let us consider the middle-income earner who is the skilled workman, the school teacher, those who work in hospitals and others. Let us remember what the Carter commission had to say about this group. This is the most mobile group in our society. The point the Carter commission made was that this group could emigrate most easily but was the group being hit hardest by our tax system.

This country is in dire danger of losing some of its most skilled and intelligent people unless we provide a fairer tax system. We have not done so. Nothing will kill incentive in this country faster than the feeling that the people who work with their hands and their brains are being penalized and disparaged while those who invest money are being rewarded. If we are to have growth in the labour and professional groups in this country, then we must recognize their talents and adopt a tax system they consider to be fair. One does not trade off growth against equity. When you have an equitable society, growth is very often the product rather than competition.

Let me repeat some figures I have used before to indicate the manner in which people are discriminated against in our society. I intend to use some tax tables

[Mr. Saltsman.]

prepared in the summer of 1971 in respect of tax reform legislation. I have in mind table No. 2 on page 17 of this report. I obtained these figures from government representatives, so I assume they are reasonably accurate. I asked what a person would pay in tax if he were receiving personal income in the form of wages or salary, or perhaps interest on bonds such as Canada bonds, compared with what he would pay on his income from money invested in equities of a Canadian corporation. Let us consider the line which is headed, "From $5,000 to $7,000". If the money he made is received in the form of wages or salary, the tax is $1,280.50. However, if that money is received in the form of dividends, the tax would be $200. This is about one-sixth of the amount paid by a wage earner.

• (9:20 p.m.)

But that tells only part of the story, because if those dividends carried in them an element of capital gain the tax could very well be half that amount. If we go to the figures here of from $11,000 to $14,000—this inequity does not apply only to the lower or somewhat above average wage earners; it applies to people on salary generally—we are speaking perhaps of some teachers, and if the teacher receives the whole of his income from teaching he pays in tax $3,230.50. If that teacher happened to be smart enough to acquire a rich father—I suppose he should be awarded for the intelligence to have chosen a rich father rather than a poor one—and was able to take the rewards of his efforts and invest it, he would have to pay only $1,350 in tax. Again, if those dividends came to him with a major element of capital gain in them, the tax would be lower.

How does society go on with a tax system of that kind? How does it say to its people that they should work hard because their country needs them, it is advantageous to them and they will be rewarded? It is things of this kind which create tremendous dissatisfaction in society. It is things of this kind which put the lie to this government proposal which is called tax reform.

Therefore, let me sum up the kind of message which we get from this great document the geniuses on that side have devised. First of all, it says that the holders of capital shall be rewarded more than others, even to the extent that if you leave a great deal of money or any money when you die there is no tax on it; it can be transferred without any tax whatsoever. I could understand giving consideration to a person enjoying the rewards of his own labour or the fruits of his own labour, if you wish to be poetic, during his lifetime and even to the extent of perhaps passing it on to his wife without taxation, because very often wives contribute very substantially to the acquisition of wealth of this kind. What argument, however, is there for taking this wealth and passing it on to those who have never lifted a finger to earn it? Some of it should go to the heirs, but why should all of it go to them without taxation?

How can such a situation be considered just, when ordinary wage earners have to pay tax on every cent they make excluding their exemptions? How can we develop a country when we insist on promoting the

development of raw materials in that country and provide substantial tax benefits for that purpose? At the moment we face a very severe situation. The United States has put on a 10 per cent surtax. There is threatened protectionism growing in the United States. The only thing they want to admit into their country free of this surcharge and other protectionist devices is raw materials because they are either running short of them or they are becoming too costly for them to develop. We are being drained, and through our taxes are encouraging this drain. This is not a national policy, it is national suicide. I know of very few developed countries that would follow this kind of development policy.

Voices have been raised, and fortunately one voice in particular has been raised. I refer to the hon. member for Duvernay (Mr. Kierans) who spoke from the other side of the House with great intelligence. His comments have received enormous attention across this country; perhaps they have received more attention than the comments of some of my colleagues. But he is not suspect; he is not a member of the opposition. He is a member of the government and, so far as we can see, a loyal party member. His criticism is therefore more pungent or more acceptable when he makes his case against the export of raw materials and the bonus in our tax system to these industries. In making comments both inside and outside this House he has pointed out that in some cases they pay a tax of less than 10 per cent on their earnings as against the manufacturing industry which pays virtually a 50 per cent tax on its earnings.

So everything conspires in this country—the tax system and the public policies of this government—to make us little more than an underdeveloped colony, a servant to a giant industrial state that has run out of many raw materials itself and is now draining our country of them. Surely at a time when we are talking about tax change this is one item the government should immediately alter in order to remove these special advantages and privileges of the resource industries.

This is one reason I have no hesitation in wanting to see this bill killed. The bill deserves to be killed, because I would far rather see it go under than see some of the continuing ill-effects this kind of philosophy will have. It is a policy of "The future be damned. Let us live it up today and get rid of the resources as quickly as we can; we have no obligation to posterity or those who come behind us. Let us get rid of these resources"—and when they are all gone, all that will be left to us will perhaps be to seek on bended knee some kind of a quiet attachment to some other country.

This bill does almost nothing in terms of providing a measure of full employment. By stimulating the resource industries it does not provide the employment required in this country. I know the resource industries are arguing that employment is provided through an overflow into other industries. No one argues that this is not the case. We argue, however, that there are infinitely better ways to provide more employment than is provided by the resource industries.

I saw some figures in respect of the Iron Ore Company of Canada which indicate that for every $900,000 they create one job. When we consider the number of new labour force entrants, something like 400,000 every year, plus the 6½ per cent unemployment, where in the world does there exist enough capital to provide jobs from these resource-based industries? It does not exist. Our only hope is that we can develop the manufacturing industries along with other industries to achieve a proper balance in order to provide employment in this country.

There was a time in our society when people were not as concerned about the environment, when people were not as concerned about things like public transit, crowded cities, health and education, and when unrestrained growth was everything. I am pleased to say there are now very strong signs that Canadians no longer have this attachment to growth for the sake of growth alone. They want a little more quality to their life; they want a little more quality to their society. They want to say that some things are more important than others.

How, then are we to achieve this growing feeling in our society if we have a tax system which encourages private expenditure each time rather than providing some incentive to people to invest in public projects through government bonds? How are we to build these public transit systems which we talk about, create the parks that we want so much, improve our hospital facilities or medical research if everything is to go to the private sector, because the private sector, whatever its value may be and however useful are some of the things it produces, does not produce what to me are some of the most essential things of civilized society. The answer is obvious. We want to be able to do it and we will need genuine tax reform to accomplish some of these objectives.

• (9:30 p.m.)

Therefore, it seems to me that this tax bill for which we have waited so long really has not been worth the effort. It is sad to think that it should be put aside and a fresh start made because the government have made such a mess of it. That is what they have done. They have wasted nine years of searching for a proper system of tax reform, and it will have to begin all over again—if not the search, then certainly legislation that will reflect some of the wisdom that came out of the search already undertaken is badly needed in this country.

The Acting Speaker (Mr. Laniel): Is the House ready for the question?

Mr. G. W. Baldwin (Peace River): Do I understand, Mr. Speaker, that you are about to put the question? I have a few words of wisdom on this motion. I regret I was not here, but I thought that on an amendment as momentous and as important as the one introduced by the hon. member for Edmonton West (Mr. Lambert) at least someone from the government side would have risen to defend the government's record and to indicate whether or not they intended to support this amendment.

Mr. Lambert (Edmonton West): Is the muzzle on over there?

Mr. Baldwin: Spontaneity, intelligence and validity are the trademarks of this party. I wish I could say as much for my hon. friends opposite. Even the very interesting meeting held in the city of Peterborough not long ago did not produce these qualities. I say that with deference to my hon. friend for whom I have due admiration, but I must say that the meeting which was dreamed up there was sadly lacking in these important qualities. This debate has revolved around an amendment moved by the hon. member for Edmonton West. I think it goes to the root of the problems which face this country today. I am given to understand that on Thursday of this week figures will be released with regard to the economic situation, the cost of living index and unemployment. We all hope that despite the absurd and ridiculous economic policies which have been pursued by this government there in fact will be an improvement shown in these particular industries. But in light of the incompetence demonstrated by this government, in light of its incapacity to fulfil the primary function of government today to provide an economic climate within the framework of which the ordinary citizen can expect to find that standard of living to which he is entitled—and in my view this has not been the case—we have been met with procrastination, with delay, with evasion and with a series of proposals which have not met the root problem which we face.

The very basis upon which this budget was formulated and the extent to which it is being reflected in the bill we have today is founded on false premises. The statements of the Minister of Finance (Mr. Benson), of the Prime Minister (Mr. Trudeau) and of the Minister of Industry, Trade and Commerce (Mr. Pepin) as to the healthy economic condition which we can expect to find in this country have been demonstrated to be completely false and we are facing, even without any international action, another winter of discontent. But we have a situation which has been brought into this country primarily by the action of the President of the United States and, to a lesser extent, by other countries, so that our economic situation is being aggravated to a point where it will be beyond the capacity of many of the ordinary people of this land to bear the heavy burdens which will be imposed upon them during the course of this winter.

We had the message of the President of the U. S. with regard to the surtax. What was the reaction of the government? As one newspaper said, they were running around like a lot of headless chickens. When the master returned there was a little clarification, there was a more even disposition, but basically no valid proposals were made which would give to the people of Canada some aid and comfort with regard to the situation which was being inflicted on this country as a result of the presidential action.

But it has not stopped there. We find that just today a senior official of the United States treasury, Mr. Volcker, the Undersecretary of the Treasury, made a categorical, firm statement at a Senate subcommittee hearing in Washington at which he said quite plainly that in case of any attempt in Canada through the use of the Employment Support Act or regulations under it which would have the effect of creating a situation where in the opinion of the U. S. government the provisions of their particular legislation dealing with countervailing duty laws were breached, they would feel free to impose a further charge added to the surcharge which would nullify in its entirety the effect of the employment support measure.

The leader of this party when speaking in this House on the day we came back, September 7, asked during the course of his speech a question of the Minister of Industry, Trade and Commerce. He asked whether it was not a fact that this possibility existed and that the measure of the value of the Employment Support Act would be to a large extent determined by the reaction of the U. S. government. He mentioned this particular opportunity existing under the U. S. legislation.

• (9:40 p.m.)

What was the reaction of the Minister of Industry, Trade and Commerce? He said, "Oh no. The Americans would not dream of exercising their right under this legislation." But repeating what I said before so that it may be brought home to this lack-lustre government, a senior official of the American government today made it absolutely plain that in his view if an examination of the employment support bill, Bill C-262, and the regulations which would be enacted under it made it clear that there was a conflict with the provisions of the American legislation, then the American government would act immediately. This relates directly to the amendment introduced by my hon. friend from Edmonton West because in his amendment there is a requirement for the government of this country, through the medium of this tax legislation and through other means, to introduce an adequate stimulus to our lagging economy.

Under those conditions we find this specific threat. All the very meagre and limited reactions which this government can provide to the serious problem posed by the American presidential action, all it has to offer, will be negated or can be negated by further American action.

I am not intending during the course of this speech to involve this party, and hopefully this chamber, in what could become a very serious situation if these two countries became concerned in what would be only retaliatory action, which could have no other result than to damage our economy very seriously. But I do suggest in all seriousness that the government has a duty to go beyond the sort of pap dished out by the Prime Minister today in response to my question when he said, "Oh, we are going to wait until we find out what the government of the United States is really going to do, but this is all hypothetical." What nonsense, when there is a specific statement by the Undersecretary of the Treasury that the American government is going to act!

Mr. Murphy: Would the hon. member permit a question?

Mr. Baldwin: Delighted.

Mr. Murphy: I am wondering if the hon. member is suggesting that the government should bring its draft

legislation to Washington for approval before submitting it to this House?

Mr. Baldwin: What utter, piffling nonsense. I am suggesting that this government cudgel whatever limited brains it has to try and come up with a number of reasonable alternatives in the form of contingency plans which would be of some benefit to the hard pressed people of this country faced with damaging, serious, crippling unemployment and inflation through the actions of the government in not bringing to the country what remedies it needed under normal circumstances, and now aggravated beyond all endurance by what will be the result of the actions of the United States. That is what I have to suggest.

Has the government anything to suggest? I asked the Prime Minister today, and he replied, "Oh, we will wait a little while. We will wait and see what will happen, whether this is going to be more than hypothetical." Mr. Speaker, how much drivel can we afford to listen to from the right hon. gentleman and his colleagues? I think it is a shocking situation and obviously my hon. friend opposite, for whom I have the greatest admiration except when he makes interjections of this kind, has not bothered to examine with some clarity what no doubt will be the result in his own constituency. Further, Mr. Speaker—

Mr. Turner (Ottawa-Carleton): You have 15 minutes more to kill.

Mr. Baldwin: Fifteen minutes? Mr. Speaker, the Minister of Justice (Mr. Turner) should be informed that behind me are battalions of hon. members seeking an opportunity to debate this very important legislation and the amendment.

Mr. Turner (Ottawa-Carleton): What a team!

Mr. Baldwin: Later today there was a report filed by a presidential commission which should give some pause to our government, a report which indicated that there was a recommendation going forward to the American government that a great many of the U.S.-Canada arrangements should be rescinded. This included, as I understand it, the Canada-U.S. auto pact and a recommendation that there should be no more discussions of a bilateral nature, and only on the basis of multilateral international discussions should further agreements be worked out.

In addition there are proposals introduced in the American Congress under the DISC act which would also have an exceedingly detrimental effect on this country. Under those circumstances it surely is the right of hon. members to ask for, and the duty of the government to provide some assurance that the government has plans, has programs, has alternative proposals which will meet the situation which is inevitably going to develop during the ensuing winter months.

Under those conditions it is quite obvious that the amendment of my hon. friend from Edmonton West, which I may say was conceived some time before today, achieves added significance and importance. There is a need for the government to bring before this country and this Parliament meaningful and realistic policies which will result in a stimulation of the economy. There must be consideration given to tax cuts of a kind calculated to improve the economy, to regenerate the kind of confidence which has been lost over so many years through the dissatisfaction of the people of Canada with the procrastinating proposals of the Minister of Finance. There is a need to consider reasonable increases in tax exemptions of further kinds which will add to the purchasing power of the people of this country. No motion could be better calculated at this time to engage the interest of the people of this country and get their support.

I say this more in sorrow than in anger to the members of the government. We know they are the ones who can initiate policies. We hope they will do so. I assure them now that if they bring forward policies and proposals which will have the effect of achieving what my hon. friend, on behalf of this party, has laid down in his amendment, they will secure our support.

I know there are other hon. members who wish to speak. I will not take my full time because I know there are hon. members on this side seeking the opportunity to advise the House of additional reasons to support this amendment. I hope that before this debate is concluded some members on the government side may have the fortitude to stand up and indicate their position with respect to the amendment.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, after nine years of gestation I think all members of the House are ready, willing and able to speak at the drop of a hat on tax reform. If this bill of over 700 pages, which certainly will help the pulp and paper industry even if it does not help the average Canadian taxpayer, were tax reform in the full sense of the word, then I think we would likely have moved on with second reading and voted on the very stirring amendment advanced by the hon. member for Edmonton West (Mr. Lambert) and allowed by His Honour, which pinpoints in a general way some of the ills which are besetting this country and where tax changes should be directed to help a very stagnant and stuttering economy.

• (9:50 p.m.)

Unfortunately, Mr. Speaker, while this bill has the complexity of the Medes and Persians in all their doctrines of ages ago, it is not tax reform. Indeed, it will just create a tax jungle, and from tax jungles you do not get tax justice. From a tax jungle you will not have tax reform.

It is for that reason and a multitude of others, Mr. Speaker, that I have the privilege to stand in my place tonight, where I hope to stand other nights and other days as we go through these 700-odd pages, to try to impress upon the government the error of their ways so that this country in time may have legitimate tax reform that conforms more to the principle, so-called, of a just society than within a tax jungle which will make a jest of the just society. It is for that reason, in a very general way, that I stand here tonight.

In opening, some of my remarks will be of a general philosophical nature. I have followed with interest all the task forces and commissions, the Carter report and reports of the Commons committee and the Senate committee that delved into this very detailed subject. Mr. Speaker, this mytosis developed over nine years ago, before I came to this chamber but it may be going on when I leave—who knows in this day and age of political mortality?

Mr. Mahoney: Yes, indeed.

Mr. Nowlan: I will put my political mortality against that of the hon. member for Calgary South (Mr. Mahoney) any day of the week, and I certainly have no hesitation in putting my political mortality as far as this tax bill is concerned against the member for Calgary South any day of the year.

I should like to go back in a serious way to this general point, which has surprised me. Every conceivable suggestion for reform has been made. Different schemes have been advanced, proposals have been considered, we have had the white paper and now the tax bill. There is only one group of people who will benefit from this bill, and they are the professionals, be they the professional tax lawyer or professional tax accountant. I do not think even they welcome it, though, because they are still pretty confused about what it means.

In all this gestation period no one has mentioned something that I have wondered about. When I mention it I know there will be catcalls from the other side. I say we are going back to the dark ages. I submit that if tax reform is going to be so complex that the average taxpayer will be left so far out in the field and lost in the tax jungle that he cannot fill out his income tax return, we have to be more fundamental than Mr. Carter was in his tax report. I suggest that instead of a tax bill that has so many exemptions, exceptions and rules and regulations as to make it almost beyond comprehension, we will have to start at square one.

We will have to watch and question why it is not possible in this day and age of advanced social concern, when we have plans and programs to help and protect the individual in health, in welfare and areas of government involvement which were not even considered when income tax was introduced during the First World War, to go back to square one as far as income tax is concerned. I predict that before I am dead and gone some type of straight line tax policy will be adopted by some government, rather than a progressive income tax with all the exemptions, exceptions and bewilderment that this document contains.

An hon. Member: Not likely.

Mr. Nowlan: Some one says "Not likely," and at first blush some obviously could say it is not. By straight line tax rates I mean some flat percentage across the board, without exemptions, without exceptions, without deductions, without expenses that can be fiddled with. It is not so unreasonable, Mr. Speaker, because where government has involved itself so necessarily in the affairs of the individual in order to provide the basics I think we should be able to look anew at this whole question of tax reform.

In other days when someone suggested a flat rate or straight line tax rate it was regarded as heresy because at that time it obviously benefited the rich and did not help those without financial means. The Prime Minister (Mr. Trudeau) has shied away from government support programs and an integrated income incentive program. He is as scared of that as a colt is with a kitten. Where government has necessarily and legitimately involved itself in health plans, welfare plans and pension plans, providing the basics with a proper income incentive plan or a negative income tax plan to provide a base level for an individual, we should look at the other side of the scale. Instead of getting a tax bill that will only benefit those who can employ a professional tax man or a corporation that can set up a tax plan to avoid income tax to work around almost any tax plan, we should start at square one when trying to review our tax system.

In the area of capital gains, I wonder why there cannot be discrimination in favour of Canadians so that there is no capital gains tax for Canadians investing in Canada, rather than the cumbersome, complicated and wholly inadequate means set out in this bill.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

EXTERNAL AFFAIRS—TRANSMISSION TO UNITED STATES SECRETARY OF STATE OF THIRD REPORT OF ENVIRONMENTAL POLLUTION COMMITTEE AND CONCURRENCE OF HOUSE

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, on June 23 I asked the Secretary of State for External Affairs (Mr. Sharp), following representations by myself and others, if he would communicate to the Secretary of State of the United States the report of the Committee on Environmental Pollution, a special committee of this House unanimously approved by this chamber, and if, in reference to the proposed trans-Alaskan pipeline with all its hazards for Canada the Secretary of State for External Affairs would present to the United States government this powerful indication that someone in Canada cared about the matter and that the people's representatives herein assembled supported them in their views. It was a very serious question.

• (10:00 p.m.)

We live in an age where there is some concern, thank God, about the exploitation of our environment by those of us who enjoy it and live upon it; but as is often the case, the people were and are more sensitive on this matter than their government and the legislative body, more alert than the power-loving executive of this nation. The report of the Special Committee on Environmental Pollution, a document of first-class importance

and vital significance, commanded very little respect on the part of the government of this country, with the minister cleverly and evasively refusing to reveal to the House and to me that he thought it of such significant import that he would communicate its contents to the government of the United States on a question of crushing importance to this country.

The minister gave me a most evasive answer and, indeed, it would be a clever one if obfuscation is to be regarded as a prime virtue; but his answer was surely not a helpful or meaningful reply to a very serious question, one which can have profound dangerous implications for Canadian citizens in our time and in ages yet to come. I thought for a moment that the minister and the government might have thrown off the cloak of omniscience and recognized that the members of this House might have, through their special committee which was very ably led, come up with something that would have strengthened the hands of the government as they discussed this very important matter with the government of the United States.

I thought they might have realized that there was value and strength in this approach and that their representations might have been powerfully backed had they indicated to Washington that the point of view that Canada apparently heretofore had tentatively presented was backed by the representatives of the Canadian people in this chamber.

All too often, I fear, those now in power in this land forget the principles of representative government and that the people in this chamber collectively represent all the people of Canada. When that truth is lost, the underpining of parliamentary democracy has been forsaken. What troubles me now and what troubled me on June 23 was whether the government really tried, really exerted and asserted itself to build a case. I wonder if they vigorously compiled and presented powerful arguments against the dangers of the trans-Alaskan route.

I have become deeply disturbed by the timidity and tepidity of the representations that this country makes to other countries on matters affecting in a vital way the interests of Canadian citizens. The other day I heard the Prime Minister (Mr. Trudeau) say in reference to a matter, "I do not think I will make special representations. They know what we think." Do they really? Should a head of government not assert to another head of government matters of this importance? Very often we hear that the French know what we think about arms, the Americans know what we think about Amchitka and the Skagit Valley...but is there no place where the Canadian government presents its case clearly?

I fear that in this pusillanimous correctitude, which is no substitute for vigorous, impressive statesmanship that the government might provide, the land might benefit if from time to time they would drop the cloak of omniscience and look at this chamber and the committees of this House for some help and guidance.

In times past, they who represented this country in the councils of the world found the courage to speak boldly and were able to assert themselves without obfuscation. Macdonald did it; Borden did it. I should like to think that in this twentieth century we could produce someone who would do it as well as a special committee did.

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I do not suppose it would make any difference to the colourfully expressed views of the hon. member had he chosen to check his facts between June 23 and today. He would no doubt be interested to learn that the report to which he has referred was transmitted to the Secretary of State of the United States by the Canadian government late last June with the advice that the House had unanimously concurred in the committee's recommendations.

AGRICULTURE—PRAIRIE PROVINCES—ACTION TO IMPROVE NET FARM INCOME

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, on May 7, I directed a question to the Prime Minister (Mr. Trudeau) arising out of statistics issued by the Dominion Bureau of Statistics in May concerning net farm income. When I first saw those statistics I noted that net farm income in Canada had fallen drastically between 1968 and 1970, particularly in my province of Saskatchewan. Net farm income there had fallen from about $462 million to $202 million in a two-year period. This represents a decline of 56.2 per cent.

In these circumstances, and because of my knowledge of the hardships faced by western farmers, I asked the Prime Minister the following question:

> In view of the fact that farm income in Saskatchewan has dropped by 56 per cent over two years and in view of the fact that the bills now before the House will do little to alter that situation, is the Prime Minister contemplating any emergency action to try to improve the farm income picture in western Canada?

I would point out again that this decline of 56 per cent represents net income, what the farmer gets as his take-home pay. This alone must indicate to all of us that there is something really wrong with the western economy and that real hardship is facing the farmer. After all, if our income as Members of Parliament, or as private citizens in whatever capacity were to drop by 56 per cent, I believe we would all recognize we were faced with a real emergency. This is the situation of the western farmer. This is why I asked my question and this is why I want to say a few words about the subject tonight.

The parliamentary secretary may get up and say, "Well, we have a stabilization bill before the House and there is $100 million for farmers in that bill." The bill was first introduced in the House on October 29 of last year. The farmers of western Canada want the $100 million. All political parties realize this. On June 8 of this year my hon. friend from York South (Mr. Lewis), on behalf of our party, introduced a bill designed to divide the stabilization bill into two parts and enable the $100 million to be sent out unconditionally to the farmers of western Canada.

On many occasions we and other members of the Conservative party have asked the government to divide the

bill in such a way that farmers could have $100 million in cash, because the money is needed immediately. Many other things are needed right now to salvage the family farm in western Canada. Action cannot be put off indefinitely because the longer it is delayed, the fewer farmers will be remaining on the land. In Saskatchewan last year more than 30,000 left the province, most of them as a direct result of the slump in the agriculture industry.

• (10:10 p.m.)

We need to take many steps if we are to save the family farm. We need a two-price system for grain, for example, which will give the farmer a certain price for wheat that is sold domestically and another price for wheat sold internationally. We must do something about the high cost of farm machinery, about implementing many of the recommendations made by the Barber commission on the high cost of farm machinery. Most of all, as a Parliament we must try to convince the government that they must listen to farmers and farm organizations. This they have not done in the past. It is about time democracy was made more meaningful and the government listened to the farmers, instead of having an election every four years and forgetting about them in the interval.

The National Farmers Union, the Federation of Agriculture, the wheat pools and other organizations are unanimous with regard to many recommendations that have been made to the government. One thing they all call for is emergency action, and this call has been made for the last year or two. Let us not put this action off any longer. They need the $100 million and they need it now, so why does the government not listen to them?

The farm unions also want us to debate the stabilization plan because many of the provisions contained therein are not what the farmers want. Why does the government not listen to the farmers for a change, instead of dictating to them? These are some of the steps we shall have to take to stimulate and encourage a way of life that is a very meaningful one, the rural way of life. But instead of this we have hassles about the government withholding payments under the Temporary Wheat Reserves Act which should be made to the Wheat Board for storage. These payments should be made. The farmers should be helped, not hindered.

I anticipate that the parliamentary secretary will stand up and talk about the stabilization bill and say that we are holding it up. I would remind the House once again that we have moved to separate this bill. All members on this side of the House want the bill separated so that the $100 million can be paid out. When the parliamentary secretary rises, I hope he will have something constructive to say. If not, then I am afraid that the Minister of Agriculture (Mr. Olson) will be afraid to participate in the Assiniboia by-election that will be held on November 8, because at that time the farmers will have a chance to pass judgment on the government's agricultural policies.

[*Translation*]

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, in answer to the hon. member for Yorkton-Melville (Mr. Nystrom), I would first like to pick up one of his remarks to the effect that I would probably blame the opposition for the bad situation because they are the ones who prevented Bill C-244 from being passed. Well, I am afraid I will disappoint him a little for I had no intention whatsoever to deal with the legislative steps.

The hon. member pointed out, very eloquently I must admit, the difficult situation of agriculture in the Prairies, and particularly in his own province of Saskatchewan which was more affected than the two others by losses in grain sales over the last three years.

I should like to point out that he is asking the Prime Minister to make a statement on a new policy the government could propose with a view to solving the problem. It must be recognized that the government has made numerous efforts to that effect in the last few years and that, if the problem has not been solved to the satisfaction of the hon. member and western farmers, it certainly is not that the government has remained idle. After all, it must be agreed that we are dependent of international factors which are beyond our control for all practical purposes and the government must act under such circumstances.

Now last year was excellent, since our sales reached a record figure. Indeed, according to the data obtained up to now, we have sold this year over 600 million bushels of various kinds of grain. We recognize that even if this is a record in the history of grain sales in Canada—those are only exports—the prices were not as high as expected and the amount paid will probably be equivalent to that of the best previous year. But to that, one must add the sales made in Canada, and the prices paid last year were necessarily higher than those of the previous year. The serious problem is that the farmers, having gone into debt during the two preceding years, having even received advances for the crops they reaped and stored, and obviously having paid part of this debt, surely do not have the cash they would like to have.

However, some legislation is now being prepared. The hon. member mentioned an act on price stabilization. Certain other legislative proposals are being drafted and I feel that, within a few months, the economic situation of the western provinces will have improved. It will come back to the level it had reached some three years ago, when there had not yet been any reduction in prices.

Motion agreed to and the House adjourned at 10:17 p.m.

HOUSE OF COMMONS

Tuesday, September 14, 1971

The House met at 2 p.m.

PRIVILEGE

MR. WHELAN—INACCURATE VANCOUVER "SUN" REPORT ON REFUSAL OF CONSENT FOR MOTION RESPECTING PROPOSED AMCHITKA NUCLEAR BLAST

Mr. E. F. Whelan (Essex): Mr. Speaker, I rise today on a question of privilege that I believe affects every member of the House. My point of privilege has arisen because of a newspaper report that appeared in the Vancouver *Sun* datelined Friday, September 10, 1971 and attributed to the *Sun's* Ottawa bureau.

This report is one based on pure conjecture, perhaps mental telepathy, I suspect a bit of pure political partisanship and just plain poor reporting which may have been contributed to by hearing difficulties. The effect of the report reflects adversely on all members of the House and on me in particular. It has also given *Sun* readers a false version of what took place in the House.

This report states that I am in favour of the United States government setting off the atomic blast scheduled for Amchitka.

Some hon. Members: Shame!

Mr. Whelan: It also claims that I was the only member who said "No" to the motion proposed by the member for Fraser Valley West (Mr. Rose) that this blast be condemned. *Hansard* for September 10, page 7701, shows this statement to be false. According to *Hansard*, at that page these words are recorded:

Some hon. Members: Nay.

This is a clear indication that other members were opposed to what was proposed.

The *Sun* report also states that I did not recognize that the words used by the hon. member for Fraser Valley West in his motion were those of the Minister of the Environment (Mr. Davis) for Canada. This is the very reason, Mr. Speaker, that I said no. I did recognize that the hon. member for Fraser Valley West was plagiarizing the minister's brilliant speech for his own cheap political purposes.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I suggest to the hon. member that perhaps very soon another member will have a question of privilege. The hon. member knows that he cannot impute motives. Certainly he has no right to make the statement he has just made. I suggest to him that unless there is something more than what he has presented to the House up to this point he has no question of privilege I would invite the hon. member to conclude his remarks as quickly as possible.

Mr. Whelan: Your Honour knows that I do not bother you very much in the House, but I will withdraw the word "cheap". I read the minister's speech, I watched him on television, and I told him personally that I agreed 100 per cent with his stand.

I appeal to you, Mr. Speaker, to protect ordinary members of the House from this type of cheap journalistic tactic that attributes to one member something that the record of the House does not substantiate. The record shows that more than one member said "Nay". This report has given false information to the good people of British Columbia, some of whom believe the story in the *Sun* and think that I am in favour of this horrible blast. The record shows that a number of members said no to the tactic of trying to get credit for something which the capable Minister of the Environment and the government have already put on the record.

Mr. Speaker: Order, please. I doubt that hon. members would want this matter to be pursued further.

ROUTINE PROCEEDINGS

GRAIN

TABLING OF CANADIAN WHEAT BOARD PRESS RELEASE ON SALE OF WHEAT TO PEOPLE'S REPUBLIC OF CHINA

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, pursuant to Standing Order 41(2) I wish to table copies in both official languages of a Canadian Wheat Board press release on the recent sale of Canadian wheat to the People's Republic of China.

* * *

• (2:10 p.m.)

LABOUR CONDITIONS

POTENTIAL LOSS OF JOBS IN AUTOMOTIVE AND FARM IMPLEMENT INDUSTRIES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O.43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 which states that in cases of urgent and pressing necessity a motion may be moved if unanimous consent is given. The matter of urgent and pressing necessity is the potential loss of jobs to thousands of Canadians employed in the automotive and farm implement industries. I therefore move, seconded by the hon. member for Brant (Mr. Blackburn), the following motion:

In order to clear up the present uncertainty concerning the maintenance of the employment safeguards in the Canada-U.S.

Automotive Agreement, this uncertainty having arisen because of the repeated refusal of the Minister of Industry, Trade and Commerce to give the House the necessary assurances, and because of the Prime Minister's reference yesterday to the possibility of the safeguards being negotiable, and because of yesterday's recommendation by a presidential commission that the American government continue to press for the removal of the safeguards, this House resolves that such safeguards be maintained.

[*Translation*]

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Oshawa-Whitby. Pursuant to the provisions of Standing Order 43, the motion cannot be put without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

Some hon. Members: Agreed.

Mr. Speaker: There is not unanimous consent, therefore the motion cannot be put.

[*English*]

ORAL QUESTION PERIOD

INCOME TAX

AMENDMENT OF BILL TO PROVIDE SAME STANDARD OF FAMILY NEED AS IN PROPOSED FAMILY INCOME SECURITY PLAN

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the fact that the FISP bill introduced by the Minister of National Health and Welfare yesterday uses a substantially different standard of family need in relation to allowances for dependent children than does the tax reform bill introduced by the Minister of Finance, is the government proposing to introduce amendments to the tax legislation in order that the standard in respect of family needs in the two bills will be consistent?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

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FAMILY INCOME SECURITY

PUBLICATION OF GOVERNMENT PLAN TO FIGHT POVERTY TO FACILITATE CONSIDERATION OF BILL—QUEBEC PROPOSAL CONCERNING PAYMENT LEVELS

Hon. Robert L. Stanfield (Leader of the Opposition): In the statement released yesterday by the Minister of National Health and Welfare reference was made to the FISP bill as part of the fight against poverty. Will the Prime Minister tell the House when such a co-ordinated government plan to fight poverty will be made public in order to facilitate rational consideration of the bill introduced by the minister yesterday?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the over-all approach was spelled out by the minister almost a year ago in his white paper, and the details of it are coming out as evidenced now in the FISP legislation and earlier in the increase in the guaranteed income supplement.

[Mr. Broadbent.]

Mr. Stanfield: I was wondering whether that was what the minister had in mind. In view of the proposal the Prime Minister is reported to have received from the Prime Minister of Quebec to the effect that subject to conforming to certain national standards the provinces should be allowed to determine the levels of family allowance to be paid by the government of Canada within the respective provinces, is the government considering this proposal and does it intend to confer with all the provinces on this matter before we proceed with second reading of the FISP bill?

Mr. Trudeau: Mr. Speaker, the House will recall that when the Minister of National Health and Welfare was preparing the FISP bill he had discussions with all the provinces during a long period last winter and spring. Indeed, our proposals at the Victoria conference followed very shortly a meeting by the minister with his opposite numbers in the provinces and indicated that the federal government was prepared to spend an extra $150 million in an attempt to meet some of the improvements suggested by the various provinces. We feel we have done a great deal to meet provincial suggestions.

This letter from the premier of Quebec arrived a little more than a week ago and contains an interesting proposal, but it was not received in time for us to readjust our bill, examine the proposal in detail or consult, as the hon. member suggests, with other provinces which might be interested. For the time being, all I can say is we are glad Premier Bourassa is in this case at least spelling out in a little more detail what kind of co-operation he thinks is needed to perhaps obtain a constitutional agreement. So we are prepared to discuss this administrative arrangement with him, and until that has been done I cannot report to the House concerning whether or not we will accept it or whether or not we will discuss it with other provinces. It is an interesting proposal and we are looking at it.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I should like to put a supplementary question to the Prime Minister.

Is the government considering the possibility of making the necessary amendments to meet the requirements of the Quebec government?

Mr. Trudeau: I think, Mr. Speaker, that I tried to answer that question when it was asked by the Leader of the Opposition, but I can repeat to the hon. member that the Quebec premier, when rejecting the Victoria agreement, had stated that he was doing so because he would like to elucidate the interpretation of the clauses under consideration concerning the constitution and social security. If his proposal is an indication that he would like to elucidate those clauses, we would be quite pleased and I repeat that we would be ready to discuss with him the possibility of amending our legislation in order to attain the proposed goals.

[*English*]

REQUEST FOR TABLING OF LETTER FROM PREMIER BOURASSA CONCERNING DETERMINATION OF PAYMENT LEVELS BY PROVINCE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Prime Minister if he would consider tabling the letter that this government received from Premier Bourassa, assuming of course that Premier Bourassa is willing for this to be done?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. I have no objection at all. I will communicate with Mr. Bourassa's office and if he is in agreement we will table the letter. He may by then have made it public himself, but I will certainly follow up that suggestion.

* * *

SOCIAL SECURITY

PROVISION OF UNEMPLOYMENT INSURANCE FOR SELF-EMPLOYED AND AUTOMATIC COST OF LIVING ESCALATOR IN FEDERAL PROGRAMS

Mr. Lincoln M. Alexander (Hamilton West): In view of the fact that the government seems to be moving into the area of humanitarianism, as leaked by the Prime Minister the other day, is the government now going to bring in legislation to provide unemployment insurance for the self-employed and to provide for automatic cost of living escalators in federal social security programs?

* * *

THE CANADIAN ECONOMY

REQUEST FOR STATEMENT IN LIGHT OF UNITED STATES ECONOMIC MEASURES

Mr. Lincoln M. Alexander (Hamilton West): In view of the concern that has been registered by people in Canada, particularly with regard to the United States DISC program and the 10 per cent surcharge, is the Prime Minister going to make a realistic statement concerning the state of the economy with special emphasis on the target for employment this year?

Right Hon. P. E. Trudeau (Prime Minister): I will consider that very helpful suggestion, Mr. Speaker.

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CANADA ELECTIONS ACT

PRESENTATION OF AMENDMENTS THIS SESSION IN LIGHT OF COMMITTEE REPORT

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I should like to direct a question to the government House leader. In view of the fact that the report of the Special Committee on Election Expenses was tabled in the House on June 4, is legislation now being prepared by the government to amend sections 62 and 63 of the Canada Elections Act and is the government going to bring in new legislation pertaining to election expenses this session?

Inquiries of the Ministry

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I would like to give some consideration to the question.

Mr. Benjamin: In view of the fact that the Prime Minister is on the record as favouring control of election expenses, limitation of election expenses and reimbursement for election expenses from the federal treasury, would he give the assurance that legislation will be brought before the House to complete the amendment of the Canada Elections Act in time for and prior to the next federal election?

Right Hon. P. E. Trudeau (Prime Minister): When the House leader is giving consideration to that question I will join him, Mr. Speaker.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is also to the House leader. Would he consult with the other House leaders to see whether arrangements could be made to shorten the period of debate so that this important legislation on election expenses might be passed before the next election takes place?

• (2:20 p.m.)

Mr. Speaker: The hon. member's supplementary question is in the form of a suggestion to the minister.

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FINANCE

PROPOSED INCREASE IN VALUE OF GOLD TO FORCE DEVALUATION OF U.S. DOLLAR—CANADIAN POSITION AT GROUP OF TEN MEETING

Hon. Marcel Lambert (Edmonton West): My question is to the Prime Minister. In light of the announcement today by the Common Market countries that they propose to increase the value of gold in an attempt to force a devaluation of the United States dollar, would the Prime Minister advise the House whether any instructions have been given to the Minister of Finance to act as a mediator between the two contending parties? Also, what is the attitude of Canada at this meeting of the Group to Ten that is to take place tomorrow in regard to this whole monetary question?

Right Hon. P. E. Trudeau (Prime Minister): I am sure the Minister of Finance will attempt to report to the House on the point of view that he took when he returns from Europe next week.

Mr. Lambert (Edmonton West): Is the Prime Minister giving us to understand that the Minister of Finance has a free hand, that he can solo in this effort, or has he received any instructions from the government as to Canada's attitude in regard to the effect on the Canadian currency of a forced devaluation of the U.S. dollar?

Mr. Trudeau: The hon. member will have to wait and see, Mr. Speaker.

[*Later:*]

Hon. Robert L. Stanfield (Leader of the Opposition): I have a supplementary question to that of the hon. member for Edmonton West with regard to instructions to

the Minister of Finance respecting the position that Canada will take before the Group of Ten and the International Monetary Fund. Is the Prime Minister not prepared to recognize that this is a matter of importance and concern to all the people of Canada, and would he not consider it appropriate that the people of Canada should have some opportunity to express an opinion about the stand to which the responsible minister may commit this country at those meetings?

Mr. Trudeau: Yes, Mr. Speaker, we hope very much that the people of this country, and particularly the opposition, will take a stand.

Mr. Stanfield: That is not an answer to my question, Mr. Speaker. I asked the Prime Minister a perfectly straightforward and polite question, if I may say so. Is it not in the public interest, in the Prime Minister's opinion, that the people of this country should know in advance and have an opportunity to express an opinion in advance with respect to the position to which the government proposes to commit this country with regard to international exchange rates and the whole international exchange system?

Mr. Trudeau: No, Mr. Speaker, I do not think it is a very serious nor constructive proposal unless the Leader of the Opposition is suggesting that we debate in advance the whole range of positions which will be taken by the various members of the Group of Ten and all the different hypotheses which would lead our Minister of Finance to give different answers. I think the suggestion is completely unrealistic; it is not possible for the Minister of Finance to state before leaving exactly what he will do and to have the opposition debate it and have the country give its opinion on it.

Some hon. Members: Hear, hear!

Mr. Stanfield: Is it the view of the Prime Minister that the government knows best and that the rest of us have to be stuck with whatever it commits us to?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I suggest to hon. members that we are getting into a debate at this point. I gather there are a number of members seeking the floor for the purpose of asking supplementaries. We might have two or three supplementaries and then go on to the next subject.

MAINTENANCE OF CANADIAN DOLLAR BELOW PAR WITH UNITED STATES DOLLAR

Mr. David MacDonald (Egmont): I have a supplementary question for the Prime Minister. As the government earlier committed itself to a Canadian dollar that was neither unrealistically high nor unrealistically low, is the government now prepared to take whatever steps are necessary to keep our dollar below par with the United States dollar?

Right Hon. P. E. Trudeau (Prime Minister): I do not admit the premises of the question, Mr. Speaker.

[Mr. Stanfield.]

MAINTENANCE OF CANADIAN DOLLAR BELOW PAR WITH UNITED STATES DOLLAR—REPRESENTATIONS BY MINISTER TO GROUP OF TEN

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, since the Prime Minister was kind enough to admit that this is a matter of concern to all Canadians, and since he is not going to inform us of the detailed plans, objectives and strategy of the Minister of Finance, can he tell the House in a general way whether the Minister of Finance has the objective of maintaining the Canadian dollar under the United States dollar and whether he will be trying to enlist the support of the European Economic Community and the Group of Ten in this regard before the International Monetary Fund meeting?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe that not so many days ago the Minister of Finance himself said in the House that if he had the choice he would like to see the Canadian dollar rate lower rather than higher but that he may not be able to control all the monetary forces at work. He has stated his position which is that of the government.

* * *

EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—SUGGESTED PERSONAL APPROACH BY PRIME MINISTER TO PRESIDENT NIXON

Mr. David Lewis (York South): Mr. Speaker, in view of reports that President Nixon is reconsidering the possibility of a nuclear test at Amchitka, against which the Canadian government has expressed itself on many occasions, and in view of suggestions in Washington that a further representation by Canada may have an important influence in President Nixon's consideration of the matter, would the Prime Minister make a personal approach to the President of the United States asking him to cancel the blast which is scheduled for some time next month?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I attempted to answer this question last week. I said I would not rule out that possibility. If I felt it was necessary to do so I would take my cap in hand—

Some hon. Members: Oh, oh!

Mr. Trudeau: —and go to the President of the United States.

Mr. Lewis: Mr. Speaker, I would hope that this time the Prime Minister would leave his cap at home. One can make a trip to Washington, or a telephone call, without cap in hand.

Some hon. Members: Oh, oh!

Mr. Lewis: Mr. Speaker, hon. members opposite should have learned by now that shouting will not get them anywhere.

Mr. Speaker: Order, please. Would the hon. member kindly ask his question.

Mr. Lewis: Mr. Speaker, I would like to ask the Prime Minister a supplementary question. In light of the answer given by the Secretary of State for External Affairs on September 9 to the effect that his department has not yet definitely decided whether further representations should be made, in view of further reports from Washington which no doubt have been drawn to his attention, and in view of the fact that time is of the essence since the blast is scheduled for some time next month, could the Prime Minister not assure the House today that he will make such further representations personally to the President of the United States?

Mr. Trudeau: The answer is the same, Mr. Speaker. I dealt with this before. The hon. member is quite right in congratulating the government for having made representations at various times to the United States government on this matter. I do not know to what reports from Washington the hon. member is referring. If he can tell me what he is alluding to, and if it gives me additional cause to want to speak to the President, I will certainly consider that very seriously.

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. As the Soviet Union is much closer to Amchitka, the site of the intended undergrounded nuclear blast, has any objection been made by the Soviet Union to this test?

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. Since there are a number of very important issues involving Canada and the United States where direct consultation between the Prime Minister and the President might produce constructive results, could the Prime Minister inform the House whether it is pride, prejudice or policy that prevents him from undertaking the 350-mile trip to Washington after his travels round the world—

Mr. Speaker: Order, please. This exchange has not produced very much up to now. I wonder whether there should be further supplementaries. The Chair will recognize the hon. member for Gander-Twillingate on a further supplementary question and then we will go to another subject.

• (2:30 p.m.)

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, the Prime Minister just threatened that he would at least consider making representations to the President of the United States. I wonder whether he could assure the House that, in order to avoid any possibility of such a blast, he will not make personal representations to the President of the United States?

Mr. Speaker: Order, please. We will attempt to go to another subject. The hon. member for Vancouver East.

* * *

NATIONAL DEFENCE

PUBLICATION OF DETAILS OF WINTER WORKS PROGRAM

Mr. Harold E. Winch (Vancouver East): In the absence of the Minister of National Defence, who I understand is in the United Kingdom, I should like to direct a question to the Prime Minister. In order to set speculation at rest, will the Prime Minister tell the House when it is intended to make public the policy and details of the government's plan to proceed with a winter works program by the Department of National Defence of a similar nature to the summer employment project?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not heard of any such plan so I cannot tell when it is intended to make it public.

* * *

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct a question to the Prime Minister. In light of the fact that the Temporary Wheat Reserves Act was not repealed by Parliament prior to July 31, 1971, and as the Canadian Wheat Board, in the normal manner, has presented numerous invoices to the Canadian government for payment under the provisions of that act, can the Prime Minister advise the House why these payments have not been made?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, the answer to this question appears in *Hansard* in answer to written questions.

Mr. Mazankowski: Is it the view of the Prime Minister that the government is within the confines of the law in refusing to observe its obligations under the Temporary Wheat Reserves Act?

Mr. Speaker: Order, please. The hon. member will realize that he is asking a member of the government to express a legal opinion. In those terms the question is not in order.

* * *

AUDITOR GENERAL

ESTABLISHMENT OF SALARY BENCHMARK FOR OFFICE EMPLOYEES

Mr. A. D. Hales (Wellington): I should like to direct my question to the President of the Treasury Board. Before doing so, however, I should think members of the House would like to join me in extending congratulations and best wishes to our Auditor General who has just been elected president of the Eighth International Congress of Supreme Audit Institutions of the World. Can the President of the Treasury Board advise the House what progress has been made toward establishing a benchmark for the employees of the Auditor General's office?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I think there is continuing discussion, and a report has been made to the Public Accounts Committee of which the hon. member is chairman. So far all we have

succeeded in doing is making arrangements for increasing the salary of the Auditor General himself.

* * *

INCOME TAX

OPPOSITION OF CO-OPERATIVES TO PROVISIONS OF BILL—SUGGESTED MEETING OF PRIME MINISTER AND REPRESENTATIVES

Mr. Robert Muir (Cape Breton-The Sydneys): My question is for the Prime Minister, Mr. Speaker. In light of the information that leaders of the co-operative movement in Canada at their recent meeting with the Minister of Finance voiced strong opposition to Bill C-259 as it will affect co-operatives and in view of the fact that they apparently did not meet with too much success, would the Prime Minister be prepared to meet with representatives of the Co-operative Union of Canada and Le Conseil Canadien de la Co-opération to discuss the matter further?

Right Hon. P. E. Trudeau (Prime Minister): I would first have to seek a report on the meeting from the Minister of Finance, Mr. Speaker.

Mr. Muir: I wonder whether the right hon. gentleman is really aware of the disastrous effects that the passage of the bill as it now reads will have on co-operatives and their future activities in this country?

* * *

PENITENTIARIES

MILLHAVEN—PROVISION OF RECREATIONAL AND WORK OPPORTUNITIES

Mr. Frank Howard (Skeena): I should like to direct a question to the Solicitor General. In light of the situation at Millhaven where there is a virtual lack of recreational opportunities and work opportunities in the shop structure, would the minister look into the situation to see whether the frustration and anger developing among inmates because of these deficiencies can be dealt with?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I had the opportunity of visiting Millhaven this summer and while I noted that certain improvements were required, the institution in general is starting to operate in fairly normal fashion. We hope that the institution will be completely back to normal in the near future.

[*English*]

MILLHAVEN—REQUEST FOR TABLING OF DIRECTIVE CONCERNING INMATE CORRESPONDENCE

Mr. Frank Howard (Skeena): May I pose a supplementary question to the Solicitor General. Would he be prepared to table in the House so that everyone can see it the directive issued to inmates of Millhaven with respect to inmate correspondence, which seems to countervail what the minister said earlier about correspondence by inmates?

[Mr. Drury.]

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): I certainly do not accept this allegation, Mr. Speaker, but I will inquire and should the instructions not be in accordance with the directive given, we will certainly have the situation corrected.

* * *

[*English*]

NATIONAL PARKS

EFFECT OF AGREEMENT WITH BRITISH GOVERNMENT FOR USE OF SUFFIELD MILITARY BASE ON PLANS FOR PARK

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Indian Affairs and Norhtern Development. It arises from the long-term agreement between the government of Canada and the British government with respect to the use of the Suffield military base in Alberta for the purpose of training British troops. Does this mean that the government of Canada and particularly the minister's department have abandoned the long-term plans for the use of this area along with a similar area across the border in Saskatchewan as a typical prairie grassland national park?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I am not aware of this particular problem. I shall inquire and report to the House tomorrow.

[*English*]

Mr. Dinsdale: While the minister is investigating this matter, in view of the area's ecological importance and fame as the land "where the deer and the antelope play" would he consider the possibility of using the large area available at the Shilo Canadian Armed Forces Base?

* * *

ROYAL CANADIAN MOUNTED POLICE

KILLING OF CHIEF ED BIRD IN NORTHWEST TERRITORIES BY MEMBER OF FORCE—GOVERNMENT ACTION

Mr. Erik Nielsen (Yukon): I have a question for the Solicitor General, Mr. Speaker. I should like to ask the minister what action the government has taken or will be taking with respect to the killing of Chief Ed Bird in the Northwest Territories by a member of the Royal Canadian Mounted Police?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, in my view, that question should be directed to the Solicitor General who, in the circumstances, is the responsible minister. However, I believe the coroner's inquest is underway, and I feel that it would not be advisable for me to comment on the matter at this time.

[*English*]

Mr. Nielsen: In view of the fact that the inquest has been completed, is it the intention of the government to

institute any further inquiry, particularly with respect to the involvement of a member of the RCMP coming under the minister's jurisdiction, in connection with this tragedy? Second, will it be the intention of the minister to table the report of the investigating officer of the RCMP so that members of the House may be informed of the full circumstances of this killing?

[*Translation*]

Mr. Goyer: Mr. Speaker, I feel that the report of the coroner, who is essentially responsible for the inquiry, must first be studied.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

ADVERTISEMENT PROMOTING NEW PLAN—REQUEST FOR INVESTIGATION OF TRUTH OF STATEMENTS AND REASON FOR EXPENDITURE

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, my question covers two departments, those of the Minister of Labour and the Minister of Consumer and Corporate Affairs; therefore I shall address my question to the Prime Minister. Would the Prime Minister undertake to examine an advertisement for which the Canadian taxpayers' money is being used in which the government advertises the new unemployment insurance plan in these words: "Unemployment Insurance Benefits Went Up, Beginning June 27. And That Was Just The Beginning. It's The Start of Something Big. The Full Story Is In Our 'Guide To The New Unemployment Insurance—Information For Employees'." Will the Prime Minister investigate the truth of this advertisement and the reason why the Canadian taxpayers' dollars are being used for this nonsense when the effort of the government should be directed toward creating employment, not increasing unemployment?

Some hon. Members: Hear, hear!

* * *

INCOME TAX

LACK OF BASIC EXEMPTION FOR WIFE WHO SUPPORTS HUSBAND

Mrs. Grace MacInnis (Vancouver-Kingsway): My question is directed to the Minister of National Revenue. In view of the fact that the income tax department permits a man to claim a $2,000 exemption for his wife on the basis of his statement that they live together while it refuses to allow a wife a similar claim in respect of her husband, does the department propose to move to wipe out this flagrant example of discrimination against the female sex?

• (2:40 p.m.)

Hon. Herb Gray (Minister of National Revenue): Mr. Speaker, I will be happy to look into the hon. lady's question, but at first glance it appears to be a matter of tax policy and that is the responsibility of the Minister of Finance.

Mrs. MacInnis: May I ask the minister to look also into what proof a wife must produce before she can successfully claim a $2,000 exemption for supporting her husband?

Mr. Speaker: Order, please. I suggest that the supplementary should be placed on the order paper.

* * *

IMMIGRATION

ILLEGAL ENTRY BY RUSSIAN SAILOR—DISPOSITION OF CASE

Mr. William Skoreyko (Edmonton East): Mr. Speaker, may I ask the Minister of Manpower and Immigration if it is the intention of his department to grant political asylum to the 20-year old sailor, Serge Kourdakov, who jumped ship at Vancouver? If so, when can the House expect a statement in that connection?

Mr. Speaker: According to my recollection this question was asked yesterday, but perhaps the minister might answer if he has further information.

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, there is no further information, but I should like to comment on the particular manner of perhaps granting legal status to the Russian sailor concerned. It may not be in the form suggested by the hon. member. As I indicated yesterday, it will not be long before a conclusion is reached.

* * *

STATUS OF WOMEN

REPORT ON REVIEW OF COMMISSION RECOMMENDATIONS—PRESENTATION OF LEGISLATION

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is supplementary to the question asked by my colleague the hon. member for Vancouver-Kingsway, but it is addressed to the Minister of State for Urban Affairs. I understood he was committed to the important task of reviewing the recommendations of the Royal Commission on the Status of Women and their various proposals. Is he prepared to report to the House on the results of his review and to tell us what legislation, if any, is proposed to implement the report?

Hon. Robert K. Andras (Minister of State for Urban Affairs): Mr. Speaker, I am not in a position yet to give the report the hon. member is seeking simply because some of the working committee reports have yet to come forward and they must be reviewed and consolidated. There is no attempt to delay. We want to get on with it.

* * *

POLLUTION

ST. MAURICE RIVER—LEGAL ACTION AGAINST INTERNATIONAL PAPER COMPANY

Mr. Raymond Rock (Lachine): Mr. Speaker, I have a question for the Minister of the Environment. Do officials

of his department intend to take any legal action against the International Paper Company for dumping black fluid into the St. Maurice River, thus killing thousands of fish, especially as the Quebec minister in charge of the environment, Victor Goldbloom, stated recently that this is now a federal matter?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, we will be holding discussions with the Quebec authorities in connection with this matter.

* * *

FISHERIES

ADMINISTRATIVE RESPONSIBILITY FOR ORGANIZATION OF CONSERVATION CONFERENCE

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to ask the Minister of Fisheries—and I should like to point out for the benefit of *Hansard* that there is still a Minister of Fisheries—if he intends to accept administrative responsibility for the conference on conservation which is being organized by his colleague, the Minister of Transport and if not, why not?

Hon. Jack Davis (Minister of the Environment): Yes, Mr. Speaker, we will accept responsibility for organizing the conference.

Mr. McGrath: May I ask the Minister of Fisheries if the conference will take place in Ottawa, when the conference will take place and who will represent the government?

Mr. Davis: Mr. Speaker, invitations have already gone out. We expect the conference to be held in Ottawa within the next two weeks.

* * *

NORTHERN AFFAIRS

LAND USE REGULATIONS—REVIEW BY COMMITTEE OF HOUSE

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Have the proposed Arctic land use regulations been completed and approved by your department?

Mr. Chrétien: Would the hon. member repeat the question, please?

Mr. Harding: Have the proposed Arctic land use regulations been completed and approved by your department?

Mr. Speaker: Order, please. The hon. member no doubt realizes that the question ought to be addressed through the Chair. This having been said, the minister might reply.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the regulations in question were published in the Canada Gazette in July. Those who were interested had six weeks to present a report and make comments. Those six weeks have now expired. We are studying the recommendations, and I trust the regulations will become effective about the middle of October.

[*English*]

Mr. Harding: Will these regulations be reviewed by the Standing Committee on Indian Affairs and Northern Development before final adoption?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am not a member of the committee. These rules have been published and they are official; if the members of the committee want to consider them, it is their privilege and not mine.

[*English*]

Mr. Erik Nielsen (Yukon): Mr. Speaker, will the minister make available to the committee which is now studying these matters the representations that he has received as a result of the publication of the regulations in the Canada Gazette?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I do not know which of these representations could be forwarded. Some of them have been on a confidential basis. As for those which are of a public nature, I have no objection against making them available to the committee.

* * *

[*English*]

INQUIRY OF THE MINISTRY

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Prime Minister about bad dreams which apparently are now in the public domain. May I ask the right hon. gentleman if bad dreams have cabinet collegiality? In other words, is the cabinet permitted to watch the national news television broadcast and, if so, do 90 per cent of the cabinet share the Prime Minister's bad dreams—

Mr. Speaker: Order, please.

Mr. Fairweather: —after hearing unemployment statistics?

Mr. Speaker: Order, please.

* * *

BUSINESS OF THE HOUSE

REQUEST THAT COMMITTEES NOT SIT DURING DEBATE ON INCOME TAX BILL IN HOUSE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, may I direct a question to the government House leader in reference to the business of the House during the income tax debate. Has he given serious consideration to seeing that none of the standing committees of the House sit during the tax debate because of the difficulty and complexity of the bill that is under consideration and which will be considered further in the committee of the whole house?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, it is my intention to ensure that while the committee of the whole is sitting and discussing the tax bill no meetings will be scheduled for standing or special committees. That is the general policy that I hope will be followed. There may have to be an emergency committee meeting, but that is not planned. I hope committees will meet in the mornings and that we will have the rest of the day for the bill.

* * *

ST. LAWRENCE SEAWAY

EFFECT OF POSSIBLE INCREASE IN TOLLS ON FARMERS AND OTHERS—GOVERNMENT DECISION

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I had a question for the Minister of Transport but in his absence I should like to direct it to the Prime Minister. In view of the widespread concern in the farming community as well as in other sectors of the economy as to whether St. Lawrence Seaway tolls will be raised, and in view of the several inquiries put to the government in this regard before the summer recess, is the Prime Minister now in a position to advise the House just what the government's decision is in this most important matter and, if not, when can we expect a decision?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, the Minister of Transport is in Vancouver on government business but he will be in the House for the question period tommorrow.

An hon. Member: Is he organizing a fishing conference?

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LABOUR CONDITIONS

UNEMPLOYMENT—FULL EMPLOYMENT POLICY SIMILIAR TO THAT OF UNITED STATES

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I have a question for the Prime Minister. Can he say whether the government now has a full employment policy and indicate whether this policy is active in terms of Canadian potential and not reactive in terms of recent American behaviour, and whether there will be any announcement of the—

Mr. Speaker: Order, please. It seems to me that the hon. member is asking or restating a question that was asked during the question period earlier today.

Mr. Lundrigan: On a point of order, Mr. Speaker, if we are to raise questions from day to day on an issue which is of such immense importance to the Canadian people, with half a million unemployed, then certainly we have to continue asking these questions if we are to obtain a reaction from the Prime Minister who refuses to answer them.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I suggest to the hon. member that it is hardly orderly procedure to ask the same question too often at least during the same question period. I am suggesting to the hon. member that the question was asked earlier in the question period.

Mr. Stanfield: Try it tomorrow.

Mr. Speaker: Perhaps we should go on and give another hon. member the opportunity to ask a question.

Mr. Lundrigan: Mr. Speaker, I am asking my question on the basis of domestically created unemployment. On that basis may I repeat the question. Has the government a full employment policy similar to that which the United States is obviously working toward today, and will that type of policy be announced clearly to the Canadian people at an early date so that we do not get completely sidetracked by the chronic and serious problems created by the recent United States action?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I thank the hon. member for his suggestion.

Mr. Lundrigan: Mr. Speaker—

Mr. Speaker: Order, please. I must ask the hon. member, on behalf of his colleagues in the House, for co-operation. Hon. members have been trying to ask questions from the beginning of the question period. When we are nearing the end of the question period I think we should try to limit supplementaries. At the same time I appreciate the importance of the matter raised by the hon. member. If he will ask his supplementary we will then go to the next question.

Mr. Lundrigan: Mr. Speaker, I recognize that you must rule regarding supplementaries, but what kind of government do we have or what kind of opposition do we have if we cannot raise further supplementaries?

Mr. Speaker: Order, please.

Mr. Lundrigan: May I put my point of order?

Mr. Speaker: I ask the hon. member to resume his seat. The hon. member for Regina East.

Mr. Lundrigan: Mr. Speaker, on a question of privilege—

Mr. Speaker: The hon. member rises on a question of privilege.

• (2:50 p.m.)

Mr. Lundrigan: Yesterday I sat in my place as a member of the House of Commons for half an hour listening to the hon. member for Winnipeg somewhere or other speaking on a question of privilege directed to one unique point. I am now seeking to rise as a member with the responsibility of presenting the problems of half a million Canadians who are today unemployed. If I cannot be allowed additional supplementaries in an attempt to elicit a sane, sensible response from the Prime Minister—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. That is not a question of privilege. The hon. member asked a question and a supplementary. He is now seeking to ask a second supplementary. I suggest to him, with respect, that perhaps we should give other members an opportunity to ask questions.

Some hon. Members: Hear, hear!

Mr. Speaker: As far as the Chair is concerned there are 40 minutes available for oral questions. If hon. members wish to spend the entire period on one subject, that is their responsibility, not mine. I try to be as fair as possible and to give every member a chance to ask his question. That is the only reason I suggested, very honestly and in good faith, to the hon. member that we might go on to another question. I recognize the importance of the matter and the right of hon. members to ask supplementaries, but the rules are clear. Supplementaries are within the competence of the Chair; and when the Chair feels that we have reached a point when other members should be given a chance to ask questions, hon. members should try as far as possible to co-operate and give the Chair an opportunity to move on to another member.

Mr. Lundrigan: In co-operating with Your Honour I should like to ask the Prime Minister whether he will make a clear statement tomorrow on motions regarding the plan of action the government has in mind to react to the domestic unemployment situation so that hon. members will not be obliged to take up the time of the House day after day attempting to pursue this serious question involving half a million Canadians today and a million Canadians several months from now? Will the Prime Minister make a statement on motions tomorrow?

Mr. Trudeau: If I had an assurance from all hon. members of the opposition that should I make such a statement they would ask no further questions I would make it.

Some hon. Members: Oh, oh!

An hon. Member: Wouldn't you be happy!

Mr. Speaker: Order, please. We have about reached the end of the question period.

Mr. Lundrigan: If the Prime Minister would show a little co-operation in the House—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Regina East.

Mr. MacInnis: On a question of privilege—

Mr. Speaker: I apologize to the hon. member for Regina East. The hon. member for Cape Breton-East Richmond rises on a question of privilege.

[Mr. Lundrigan.]

UNEMPLOYMENT INSURANCE

ADVERTISEMENT PROMOTING NEW PLAN—REQUEST FOR INVESTIGATION OF TRUTH OF STATEMENTS AND REASON FOR EXPENDITURE

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, my question of privilege relates to the original question I asked the Prime Minister concerning two departments of government, namely, the Department of Labour and the Department of Consumer and Corporate Affairs. Inasmuch as the minister responsible for the latter department is present in the House, I will ask him, now, since the Prime Minister will not take the responsibility, why he, as minister of the department concerned, allows false advertising to be carried at the taxpayers' expense with respect to the unemployment situation in this country?

Mr. Speaker: Order, please. That is not a question of privilege. The hon. member is repeating the question he asked a few minutes ago. Perhaps he did not get the answer he wanted. Nevertheless, the question having been asked, the minister might now be allowed to answer and then I will again attempt to recognize the hon. member for Regina East.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Since he asked this question the first time the hon. member has failed to send me the advertisement about which he complains. If he will do that, I will be happy to examine it.

Mr. MacInnis: Mr. Speaker, further on the question of privilege—

Mr. Speaker: Order, please. The hon. member should recognize that this is not a question of privilege. He asked the minister a question and I allowed the minister to reply. Perhaps there might be communication between the minister and the hon. member so that they could consult on the matter raised by the hon. member for Cape Breton-East Richmond.

Mr. Trudeau: What are you trying to hide?

Mr. MacInnis: On a question of privilege arising from the remarks now being made by the Prime Minister who insists on trying to hide something, I am not going to hide anything.

Mr. Speaker: Order, please. We are certainly not progressing very effectively or efficiently this afternoon. We have already reached the end of the question period. I am somewhat grieved that we have not had a chance to recognize a number of hon. members. I am sure we can remedy this situation tomorrow when, with the consent of the House, perhaps some of those hon. members might be allowed to ask a few of their questions. I doubt whether there is a legitimate question of privilege in the matter raised by the hon. member for Cape Breton-East Richmond.

Mr. MacInnis: Does a question of privilege not arise when a member of the government imputes motives to a member of the opposition? This is exactly what the Minister of Consumer and Corporate Affairs has done and

what the Prime Minister has just done with his remarks from his seat.

Mr. Speaker: The hon. member is quite right. It is not in accordance with correct parliamentary practice to impute motives and I have pointed this out already today to hon. members who in my view were doing that. I agree with the hon. member in that respect. Again I will call on the hon. member for Regina East. Perhaps he might ask his question.

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AGRICULTURE

ACTION TO OFFSET IMPACT OF UNITED STATES IMPORT SURTAX—RESPONSE TO LETTER FROM SASKATCHEWAN WHEAT POOL PRESIDENT

Mr. John Burton (Regina East): My question is very simple and uncontroversial and it is addressed to the Prime Minister. I should like to ask the Prime Minister whether he has received a letter from Mr. E. K. Turner, President of the Saskatchewan Wheat Pool, asking that further action be taken to assist agriculture in offsetting the impact of the United States import surcharge? Can the Prime Minister tell us what response he has given to that letter?

Right Hon. P. E. Trudeau (Prime Minister): I have no memory of receiving such a letter. Had I received it I would have referred it to the minister responsible for the Wheat Board to advise me on a possible answer.

Mr. Burton: May I ask the Prime Minister whether the government has considered any further special measures to bring before Parliament to assist agriculture in offsetting the effects of the situation in which it now finds itself as a result of the United States economic measures?

Mr. Trudeau: The Minister of Agriculture in his speech on Bill C-262 indicated what the government proposes to do.

Mr. Speaker: Orders of the day.

Mr. MacInnis: I rise on a question of privilege.

Mr. Speaker: The hon. member will have to find a new question of privilege because I have already ruled there is no question of privilege before us. The question period has expired, but I recognize that we are going to spend more time on a question of privilege. The hon. member has the floor.

Some hon. Members: Oh, oh!

Mr. MacInnis: My question of privilege arises from the fact that the government has advertised false information regarding the unemployment picture in this country. I would ask the Minister of Consumer and Corporate Affairs, as head of that department, whether it is not his duty to safeguard the interests of the Canadian public and the Canadian taxpayer by preventing money being wrongly spent by the government.

Mr. Speaker: Order, please. I suggest to all hon. members that that is not a question of privilege. It is a matter of debate between the minister and the hon. member and I think he should not pursue the matter further. I have already called orders of the day. In any event—

Mr. MacInnis: Once more, on a question of privilege, I do not intend to stand here and listen to snide remarks from that minister who is failing to carry out the duties imposed upon him by the government.

Mr. Speaker: Orders of the Day.

• (3:00 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Monday, September 13, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that act be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, it was as long ago as September 7, 1969 that the present government, with a great flourish of trumpets, tabled the white paper on tax reform. It was on November 28, some three weeks later, that the Minister of Finance (Mr. Benson) rose in this House to present the white paper on behalf of the government and to move its reference to the appropriate committee.

The minister said then that the white paper was not binding upon the government and that if anyone had any better suggestions to make those suggestions would be taken into consideration. But it quickly became apparent that the minister did not really believe any basic changes were needed. In fact, it was not even necessary to wait until he had reacted with hurt and astonishment to the first criticisms. In his opening speech, the minister let his mask of neutrality slip when he said, and I quote him:

> We in government believe that the system proposed is a good one. As I said, it is being put forward as a proposal for discussion, to be brought into study whereby it will be accepted by Canadians as being a good tax system.

May I repeat the last phrase "to be brought into study whereby it will be accepted by Canadians as being a good tax system". What that means, if it means anything, is that Canadians would be given the right, as far as the government was then concerned, first to study the white paper and then to adopt it. The government may not have felt bound by the white paper, but it was clear from the outset that the Minister of Finance was, psychologically at least, very much bound up with its proposals. It was his baby and he was not about to give it up.

You may remember, Mr. Speaker, that the minister told us at that time that this was a fight between ordinary Canadians and big business, that it was a crusade, that it was to be a march to victory. It was an advance, however, that was quickly halted, then turned into a retreat and

finally a rout. The final act as far as the white paper and its sponsors were concerned took place on June 18 last when the minister, his tail set very firmly between his legs, stood up in this House to present a tax reform package whose closest relationship to the white paper was the fact that it was being introduced by the same man, a man who had grown older and perhaps somewhat wiser in the interval.

That was a sour defeat for this government, but it was at least a partial victory for the people of Canada. It was a defeat for this government at the hands of many people and not at the hands of big business, in spite of the minister's original claims. It was a defeat at the hands of small businessmen. It was a defeat at the hands of ordinary taxpayers who realized that they were to be victimized by hidden tax increases amounting to hundreds of millions of dollars. It was a defeat at the hands of homeowners and those who want to own homes in the future.

On the other hand, it was a partial victory for commonsense. It was a partial victory for the Canadian economy. It was some kind of victory for just about everybody except for the handful of men who temporarily form the government of this country.

Some hon. Members: Hear, hear.

Mr. Stanfield: It was a victory, too, for the Conservative opposition.

Some hon. Members: Oh, oh.

Mr. Mahoney: This is the funny part.

Mr. Stanfield: Hon. members opposite do not like that very much, Mr. Speaker. From the very start, we attacked many of the white paper proposals for their absence of humanity and lack of realism. We attacked them for their discouragement of incentive and their assault on investment in Canada by Canadians, and we forced the government to retreat. It was not, of course, just the force of our arguments that did this, strong though they were. We know that the government makes it a point never to listen to the opposition if it can avoid doing so.

Mr. Boulanger: You said that we did.

Mr. Stanfield: I will explain to the hon. member in a moment.

Mr. Ricard: He would not understand it anyway. He has no head for that.

Mr. Stanfield: Then, I will be clear so that even he can understand. This time the government could not help listening to us. No matter how much it grated, this time the government had to listen and to take heed, because what we were saying was being said by others. The attack came from every direction—from both Houses of this Parliament, from business, labour, the farming community, and eventually even from within the caucus of the Liberal party itself.

Mr. Côté (Longueuil): What about listening to your own caucus?

Mr. Stanfield: Let me tell the minister who interjected that certainly his own party does not listen to its caucus; that is well known. Certainly, no member knows it better than the hon. member sitting there in the middle row on the other side. But this time it was different; the government had to listen because, behind its own caucus and behind the opposition in Parliament, the government could hear the voters. Ordinarily, perhaps it would not even listen to them, but election time is coming and certainly the government can read the calendar, whatever may be its other deficiencies. This was why the government was forced to retreat. It was not because of big business or secret plotting; it was because the people of Canada rejected, and rejected summarily, the propositions that the government had put forth.

It is an impressive catalogue of retreat: retreat from the tax on the sale of a man's home; retreat from the hidden tax increase that was originally built into these white paper proposals; retreat from the unrealistically high capital gains tax that was proposed; retreat from the ridiculous proposal to tax capital gains on company shares that had not even been realized by the individuals concerned, which would have increased enormously the difficulties Canadians would have faced in retaining control of the Canadian corporations that we still happen to own; and retreat from the attempt to undo what little encouragement had been accorded to the small businessmen of Canada. In short, there was retreat from some of the worst elements that had been present in the original proposals made by the Prime Minister (Mr. Trudeau) and the Minister of Finance in the white paper of the government.

As I say, it was a victory for the Canadian people who need not now fear that they will be subjected to some of the more ridiculous schemes that were concocted by the present government. But we must remember, Sir, at this time that the victory is still only partial. A battle has been won but not the war. Instead of having our head banged on the hard floor, it feels a lot better when someone puts a pillow under us. But we must not forget that although the changes have been made, they were not made willingly. The government did not want to make these changes, and this is why the opposition in Parliament and the Canadian people generally have to keep a very wary eye to ensure that what the government could not get in through the front door it will not try to introduce through the back door.

• (3:10 p.m.)

I do not pretend, of course, to know the intentions of the government in this matter, but when I look at the present bill the most charitable conclusion I can come to is that perhaps the government itself does not know what it is doing. If many of the white paper proposals were totally unacceptable, we now have a bill before us that is in many respects totally incomprehensible. I suppose for this government this must be considered as some sort of an advance. In fact, most of the retreats made by the present government are advances as far as the Canadian people are concerned. The fact remains that from policies which were unacceptable the government has retreated into confusion. We are faced today on second reading with a jumbled mass of legislation which makes a can of worms look like a disciplined army on manœuvres. It is a piece of legislation that has lost specialized lawyers and econo-

mists alike in a mass of regulations from which many can see no exit at all.

We are all familiar with the comments by the tax experts associated with the Canadian Bar in respect of the complicity of this bill. These are serious technical criticisms specialists in the field are making, Mr. Speaker. When we are dealing with technicalities in the field of taxation we must realize that technical problems turn quickly into human problems. If this law is unintelligible to tax experts, how much more frustrating is it going to be for the ordinary taxpayer and especially the professional men and women and small businessmen and women who are already wound up in miles of red tape?

These small enterprises in Canada did make some headway between the white paper and the present bill, but that will not do them much good if businessmen have to keep a chartered accountant or a tax specialist constantly on hand to advise them every time they turn around. That surely is not the kind of tax reform the Canadian people want and it is not the kind of tax reform the Canadian people were promised. They were promised greater simplicity and what the government has produced is simply greater chaos.

That seems to be pretty well the unanimous opinion of everybody outside the government. I note that both Canada's leading business weeklies, the *Financial Post* and the *Financial Times,* are now suggesting that the only solution is to delay, if necessary, the practical implementation of this bill. I may say that does not mean the government should delay measures for the immediate tax relief of those on lower incomes. There are other ways to do this than by a bill such as this.

Even if we forget the drafting errors and the complexities, and look beyond them to the substance, it is already clear there are questions which will have to be examined extremely carefully. Of course we are pleased by the almost immediate relief, though it may well be temporary, which will come to Canadians at the bottom end of the income scale. We on this side have been urging such measures for some time and we certainly accept them now.

This bill as put forward is a long-term measure, at least that is what the government says, so we have to look at the long-term effects of it. They are not so favourable to Canadians on lower incomes. The ones who are going to be hit hardest, without any doubt, are the hundreds of thousands of middle and lower income Canadians who, after possibly one or two years of temporary relief, will find themselves in a worse tax hole than ever before.

When we consider the natural and constant growth of cash incomes in Canada as a result of inflation, collective bargaining and promotion on the one hand, and on the other hand the steeply rising rates of taxation once somebody is on the tax rolls under this new bill, it becomes clear that this so-called tax reform is not going to operate to the benefit of any group of Canadians for very long. In the long run this so-called reform package is really a sham. That is what the government will not admit but that is the truth of the matter; the bill is a real sham.

Take a look at the position of small co-operatives and credit unions. They will find themselves denied their former position of encouragement under this proposed legislation. There is a good deal of concern in those organizations about the legislation and we in the opposition are certainly going to take a good look at this aspect of this bill. We must not lightly allow any new law to change the whole nature of the co-operative and credit union movements.

Mr. Muir: What has the minister from Nova Scotia to say about that?

Mr. Stanfield: If it is true, as alleged, that the cumulative effects of this legislation would be to place a discouraging burden on the co-operative and credit union movements, this would certainly be a blow against the whole spirit of co-operatives in this country. The co-operative and credit union movements must not be killed and they must not be crippled by any hastily, ill-conceived measure. We in the opposition intend to make certain this does not happen.

We shall have to take a close look at the question of capital formation and the taxation on capital gains as well. Certainly, the present bill is an improvement over the white paper in this regard, but we want to know what the effects of this proposal will be, for example, on the family farm. We shall certainly reject any attempt by this government to sneak into a tax bill any measures designed to further weaken the position of farmers in this country, because this government has already done far more than its share to destroy the way of life in our farming communities. There comes a time when we have to attempt to call a halt to this process. That time is just about now, if it was not yesterday.

Furthermore, we want to know how the provisions of this bill will affect Canadian ownership of the Canadian economy. This is, of course, a matter of continuing or, indeed, permanent importance, but in the present circumstances when the whole question of the future contribution of United States-owned subsidiaries to the Canadian economy is being raised by the actions of Washington, such as in the proposed DISC measures, this question is especially vital. Let us make no mistake about it. If the DISC program goes through Congress, there will be tremendous pressure upon United States companies operating in this country to concentrate their production in the U.S.A., and we shall be the losers. We should be doing everything reasonable as the Parliament of Canada to encourage Canadians to participate in our own economy, and that is the point of view that we are going to take in looking at the details of this bill. That is the right point of view for us to take and that is the right point of view for this country.

Another serious problem is the relationship between the capital gains tax and the question of duties on estates. This leads us directly into the larger question of relationships between the federal government and the provinces in the field of taxation. It is clear there will have to be a massive re-adjustment in tax laws of the provinces to fit them in with any new federal tax package, this or any other package which may be adopted. Take for example the two great provinces of Quebec and Ontario. They will have to make fundamental amendments to their respective personal and corporate income tax laws if they are to be at all consistent with the proposed legislation we have before us.

• (3:20 p.m.)

The three provinces of Ontario, British Columbia and Alberta are also to be affected in quite a different way by the proposal to tax medicare premiums paid by employers. This again could cause serious disruption, not to mention injustice, to hundreds of thousands of Canadians and hundreds of thousands of taxpayers unless changes are made and made quickly. We want to know how far the discussions and negotiations have gone between this government and the provinces. We want to know if any assurances have been given with regard to uniform legislation and fair taxation. We want to know if we in this country are now in danger of creating a new and even more impossible tax jungle if this or any other bill should become law before January 1 next or indeed at any time in the near future. This is a tremendously important aspect of our discussions. One thing that has not changed from the original concept of the white paper in the present proposal is that the federal government is still doing it alone. It is preoccupied solely with its own needs. It is preoccupied with what the Canadian government itself wants to get from the Canadian taxpayer. I say that is just not good enough. The federal government must take the provinces and the needs of the provinces into consideration. It must consider the men and women who will have to pay the taxes, either to this government or to the provincial governments.

Some hon. Members: Hear. hear!

Mr. Stanfield: Let us not forget one thing. When you come right down to it there is just one fellow paying those taxes whether they be federal, provincial or municipal. There is just one Canadian taxpayer. He is the one who will have to suffer from any tax jungle that exists. He is the one who will have to pay all the costs and suffer all the frustrations if we do not come out of this with a credible and understandable package.

Some hon. Members: Hear, hear!

Mr. Stanfield: I do not mean just at the federal level. I mean at all tax levels. That is why it is irresponsible for this government to go off on its own and ignore the problems it may have created elsewhere and at other levels of government.

These are just a few of the questions the government will have to answer in the course of this debate. If those answers are not ready and if they are not convincing, then that is another reason for this government to take another look at its timetable because we shall certainly give no assurance that we will expedite measures which after all could cause more difficulty than they would solve. There is one other major question to be considered in this whole matter of timing. That is the matter of priorities. What is this massive and complex bill which is before us going to do to help solve the immediate pressing problems of the Canadian economy and, need I say it again, the problem of mass unemployment the spectre of which is again facing hundreds of thousands of Canadians this coming winter? What does this bill propose for that? I do not have to answer the question because it answers itself—nothing. In fact, the effect will be negative because we will be spending the time on this measure before we have any program adopted for our immediate problems.

This tax bill is important. It is vital that we clear up the uncertainty which has been plaguing the economy for two years or more. But this Parliament in this September of 1971 has another more urgent responsibility. By all indications we are racing into another winter season of massive unemployment. That is a situation we cannot afford to contemplate. One winter like the last one is already too much to have had to bear. A second such winter would be disastrous.

Some hon. Members: Hear, hear!

Mr. Stanfield: What is this government going to do to ensure that this does not happen again or to even to try to ensure that it does not happen again? There are not any indications of it doing anything. Inaction we cannot accept. Inaction, Sir, we will not accept. Let this government not use that old line that this measure has to go through immediately to permit lower income Canadians to come off the tax rolls during the next fiscal year.

I have said before that we on this side of the House, speaking for my own party at least, have been ready to co-operate to the fullest extent with any effort made by the government to achieve its goal of providing tax relief to lower income Canadians. I proposed such relief a year ago and repeat the offer today. But I say the government could proceed immediately with such relief through a system of tax credits. I believe all parties on this side of the House have been advocating this. It is a system which would be easy to implement at relatively moderate cost. There is no need at all for these two issues, immediate tax relief for lower income Canadians and a general change in tax procedures, to become confused. If the government really wants to provide help for lower income Canadians it can do so without trying to ram this whole tangled mess of proposals down the throats of the members of this House of Commons.

Some hon. Members: Hear, hear!

Mr. Stanfield: Let us have no more attempted blackmail on that score. That is something we certainly cannot accept. For that matter, does the government really know what it is doing with its whole anti-poverty program? Yesterday we received from the Minister of National Health and Welfare (Mr. Munro) some details concerning the family security program. There is evidence that there may be no co-ordination between the Department of National Health and Welfare and the Department of Finance—I do not know. I do not know whether these two ministers are speaking to each other these days. Perhaps they have had a quarrel. But surely, there must be people in their departments who talk to each other occasionally. If they do, however, they certainly are not communicating very effectively. The Minister of National Health and Welfare tells us, for example, that his plan takes into account the fact that it costs more to raise a child when he is 12 years old than when he is younger than that. So, under this measure the government proposes to provide more money for children at that level.

The Minister of Finance, in proposing his deductions for taxpayers, agrees it is more expensive to bring up older

children, but does not recognize the difference until the age of 16. Which minister is right? They cannot both be right. They cannot agree on that and they cannot agree either on where the magic line comes between those families which need additional help and which of those do not, on the one hand, and those which should not pay income tax and those who should, on the other. It is pretty clear that logically the group that needs help and the group that does not pay income tax should be the same, but that would be too simple for this government, so we have a Minister of National Health and Welfare telling us that any family with one child and an income of $4,500 or less gets special aid. The same person, however, under the tax law proposed, will be paying income tax on something over $1,000 of his income of $4,500. So, the Minister of Finance is telling us that that fellow not only does not need aid but he can afford to pay taxes, whereas the Minister of National Health and Welfare thinks he needs help. The government giveth, the government taketh away. But both those ministers cannot be right, although certainly the thought crossed my mind that they could possibly both be wrong.

• (3:30 p.m.)

This government is not just confused, it seems to be unconscious.

Some hon. Members: Hear, hear!

Mr. Stanfield: Beyond that, Sir, we demand that the government do something effective and do something quickly to restore economic and social health to this country. We demand action to create a climate of economic confidence and to prevent the return of mass unemployment that threatens this coming winter. Tax reductions for the lowest income Canadians will help, but they are not enough. Under the present circumstances if we are to make any substantial progress in combating unemployment we must have reductions across the board in income tax rates. In addition to that, we must either have the complete elimination of or at least a very substantial reduction in the federal sales tax on building material.

Some hon. Members: Hear, hear!

Mr. Stanfield: I think this is obvious. It is all the more urgent since the Minister of Urban Affairs (Mr. Andras) has indicated to the press that his housing program will inevitably be hurt by the diversion of $80 million to help the industries that may be hurt by President Nixon's export surtax, and also the minister fears that people who are trying to borrow money for homes are likely to encounter higher interest rates.

We should now be looking at other possibilities this winter, in conjunction with the provinces, such as the possibility of industry training and retraining support programs for men and women who are now employed to help them upgrade their skills. This, I suppose, is a long-term program, but it could start this winter and it would certainly increase in value over the next few years. We must, as I indicated a minute ago, look at the possibility of maintaining a proper rate of interest in this country. This would provide encouragement for the economy in general. It would help the Minister of Urban Affairs to maintain a housing program which would provide houses at a reasonable cost, and of course it would also help us to withstand a further upward pressure on the Canadian dollar. In other words, it would help both our exports and our internal markets. We must also consider what we can do now in co-operation with all levels of government to get work for Canadians this winter.

Some hon. Members: Hear, hear!

Mr. Stanfield: The hour is late, but there is surely no justification for delaying matters any further. For a start, we must help the citizens of Canada, as well as the provinces, in financing their welfare programs. We have had warnings from the governments of both Ontario and Quebec. They face a time of intense pressure on their welfare systems and it is very clear that those two provinces will not be alone. But we have to go beyond welfare. Welfare is not enough. It is work that is needed. We must get started immediately. I do not care how much pooh-poohing there is across the way, we must get started immediately in conjunction with the provinces on an effective winter works program.

Some hon. Members: Hear, hear!

Mr. Stanfield: The government itself has set a precedent this summer in its Opportunities for Youth program which could well be described as a sort of summer works program. But there are worthwhile things that could be done this winter too, Sir, by this government and this Parliament. We owe something to the unemployed men and women of this country and the ones who will find themselves without jobs in the next few months. That is why I am demanding a winter works program. The government has already delayed too long. I am not looking for perfection; I realize that this is a palliative so far as this winter is concerned, but the government has let the situation become so serious that we have no other choice now.

Mr. Muir: They are callous and do not care.

Mr. Stanfield: Beyond these emergency measures, faced with the trend in the United States, we have to take a very urgent look at our export industry. I agree that our export trade has been hurt by the U.S. surtax. I support the measure brought forward, I support that principle. But I believe other urgent steps have to be taken. The legislation to which we have given second reading last week was, in my view, a hesitant and an inadequate first step which may or may not be effective, but our export trade is basic to the development of our whole economy, not only this year of course but every year, and the Americans have taught us a painful lesson with regard to President Nixon's surtax. They may very well be preparing us for an even more painful lesson in the long term with the export bonus proposals involved in the so-called DISC program. Let us take these lessons to heart and let us consider urgently what we can do for our export industry, what possibilities we have for aiding our export industry. Of course, the basic position is that we have to maintain or achieve a reasonable rate for the Canadian dollar, one that will enable our exporters to compete. But let us also consider what we can do, and indeed what we must do, to give tax encouragement to our export industries, particu-

larly those that are important to Canadians from the point of view of employment.

Whatever other effects they may have, the actions of the United States have shown the hollowness of this government's complacency about Canadian exports. It just is not good enough for this government to preen itself by talking about success in selling raw materials abroad. Much of the secondary manufacturing industry of this country is approaching a crossroads in so far as foreign markets are concerned. I have been urging for a year or more that we formulate long-term policies to enable us to diversify our foreign markets and to embark upon serious programs to increase trade with trading blocs such as the European Common Market. However, I believe that this government has preferred to avoid the hard task of rethinking the options open to Canada and to this government. I say that trade missions, no matter how immediately successful they might be, are no substitute for long-term policies. The success of such missions must surely in the long run depend upon such policies. But that is something this government cannot understand. And now, even when the President of the United States talks about a new era opening in international trade, the significance of that statement has obviously not yet dawned on this government. At least it is not reflected in any action it has taken.

• (3:40 p.m.)

I sat in this House the other night and listened to the Minister of Finance give his usual complacent account of the economic situation. I do not want to be facetious, but I hope the Prime Minister will lend our Minister of Finance to the International Monetary Fund to help them work out their problems. It was the same old complacent record he gave us that we have heard for the last two years—prosperity is just around the corner.

Mr. McGrath: He didn't say what corner.

Mr. Stanfield: I am surprised he did not go back even beyond Herbert Hoover and promise us a chicken in every pot. It is now pretty clear that the government has no intention of giving us any real projections for the coming months. I and my colleagues have been pressing for that. I guess we have been wasting our time. It is also very clear that the government does not intend to propose a program, either long or short-term, to restore the Canadian economy.

I have to ask, why is this government so stubbornly refusing to tell us its projections? Is it because even before the American moves they did not show that the upturn is just around the corner? Is it because the figures show that the unemployment situation is not going to improve for the balance of this year, as the government has been promising? Is that the reason the government won't release its projections? Or is it simply because the government has no reliable projections and no effective programs? Is the government simply whistling in the dark?

They can whistle if they like, Sir, but that is exactly the way they appear to me, and I think to most of the Canadian people at the present time.

Some hon. Members: Hear, hear!

[Mr. Stanfield.]

Mr. Stanfield: The only clue to the government's intentions so far lies in its ineffectual efforts with regard to wicked Washington. Obviously, the idea now is to lay the blame for our current and future problems on the backs of the Americans. I think we are being hurt, and we may be hurt more. I have already said that here, and I have said it outside this House. But this government, no matter how much it squirms, isn't going to be able to slough off its heavy responsibility for our present situation in this country. This government and no other is responsible for the two years of economic stagnation in this country. This government and no other is responsible for the policies that have led to a continuous massive unemployment that as yet shows no signs of substantial and significant decline. On the contrary, it threatens to grow worse in the months ahead. This government and no other is responsible for the uncertainty that has prevailed in this country for a year and a half on the whole vital issue of tax reform.

It is time for this government to share its responsibilities—well, not to share, even though we would be happy to share them . . .

Mr. Trudeau: Would you?

Mr. Stanfield: Yes, we would be happy to share them, but we would have to be satisfied that the government is prepared to take some action first. We don't want to get involved in doing nothing.

Some hon. Members: Hear, hear!

Mr. Stanfield: It is time for the government finally to move to boost the economy and effectively to combat unemployment. This is the first priority we have as we sit here today and during these weeks. This is the first priority which the legislation now before us does nothing to meet.

May I emphasize two things in closing. First, there are immediate, pressing problems that face us right now, and that will face us in the coming months, for which this bill is quite irrelevant. Regardless of whether or not the government proceeds with this legislation now, it has to act now with regard to these problems, problems that I am sure each member of this House recognizes as being serious and needing attention. It is not just the opposition in this House, Sir; it is not just me, it is not just my colleagues, and it is not just the members down here to my left who are demanding action. It is the people of Canada. It is the Canadian people who are demanding that this government take effective action to attack unemployment.

Some hon. Members: Hear, hear!

Mr. Stanfield: There is very little if anything in this bill that will help spur the Canadian economy forward. There is nothing positive in this bill to encourage Canadians to invest in their own economy. I admit that there is the removal of a disincentive, and I suppose we should be grateful for small mercies, but there is nothing in the bill to help us build up our industries or build up our exports. In short, there is nothing in this bill, or for that matter in the policies of the government in general, to encourage the incentive on which the progress of our Canadian

economy and our Canadian society has been based, and will continue to be based, if we are to build in this country for the future.

The whole philosophy of this bill and of this government is to replace individual choice and individual initiative by government fiat. In its attitude towards taxation, just as in its attitude towards the economy, in its attitude towards welfare, and in its attitude towards the unemployed men and women of this country, this government ignores the power of incentive to encourage individual Canadians to work to improve their lot. That is where we part company with this government. Our goal is precisely a society where the role of government is, above all, to maximize the possibility of the free choice of the individuals and the groups that make up our country.

Some hon. Members: Hear, hear!

Mr. Stanfield: It is from this point of view that we shall examine this bill, as we have examined other policies of the government. It is from this point of view that we shall comment upon, and criticize, and fight where necessary. It is from this point of view that we have presented our amendment, its purpose being both to force the government to prepare a better bill and to force the government to face up to the real and urgent economic and human problems that confront us, the members of this House, the members of this government, and the people of this country right now.

Some hon. Members: Hear, hear!

[*Translation*]

• (3:50 p.m.)

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, in the next few minutes I would like to talk to the House about the effects of the bill under consideration, namely Bill C-259 entitled "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act."

I read somewhere that this is the biggest bill ever introduced in the House. If it is true about its size it certainly does not apply to its quality or, at least, to its clarity. Considering that this bill covers some 710 pages, I do not think that I can deal with all the amendments to the Income Tax Act.

However, I should like, Mr. Speaker, to speak on behalf of the cooperatives of Richmond riding, to categorically oppose this bill which tends to change the method of computing the capital employed. I suggest that this would assuredly lead to double taxation for cooperative members or affect the capital invested by them in such cooperatives.

Mr. Speaker, I want to read a telegram that I received recently from the Cooperative de Saint-Paul de Chester, a small town in my riding. I quote:

> The Cooperative of Saint-Paul de Chester is taking exception to the decision of the Minister of Finance to maintain the concept of capital employed as a taxation base for cooperatives STOP This concept is contrary to the very principle of the cooperative and it becomes even more unfair by the new provision of section 135 of Bill C-259 which changes the method of computing the capital employed STOP We believe that nowhere else in the world is there another example of this concept of capital employed in any tax system STOP Adoption of this concept will weaken the financial structure of our cooperative and will also decrease possibility granting fair rebates to members STOP Asking for no favours but request that fiscal plan respect structure and operation of cooperatives STOP La Coopérative de St-Paul de Chester is a branch of La Coopérative fédérée de Québec which was represented on the delegation which met the Minister of Finance August 11, 1971 to suggest alternative method of taxation for cooperatives which would not jeopardize the very existence of such institutions STOP Solicit your support with Minister of Finance to obtain amendment of bill presented along lines of recommendations already submitted by cooperatives.
>
> Roger Croteau
> Coopérative de St-Paul de Chester

Mr. Speaker, I have received dozens of telegrams with identical or almost identical wording in my office recently. I want to stress that I entirely endorse these protests.

On August 26 last, the Minister of Finance (Mr. Benson) said to the members of the Law Society of Upper Canada at the York Hotel in Toronto, and I quote:

> The tax reform bill is proof that the government has taken into account the many briefs it has received and the proceedings of two parliamentary committees as well. I think that the majority of our most eager critics were surprised at the way the government met the wishes of Canadian taxpayers. The fact that the Bill contains virtually all the major proposals of the committee of the House is a tangible proof of that. Had it not been so, the publication of the White Paper would have been a meaningless farce.

And he went on:

> As I said in my budget speech, the White Paper process was an important step in the evolution of participatory democracy in Canada. Through the debate and the discussions which took place it has been possible to set up a tax reform plan that not only does take into account the needs of Canada but also reflects the views of the Canadian people.

When I read this bill it does not seem to me that the minister paid much attention to the views he expressed that day at the Royal York Hotel. Neither does it seem to me that the cooperatives have made clear strongly enough their views on this bill.

I have here a copy of the memorandum submitted on November 7, 1969 by The Co-Operative Union of Canada and Le Conseil canadien de la coopération. These two co-operatives represent La Coopérative Fédérée de Québec, the Fédération des Magasins Co-op, Pêcheurs Unis de Québec, the Fédération Co-op Habitat du Québec, the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins, La Fédération des Compagnies d'Assurance Mutuelle contre le feu, La Fédération de Montréal des Caisses Desjardins, La Fédération Régionale des Chantiers Coopératifs de l'Ouest Québécois, the Fédération des Caisses d'Économie du Québec, the Fédération des Coopératives étudiantes du Québec, La Société des Artisans, L'Assurance-Vie Desjardins, La Mutuelle SSQ, Assurances U.C.C., Compagnie mutuelle, La Sauvegarde, compagnie d'assurance sur la vie, La Société d'Assurance des Caisses Populaires, Les Producteurs de Sucre d'Érable du Québec, the Institut Coopératif Desjardins, La Société de Fiducie du Québec, La Sécurité, compagnie d'assurances générales du Canada, and L'Association Coopérative Féminine du Québec.

It is, therefore, obvious that all the members of these companies think the same way and find many inequities in this bill—in its treatment of the capital invested in our

cooperatives, in its way of evaluating the capital invested in our co-operatives.

About the brief I mentioned earlier, when we discussed with the representatives of co-operatives we compared co-operatives, closely-held and widely-held corporations. Here is what was said:

In a comparison of a closely-held versus a widely-held designation, a co-operative must of necessity be treated, by the very definition, as a closely-held corporation. However, the treatment of a co-operative as a corporation of any designation would certainly not result in an equitable treatment. The necessity for the recognition of the special form of co-operative distribution was accepted by the "McDougall Royal Commission" of 1945, the "Carter Royal Commission" of 1966 and again by the White Paper proposals.

Some of the reasons dictating this recognition of a separate treatment are as follows:

The capital nature of a co-operative is essentially different from that of a corporation. Whether the investment of the co-operative member is in the form of a loan or is in shares the member capital contribution is more like a deposit than a capital contribution in a corporation. The capital structure of a co-operative is a "fluid" type of structure subject to constant fluctuations whereas the capital of a corporation tends to have a "locked-in" aspect keeping it available for the purposes of the company.

This difference in capital structure must be provided for in any system of taxation which is to be applied to co-operatives.

To treat a co-operative as a corporation for tax purposes ignores the nature and ownership of co-operatives distribution and the claim which the patron owners have to the surplus earnings.

Any treatment of a co-operative as a corporation for tax purposes would create the problem of numerous T-5 returns for small amounts (and the necessity of devising a formula for passing on creditable tax with patronage refunds). Because many of the recipients of co-operative distributions will not be taxable many claims for refunds will result from the election of this method of taxation.

I think that Bill C-259 considers treating co-operatives on the same footing as closely-held corporations. Therefore, I believe that this would not be fair at all for members of co-operatives.

I would also like to draw the attention of the House to an editorial written by Mr. Jean-Paul Légaré in the August 27, 1971 issue of *Ensemble,* and I quote:

Mr. Benson's 1969 white paper on tax reform took no account of the particularities of co-operatives and savings and credit unions.

Bill C-259, introduced for first reading in the House of Commons in June 1971 and advocating a new taxation policy takes no account either of co-operative institutions' particularities.

When we consider the fact that the Canadian co-operative movement clearly established its position through briefs presented the legislator in 1970, we arrive at one of two conclusions: either the federal government deliberately ignores the principles that guide the co-operatives, or it proves clearly its intention of evening out the taxes of companies in Canada.

As the prime concern of the state should be the application of a tax system that is fair to all companies under its jurisdiction, we fail to understand the attitude of the federal government which persists in its inequity towards co-operatives, savings and credit unions. Indeed, as provided for in Bill C-259, tax proposals continue to place co-operatives in an unfair situation compared with companies and other corporations.

Should Bill C-259 be adopted, it would interfere with the normal expansion of co-operatives. Not only would the federal government thus provoke a deplorable state of affairs, but it would deprive itself, in the future, of sources of revenue it seeks through taxation.

[Mr. Beaudoin.]

Co-operatives and credit and savings unions have repeatedly stated that they were not asking for any preferential treatment with regard to taxation . . .

The federal government is apparently giving way to the pressures brought to bear by Canadian corporations, judging by the provisions of Bill C-259 with regard to co-operatives. That is exactly where the government is in error and consequently places the co-operatives themselves in an unfavourable position.

The Canadian co-operative movement is united against Bill C-259, as it was against Mr. Benson's white paper. Its views were set out in two briefs presented to the Minister of Finance in July 1971 and reproduced on pages 14 and 15.

The co-operative movement invokes reasons of justice which must be the first concern of a government that advocates "a just society". We feel sure that the federal government cannot in all decency ignore the appeal of 4 million co-operative members.

. . . whom we represent.

Mr. Speaker, with my colleagues' co-operation, I merely wanted to draw to the attention of the House the views of the Quebec co-operatives, particularly with regard to determining the amount of capital invested in such co-operatives. My colleagues have pointed out, or will shortly do so, numerous other defects of this bill. Such are, Mr. Speaker, the points I wanted to mention.

• (4:00 p.m.)

[*English*]

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, I am sure the House is grateful for the compliments paid by the Leader of the Opposition (Mr. Stanfield) to the Opportunities for Youth plan. That shows belated support for the plan and it is encouraging. I believe it is the hon. gentleman's first public pronouncement in support of this great social measure which was such a success this summer. It really was encouraging to note that, in his speech, the Leader of the Opposition was able to say something constructive and new in his approach to government operations.

Mr. Knowles (Winnipeg North Centre): It is the hon. member's turn now.

Mr. Gibson: Yes, it is. At this stage I wish to refer to something else that the Leader of the Opposition said. He put this proposition to the House: what proposals has the government put forward to deal with the present problems of the Canadian economy? I submit that, among many other proposals, the government intends that 750,000 Canadians shall be removed from the income tax rolls in order that they need not pay income tax. Also, it has proposed very substantial tax amendments in order to alleviate the burden of poor people faced with pressing problems. Replying to the Leader of the Opposition may I say, after analysing his speech, that it is obvious that the tax reform bill was a victory for the government, the people, and the cause of participatory democracy. It is also apparent that the opposition, as usual, had very little to contribute to the debate on tax reform except vague and hackneyed generalities. We have heard the arguments which the Leader of the Opposition presented in his speech this afternoon in previous debates at different times. There was little new in them. I was disappointed that he could not come up with something more specific than the generalities about unemployment and the economy that he raised.

Yesterday the hon. member for Peace River (Mr. Baldwin) in scathing terms, criticized the hon. member for Sault Ste. Marie (Mr. Murphy) because that hon. member had asked him if he was suggesting that the government should take a draft of the legislation to Washington for approval before submitting it to this House. In his answer the hon. member for Peace River suggested that the government should come up with a number of contingency plans. May I comment on that.

I suggest it is ridiculous to expect any government to anticipate all the permutations and combinations of decisions which might be taken in the United States in the next few weeks and bring into this House a contingency plan. What could be more absurd, what could be more ridiculous, particularly at a time when governments are discussing these important matters among themselves at the official level, and just before the international meeting, headed by the Minister of Finance (Mr. Benson) as chairman of the Group of Ten nations, which is to commence today. How unrealistic and impractical can the opposition be?

The tax reform bill which is before the House for second reading is the product of the most democratic tax review ever conducted by any government. The white paper hearings, for the first time, provided the Canadian people with a direct voice in expressing their opinions on government tax policy. The facts are that the government responded to requests for substantial tax changes as a result of reaction to proposals outlined in the white paper. This attitude and this response have been acknowledged by a great many Canadian people as being successful methods of conducting reform in our system of taxation.

Before us now is a vast and complex bill. Admittedly, it is complex, because reforming the tax structure is a tremendously difficult task. Nevertheless, although there are complications in the bill, there is real heart in the approach to tax reform that has been taken by the government and the Minister of Finance, and the bill represents substantial relief to low income Canadians. I do not intend to outline and catalogue all of its legislative provisions. I wish to outline some of the highlights. Personal exemptions will be raised to $1,500 from $1,000 for single persons and to $2,850 from $2,000 for married persons. Exemptions will be $500 for children under 16 and $300 for children over 16. Child care expenses will be deductible, up to $500 per child under 14, for a maximum of $2,000 per family. An employment expense account of up to $150 a year is introduced. All taxpayers with married exemptions and income solely from wages and salaries will pay less tax than at present. All taxpayers aged 65 and over will receive a special exemption of $650. The guaranteed income supplement will be exempt from tax. Capital gains will be taxed on a reasonable basis. Comprehensive provisions have been made for corporations, so that they will be able to expand and develop without being hindered from expansion, as originally outlined in some provisions of the white paper. Incentive and encouragement to develop are the key notes relating to corporation tax provisions in the bill.

The total result of these measures reflects a fairer system for taxing the Canadian people. People on low incomes and retired people are treated with sympathy and justice. The integrity of the bill stands out in a major overhaul under which unjust treatment of poor people is abolished. Over 750,000 people henceforth will no longer pay any income tax.

The attitude of the government, taken together with social security measures adopted for those on low incomes and with heavy family expenses by the Minister of National Health and Welfare (Mr. Munro) reflects a determination to direct Canada away from being a land with a high level of poverty. Opposition members, particularly the hon. member for Edmonton West (Mr. Lambert), have admonished and chastised the government in speeches made during this debate. They have criticized the wording of the bill and criticized continually every step taken by the government to bring about tax reform. Mr. Speaker, I suggest that a note of bitterness and pessimism was expressed by the hon. member for Edmonton West which, if accepted, could lead one to believe that any tax reform is impossible. He has seldom acknowledged the good features in the bill and merely emphasizes gloom and doom to the detriment of speedy action in this House.

• (4:10 p.m.)

For ponderous pontification and pessimistic prolixity the hon. member for Edmonton West takes the prize. Those who adopt his long speeches of technical misery as constructive criticism will find few followers among the electorate of Canada. Mr. Speaker, I urge all hon. members opposite to cut down on the length of their speeches and proceed to end this unnecessary second reading of the bill so that valuable time which could be better employed in committee of the whole will not be wasted.

The difficulties in draftsmanship are human difficulties, but there is not the slightest doubt that we on this side of the House are determined that the Canadian people are granted the fair and just tax reform bill before us.

The Acting Speaker (Mr. Laniel): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Laniel): The question is on the amendment.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I had not expected to take part in the debate at this point primarily because I am not prepared. I wanted to have the opportunity to get some notes by me for reference. However, one does not need an agglomeration of notes in order to stand before the House and give some indication of the feelings of the Canadian people toward this bill. Not too long after the intervention of my hon. friend the Leader of the Opposition (Mr. Stanfield) the public became extremely concerned about what the government was attempting to do. They were concerned because the government appeared to give no recognition whatever to those who, after hard work and personal initiative, felt they were entitled to some reward. The government appeared dedicated to removing the reward factor from those who were deserving of reward. I am thinking of those who had struggled for a long time to acquire a home, a place they could call their own. The government wanted to tax them. Again, I think of those who through initiative and ability had been able to build

up a small business and I reflect upon what the government wanted to do to them. In the end, members opposite had to back away. As my hon. friend the Leader of the Opposition said, the bill now before us is evidence of a retreat on the part of the government. It has admitted defeat. Government must recognize the desire of those who want to work to be rewarded for their work.

If we are to be faced with the continuing pleas of those who believe we should secure the ownership of a greater share of our own economic structure, then I would respectfully submit that incentives must be provided to the end that there might be something left in the taxpayers, pockets, money which can be used, not to buy back Canada, because I believe that to be impossible, but at least to acquire a larger share of Canada. Incentives must be provided to encourage industry to expand production and, in turn, to create a greater measure of employment. In considering this bill, we must ask ourselves whether the Canadian people are being given a greater opportunity to invest in their own economy, to invest in their own future.

The measure before us is so complex that even tax experts find difficulty in understanding it. As my hon. friend from Edmonton West has said, many of its provisions are confusing. As a whole, it is irrelevant to the needs of the economy in terms of growth, in terms of production, in terms of employment and in terms of assistance to secondary industry, and for these reasons it should not now be read a second time.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the tax proposals before us have been described by the Minister of Finance (Mr. Benson) and other ministers as constituting one of the greatest pieces of legislation of the century. Great reforms, we are told, are now being presented to the people of Canada. Five taxpayers out of eight, it is said, will obtain substantial tax reductions.

At a time when we are faced with high taxes, high unemployment and high inflation levels simultaneously, and after nine years of supposed serious thought during which period we have seen the Carter Report and the white paper, one might have expected a substantially different set of proposals to have been presented to us, proposals which in a democratic society would benefit, in the main, the average and the poorer citizens of this country, that is, the vast majority of our people. Instead, looked at from any point of view, whether in terms of taxation or in the terms of effect upon employment or the development of our economy, the average person has nothing to gain from this legislation. The best that can be expected is that the average Canadian or the poor Canadian will find his position no worse.

Provision has been made for some marginal improvements to which I shall refer in due course, affecting the very poor, but in the main we are being offered no reform. This needs to be said, and I hope it will be said over and over again by all those who give serious thought to these proposals. I wish to deal with the question of equity, the effect on unemployment and the question of resource development. I propose to deal with these subjects one by one and explain my reasons for reaching the conclusions I have.

[Mr. Alexander.]

• (4:20 p.m.)

By raising the exemption level to $1,500 from $1,000 for single people and to $2,850 for a married couple, and by removing the 3 per cent surtax, as the Minister of Finance indicated, some one million people have been removed from the tax rolls. But how real are these benefits? How substantial are these gains after nine years of promises of significant tax reform? The tax proposals in the main, in terms of their effect on income, represent for most people a saving of about $100. For a family of four, spread over one year this would amount to about 50 cents a week for each member of the family. Real reform that is!

However, Canadians in income groups that are well above the average, those who are struggling to get by on an annual income, for example, of $30,000 a year or more, are going to make real gains as a result of this raising of the exemption level. For instance, a man who is ekeing out an existence on $100,000 a year will save $5,423 in income tax. A man who earns $400,000—there are not many in this category but there are a few, people who, by the way, finance and participate in the government party—will save as a result of this increase in the exemption level some $27,000 of personal income tax. Compare this saving with the $100 that the average worker will at best save during the course of a year.

The so-called "renegade report" prepared by the group of people who departed from the Senate inquiry into poverty indicates that over the past 20 years there has been no change made in the distribution of income in this country. For example, 20 years ago the top 20 per cent of families in terms of income had 40 per cent of total income in Canada, whereas the bottom 20 per cent had some 7 per cent of total income. This 7 per cent in terms of numbers represents about five million Canadians.

No action has been taken by the government—and I include the present tax proposals—to change one iota, this pattern of income distribution in Canada. Serious tax reform and major improvements for working Canadians would have led to some significant redistribution of income, but these proposals simply do not. For example, using tax credits instead of changing the exemption level would have been one means to make a move in this direction. However, this government, not surprisingly to members of my party, decided against that method.

Let us look at another category of reform, of great innovation, according to members of the Liberal party. They are claiming that the working people in Canada are now going to be able to deduct from their tax working expenses incurred. They will be allowed $150 a year for expenses directly related to their work for which they will get some tax credit. Is not the government magnanimous! It is telling all automobile workers in Oshawa, textile workers in Montreal and loggers in British Columbia: "Look, you fellows, we are really being very generous and are going to allow you what we have been allowing corporate directors, lawyers, doctors and indeed university professors for many years. We are going to allow you to claim some expenses that are related to your work as a tax deduction. However, we are putting a ceiling of $150 on those expenses".

However, this bill places no such limit on the expenses of corporate directors in this country or on those catego-

ries of professionals to whom I have just referred. Such people are going to be able to attend up to two conventions a year, which many of them do, and claim their expenses. They will be able to have a meal and spend a night in Montreal entertaining clients. They will be able to spend, not $150 spread over the course of a year but $150 in one night, at the same time, of course, enjoying themselves immensely. And they will be able to claim every bit of that expense as a tax deductible item. I suggest it is sheer hypocrisy for a government to say to the working people of Canada that they can claim up to $150 a year for expenses while those who want to work for corporations or professionals who regularly attend conventions will be able to claim almost unlimited expenses that they incur. This is the effect of this legislation and I challenge any member opposite to get up and deny it.

Let us look at a third example of the glaring and grotesque inequality that is found in these taxation proposals. One of the fascinating things about the Liberal party of Canada is that they are always talking about equality of opportunity, never about equality of condition. In every little village and town in the countryside you find members of that party saying that what we want in Canada is equality of opportunity. They espouse a great new society that has a wonderful class ladder. As long as all kids start at the bottom in supposedly equal position, it is all right to have this class division. I reject this whole concept of class but I would like to apply to the members of the Liberal party their own wonderful principle of equality of opportunity.

Let me deal with their wonderful estate tax proposal. As of the end of this year, Mr. Speaker, as the *Financial Post* of all papers, points out, it will be Christmas for the relatives of the wealthy of this country, not on December 25, 1971 but on January 1, 1972. Because as of that date all of the millionaires of this country will be able to pass on to others, without paying any federal tax whatsoever, their property and wealth. Think what it means in a democratic society. Think what it means in the city of Toronto where there are thousands of poor kids who will never inherit one cent. They are going to be born into poverty, as are some 20 per cent of the population in Canada today. Yet this great Liberal party, under its leader, Mr. Trudeau the reformer, is going to abolish estate taxes. There is real equality of opportunity! Many people in Westmount, Montreal, in Rosedale, Toronto and their equivalents in other big cities of this country, in the wealthy areas of the land, are going to be very happy indeed with this budget, because they are going to be able to pass on to their poor sons and daughters millions of dollars—and that figure is no exaggeration.

• (4:30 p.m.)

I would recommend that members of the Liberal party get John Porter's book "The Vertical Mosaic", because I suspect some of them are interested in reading, on occasion. In that book you will discover that the wealth and power of 85 of the 100 most wealthy and powerful families currently existing in this country are the result of long established family patterns. The party which governs this country is the one which talks about equality of opportunity. This is the same party that is abolishing estate taxes. So much for justice in that area.

An hon. Member: Tell us about yourself.

Mr. Broadbent: Now that is a relevant question, a real gem, a profound bit of insight on the part of one of the government members. It is not bad enough that we do not have better tax proposals which remove tax burdens entirely from the poor—they are still going to be paying taxes—but if you apply the Economic Council of Canada concept of poverty in Canada, even with these proposed tax changes, the poor, whether they are single or married, are going to continue living in poverty and paying taxes while the rich can pass on their estates without paying a cent of tax on them.

In addition to improving the tax position of the poor, maintaining or increasing estate taxes, which the government has not done, other steps are necessary. We cannot just redistribute the tax burden and expect there is going to be a real and final redistribution of income. If we simply redistribute taxes so the poor and average have a bit more and do nothing about corporate power or price-making decisions by companies in this country, what is gained one day through serious tax reform can be lost in a matter of days and weeks as a result of automatic increases in prices. If we are really concerned, as opposed to Liberal party propaganda, what we need is an innovation in the power structure which would take some of the price decision-making authority away from some of the major corporations, and specifically in certain key areas.

What is needed to complement serious reform is a prices review board, or whatever you want to call it. We need some public agency with the determining authority in respect of price making policies of companies in essential areas like medicine, dentistry and the legal profession. We need such an agency to regulate the price of milk, bread, transportation and gasoline. Such an agency could fix prices in other areas of effective monopoly positions in the economic market place. I have in mind the automotive, steel and mining industries.

In all these areas in Canada what we need is a prices review board which would have, not a continuing and nagging bureaucratic function but a negative legal power enabling it to say to all those companies in essential or monopolistic areas, you cannot automatically pass on an increase in corporation tax to the average citizen. If they have a price increase that can be justified by a real increase in the cost of production, of course, this will have to be considered. The point is they should not have the right any longer to pass on automatically an increase to the average and poor people of our country. It is time we subjected those with corporate powers to the democratic test of responsibility. The only way this can be done is by setting up some kind of effective prices review board. To summarize, it is senseless to increase corporate taxes and decrease the tax on the average and poor people, and then allow such gains to the public to be wiped out by increased prices and profits.

Let me now deal with the question of tax reform and unemployment. It used to be part of the Liberal convention wisdom that 3 per cent was the highest level of unemployment a civilized, industrial society could permit. We now have a level of 6.5 per cent unemployment. There are some 650,000 Canadians out of work, not for a month, two months or three months but for one, two or three

years. That is the situation and it would not be tolerated in any other advanced industrial, liberal, democratic society. Only in Canada under that great reformer, Mr. Trudeau, do we permit, year in and year out, thousands of Canadians to go without jobs.

What does the budget offer in this situation? Does it really offer the stimulant of a significant across-the-board tax reduction? It does not do that. Does it offer major incentives to increase productivity by other means? It does not do that. It does nothing to change the unemployment situation whatsoever. I am informed that the statistics we will get tomorrow will show that things are getting worse. The unemployment statistics for the month of August, normally a good month, will show unemployment increases. The proposals we get from this government do nothing to change that situation.

In the views of the members of this party we should have major tax reductions, especially of sales tax on manufactured goods. This is certainly one good short-term means of stimulating the economy and providing jobs. We should have removed the special tax privileges enjoyed by the extractive industries which currently employ relatively few people and make huge profits. Let me say something more about that, Mr. Speaker.

It is estimated that about $300 million in mining and oil alone is being lost in tax revenue because of special tax concessions to the extractive industries. Manufacturing in this country, which is taxed more highly, employs 1.7 million Canadians while the coddled and coaxed extractive industries, oil, gas and mining, employ only 100,000 Canadians. Let me give you some figures for 1968, the most recent period for which figures are available.

In 1968, the profits of the metal mining industry were $497.3 million. The taxable income was only $93.2 million. The percentage of profit being taxed was only 9.3 per cent and the rest went tax free. The profits in the oil and gas industries for 1968 were $339.8 million and the amount taxed was only $25.2 million. This represents a tax on only 12 per cent of the profits.

Let us compare this with the manufacturing industry. I will give you three examples. Manufacturing industry is labour intensive and a sector of the economy that provides many jobs. In 1968, the profits of the printing and publishing industries were $128.1 million and they were taxed on 41 per cent of that profit. The profits of the electrical products industry were $121 million and that industry was taxed on 37 per cent. Textile mills employ a great number of people and they were taxed on some 40 per cent of their profits.

• (4:40 p.m.)

The point has been made by members of our party, and more recently by the hon. member for Duvernay (Mr. Kierans), that what we need is a reversal of investment policies and taxation incentives, away from the extractive industries, which are high profit and low in terms of numbers employed, with a move toward the labour-intensive industries. The present tax proposals do not do that in the slightest. The special concessions to the oil industry and the mining industry are to be continued for another three years. It has been said that this gives them time to adjust. They have had a whole history of exhorbitant profits at the expense of the people of Canada and yet they need three years to adjust. However, as the hon. member for Duvernay pointed out, when the special concessions which currently exist in respect of the mining industry are to be phased out a whole new system of accelerated tax write-offs for capital equipment will come into effect, which in turn will leave the industry virtually unchanged in terms of taxation. It is a sham of reform and is a backtracking, not only from the Carter Royal Commission report but even from the government's white paper proposals in this area.

In the past few years, the Carter Report has shown what can be done. It has shown we could substantially reduce taxes for the average person and simultaneously increase public revenue if we fill in the loopholes in the corporate structure and increase the tax on the wealthy, including a capital gains tax. It has been shown that this could be done. Members of the New Democratic Party have argued this in recent years. It was argued during the 1968 election and, I am sure, will be argued again in the forthcoming federal election. Very recently that would-be reformer who is now leaving the federal government, the hon. member for Duvernay, pointed out in some detail what could be done. Indeed, the Minister of Finance of the government of Manitoba, in essence, implemented within his province the kind of proposals I am talking about now. As a result, if I am not mistaken and if I am I hope someone will correct me, that province has now the lowest growth rate in terms of unemployment in this country. He recommended that the federal government follow similar procedures in terms of tax proposals but was turned down.

I should like to make the very sad observation that those who are right at the bottom of our economic system, that 20 per cent of Canadians who have only 7 per cent of the income, that whole group of people who on many occasions go to bed hungry at night, who live in homes which need plumbing facilities and indoor heating or who need new homes, will not benefit by these proposals.

I shall conclude by expressing, not in partisan joy at all, the regret of one citizen in any event who had some hope that in this area the party which has governed this country for so long, the party across the aisle, would do something that would have meant something to the average and poor guy. The government has not done so. This is something for which all of us in this House should feel some very genuine regret.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): Order, please. It is my duty at this time, pursuant to Standing Order 40, to inform the House that the question to be raised tonight at the time of adjournment is as follows: The hon. member for Notre-Dame-de-Grâce (Mr. Allmand)—Air Transport—Airline Pilots request for early action on hijacking.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p.7763).

Mr. David MacDonald (Egmont): Mr. Speaker, as members of the House will recall, we are not at the present time in this House debating the income tax proposals which are presently before us but rather are dealing directly with the amendment proposed by the hon. member for Edmonton West (Mr. Lambert) in this House yesterday. I should like to repeat the amendment to remind hon. members that it is, in fact, this amendment with which we are dealing:

That all the words after "that" be struck out and the following substituted:

This House deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

It is very important that members of this House recall that it is this matter which is presently before us because it points up the basic weakness in this massive piece of legislation which has been presented to the House. As has been indicated here this afternoon and prior to today, there is a very real need for realism about the problems with which the country is faced at the present time. One would wonder whether someone on the government side, particularly among those who assume functions of responsibility, has somehow entered into a kind of Alice in Wonderland situation in which it is believed that things can be dealt with in terms which seem most attractive to the government, whether or not they bear any relationship to the facts.

The fact that we are going through a very serious economic situation, some part of which has been manufactured deliberately by the domestic policies of the government, and the fact that the government is seemingly ignorant of these present and future difficulties or treats them as peripheral items of concern, seems to me to be a clearcut indication of the lack of realism, or might I say the lack of sensitivity, of the government for the basic economic problems that face Canadians today. The fact that we have had for some months between half a million and three-quarters of a million unemployed, and the fact that there is no obvious indication we can expect any substantial reduction in that number, seems not to have caused this government to think that the measure it was intending to introduce in respect of taxation reform this fall might in fact have to deal with this very serious situation. This government seems more than willing to spend some weeks and perhaps some months in debate on the various intricacies of tax reform without, in the first instance, assuring the Canadian people that it is taking every possible step to alleviate the serious problems of unemployment in this country which exist today and which will very obviously increase in the days and months which lie ahead.

There has been no clear-cut indication either from the comments of the Prime Minister (Mr. Trudeau), the Minister of Finance (Mr. Benson), the Minister of Industry, Trade and Commerce (Mr. Pepin), the Minister of Regional Economic Expansion (Mr. Marchand) or any other minister with regard to the economic side of their portfolios that they are prepared to accept responsibility in this very vital area of unemployment. Apart from the kind of glowing remarks that the Minister of Finance (Mr. Benson) is capable of uttering but incapable of fulfilling in terms of action they are quite willing, it would seem, to accept this as a standard situation, hoping perhaps in an Alice in Wonderland kind of way, that somehow it will go away. We have heard of other regimes at other times that have acted as if the problems that were most imminently under their responsibility would somehow cease to exist, as if there were no cause for alarm. Whether it was Nero fiddling in his time or the Czar and his family cavorting in their time, the ignorance of such problems of such massive proportions was simply a reflection of the distance they had placed between themselves and the people, and the degree to which they had insulated themselves from the real problems with which people were faced.

• (4:50 p.m.)

We need action today, not some months hence when we are in the midst of an even more serious economic situation in this country. The bland assurances of either the Prime Minister or the Minister of Finance will do little to answer the basic economic needs of thousands and hundreds of thousands of Canadians when they find themselves in the bread line and out of work. If this government is not prepared to discuss realistically the detailed plans it has now to meet these economic needs, then one can hardly criticize the members of this House who themselves, individually, refuse to discuss these things until the government has met these basic concerns. This government, on top of the fact that it seems to be unaware or incapable of facing the basic unemployment problems in this country, seems also to have opted for a series of economic policies and platitudes which do little to recognize the tremendous change that has occurred even in this last decade with regard to the economic situation, with regard to the monetary and fiscal problems of a highly developed nation such as Canada, with regard to the taxation requirements of other authorities, whether they be provinces or municipalities.

It would seem altogether too clear that the insulation that exists in terms of present problems also works against most of the economic realities that exist in a rapidly changing social and economic situation in this country. It would seem to me that this government continues to demonstrate its inability to face up to the real problems as they have presented themselves day after day to members of this House and to the people of this country. But in proposing this amendment to the House yesterday, we are simply assuring the many Canadians who have already had the opportunity to study the minister's taxation proposals that the government may take serious-

ly the degree to which it has now entered into a program of mystification. We seem to find ourselves faced with a government which is running into serious objections to its basic economic policies. Its response is not to try to understand and relate to the real situation but to confuse and to mystify. What the government has done with respect to the taxation proposals is to produce an exaltation of ad hocery while giving unwarranted prominence to what surely must be described as the supertechnocrat. I am referring to those individuals who perhaps have dedicated the better part of their lives to drafting taxation laws in such a form that not only the average layman will be unable to understand them but that most of the people who are charged with administering them or dealing with them on a day to day basis will have great difficulty in understanding them as well.

It has been mentioned before that when the members of the Bar Association met they expressed their own frustration and concern about the imcomprehensibility of these taxation proposals. It should be said as well that the confusion and the disquiet that exists among many of the lawyers of this country, who of course will have much to do with the interpretation of any kind of taxation proposals, have extended well beyond the legal profession to include organized business as well. Anyone who has taken the time to study the recent submissions of the Canadian Chamber of Commerce—a pretty respectable and conservative institution in this country, I might say, and one whose members normally do not have too much difficulty in understanding the taxation proposals of the federal and provincial governments—would find that it, too, says time and time again, "We would like to have been able to understand more clearly what the taxation proposals meant but we were simply not able to get to the bottom of a number of fairly basic questions". This organization suggested, too, in its submission to this government that if the confusion is to remain it will become almost impossible not only for individual citizens, not only for lawyers, but for the business interests in this country to be absolutely sure they understand these new taxation proposals. Indeed, the Chamber of Commerce went so far as to suggest that there may well be need for some period of time—they did not indicate how long—during which some kind of special forgiveness would be granted to those individuals or corporations who incorrectly filled out their income tax forms. There should be some kind of relaxation of the normal legal controls that exist because it will be quite natural, under the present proposals, to make mistakes and not be aware of them.

It is a well known fact that a taxation program in any country is extremely important to the level of activity, not only economic but in a variety of related fields such as social and cultural, and if it is true that of the vast majority of the people who specialize in the taxation law many find it difficult to understand what in fact the government is proposing, has it not crossed the minds of some people that there may be a reason for introducing this kind of obfuscation? Why is it that the government which was seemingly pretty clear in its proposals in the white paper based on the Carter report, which was clearly understood by most of those involved in the taxation fields, suddenly introduced this new element of confusion and incomprehensibility? Is it possible that the government has some hidden agenda, some reason that it has not indicated to the Canadian people for keeping them somewhat in the dark about what the eventual effect will be of these new taxation proposals? Why are these supertechnocrats so happy that most people, apart from themselves, seem unable to understand all of the implications and effects of these taxation proposals?

[Mr. MacDonald (Egmont).]

• (5:00 p.m.)

Could it be, Mr. Speaker, that some changes are being smuggled in under the guise of reform or progressive taxation that are exactly the reverse? Could it be that steps are being taken in this legislation to achieve some of the most repugnant aspects of the original draft of the white paper? It is a question that many members of this House, and hopefully many specialists in tax law, will ask themselves repeatedly in an attempt to understand what exactly the government is up to in the proposals it has placed in this bill.

And I do not think it should be enough, Mr. Speaker, to say that simply because we are dealing with a massive overhaul of the federal tax system it will not be possible for most people to understand the details of that kind of endeavour. That is purely and simply a snow job, one which members of this House and members of the public generally should refuse to accept. For this reason, I hope we will have the opportunity to consider all of the implications of the taxation proposals that the government has placed before us.

I am reminded of the words of the Minister of National Revenue (Mr. Gray) when he spoke in this debate yesterday, as reported at page 7756 of *Hansard* and I quote:

> A good tax system must be capable of efficient, economical and objective administration. And, as I mentioned earlier, in a country such as Canada the federal tax system must be capable of being harmonized with provincial tax systems to avoid a tax jungle.

The first place to stop a tax jungle is in your own backyard, and there is just too much of a tax jungle at present in the proposals that have been placed before us. But, Mr. Speaker, as I said in opening, we are dealing at the present time with an amendment, one which in the first instance focuses on one of the key problems facing the people of this country since the people of this country essentially are not concerned with all of the intricacies of tax reform.

While all of these reforms will have direct and indirect effects on the people, and hopefully benefits, there is really only one question that is of major concern to the people of Canada, and that is the degree to which this economy fails to offer employment opportunities to a significant number of Canadians. To me, it does not seem possible that we can engage in economic actions related to tax reform or anything else unless they are dealing directly with the basic economic problem of our day, and that is the problem of unemployment.

Again to refer to the remarks of the Minister of National Revenue yesterday, he said at one point, as recorded at page 7757 of *Hansard:*

> Passage of this bill by Parliament will mean that 1 million taxpayers who would have paid taxes next year will be removed from the tax rolls.

That sounds great. I am sure that everyone could cheer when realizing that those who, unfairly and unjustly, had

to pay income tax in recent years would now be relieved of that unjust burden. But if all we are doing is taking one million off the tax rolls while also ignoring one million people in this country who are unemployed, then that certainly is not an aid or assistance to this country. It leaves one million people suffering the indignity, the injustice and the misery that is inherent in not being able to support oneself and one's dependents.

Members of this party, and other hon. members have indicated that they would act immediately to process those elements that are in this bill which would relieve the onerous and unfair tax burdens on the people to whom the Minister of National Revenue referred. But we must take action now as well to deal with the problem of unemployment that exists in this country today, and the problems of unemployment that are bound to increase in the months that lie ahead.

It has already been clearly indicated that in presenting these proposals the government has not attempted in any co-ordinated way to deal with the continuing problems of unemployment and poverty that exist in this country. I am very tempted, as one who represents an area where there is an almost continuing problem of high under-employment and unemployment, to talk specifically about the special need for a co-ordinated approach to long-term and hard core poverty in this country. But there has obviously been no recognition by the government that policies must be co-ordinated, beyond speaking about them on occasion.

What has happened to all of the great hue and cry that existed when the Department of Regional Economic Expansion was originally established which suggested that this department finally, after so many years, was going to co-ordinate the economic approaches to the disadvantaged regions not only of the various programs of that department but of many other departments—Trade and Commerce, Agriculture, Finance, National Revenue? In almost every department of government that you can name, there are decisions being taken day by day which, in more than a few instances, simply counteract the attempts that are being made by other programs to overcome the long-term situation with respect to poverty and under-employment.

One would have expected, Mr. Speaker, that in committing itself to any kind of major tax reform the government would have been prepared to say that these reforms were directly related to an over-all attack on the problem of poverty in this country, the problems of the 20 per cent who exist in that grey no man's land of subsistence living, and that they could point to programs in Health and Welfare, in Agriculture and in so many other departments to which these tax proposals were directly related in a co-ordinated fashion.

Yet today when the Leader of the Opposition asked the Prime Minister about the discrepancy between the FISC program introduced yesterday by the Minister of National Health and Welfare (Mr. Munro) and the program of exemptions in this taxation proposal, what did the Prime Minister say? He said that there will be no attempt to co-ordinate the approaches of both these programs, something which it seems so obvious is necessary when dealing with the same two constituent elements. How then can one expect to believe that the government has faced the situation realistically and is prepared to meet the real economic needs of Canadians?

Time and again it has been said, usually by people on the government side, that no specific proposals have been advanced by the opposition. They have said, "It is one thing to criticize; anybody can do that". I do not really agree with that. I think it takes some level of understanding to be critical, or at least to understand what the real problems are. But they say, "You are critical. So what? What would you do?" That is often the screen used to allow people to ignore all of the suggestions that have yet been made, some of which seem so obvious and so appropriate that one wonders whether hearing has not stopped altogether. It has been said so often that to repeat it almost seems to be repeating an obvious truism, that if there is to be a turnaround in the present unemployment situation direct action must be taken in the area of tax cuts. I am not talking about the kind of piddling 3 per cent action taken by this government in July, which was really only withdrawing something that it had almost illegally and certainly unethically foisted upon the Canadian people much longer than it had a right to do. Unless significant tax cuts are made there can be no significant stimulation of production and of our economy.

• (5:10 p.m.)

I am surprised, Mr. Speaker, that what seemed so obvious to most governments throughout the history of this country should seem almost beyond realization by the government that faces us this afternoon. If one wants to be even more specific, when faced with the prospects of increased autumn and winter unemployment, surely the most obvious area for government action is the cancellation of an item that has been argued by just about every responsible economist in this country for the past couple of years, that is, the 11 per cent tax on building materials. For the life of me, I cannot understand why anyone with any sense of the needs of this country should still have to argue for something that seems so eminently sensible. The favourable repercussions that would occur in the building trades, particularly the homebuilding industry which is so vitally important, seem obvious, yet this government persistently refuses to remove this barrier to increased activity in this field. Why is that so?

An hon. Member: Stubborn.

Mr. MacDonald (Egmont): Is it stubbornness? Is it pride? I recall the Prime Minister saying on more than one occasion that he likes to surprise people and that he does not like to go for the obvious. He is certainly being consistent in not going for the obvious when he rejects removal of that 11 per cent tax.

In the field of manpower retraining, which is very important in terms of the number of dislocations which have occurred in this country recently, there are obvious needs for revision of the act. With other hon. members, month after month I have requested the government to recognize the need for amendments to the Manpower Retraining Act so that many thousands of Canadians now denied further or new training could make use of this opportunity during the difficult months of winter unemployment. But again, Mr. Speaker, such an obvious step is rejected by this government.

When we think of the difficulties that the continuing high interest rates cause small and large borrowers, small borrowers in terms of those who would willingly enter the mortgage field for homebuilding and large borrowers in terms of industrial expansion and specialization, we wonder why an attempt is not made within the many programs initiated or influenced by government financial activity to exert some control. The ironic paradox is that in most of the government lending programs over the last three or four years, interest rates have skyrocketed. If the government has given any leadership in the field of interest rates, it has been that everybody should increase them. What kind of economic nonsense is that in a time of high unemployment?

Repeated suggestions have been made in this House that programs such as the winter works program of earlier years or the recently completed youth programs operated this summer should serve as examples for additional economic stimulation during peak unemployment periods in the winter. One suspects that the government's reluctance to revive the winter works program mostly relates to a sense of pride. It was not their idea and the Prime Minister does not like to think that somebody else might have had an idea first or that he would be building upon the earlier experience of others. That kind of pride, Mr. Speaker, has meant a loss of respect and opportunity for too many Canadians for them to feel that it is in their best interests.

What is the government doing about the immediate problems that will be faced by many Canadians who will find themselves persistently and consistently on the welfare rolls? Last year and again this spring when provincial budgets were swollen because of increased charges for their welfare programs, there was no recognition of the special problems that might exist in the larger urban centres, places like Vancouver and Toronto, or for the poorer provinces that find difficulty in raising their 50 per cent share of the shared assistance programs. There was no recognition of municipal needs in this country and one suspects there is no sensitivity to a repeat performance this year. Surely, the government has a responsibility before the programs are fully implemented to respond sensibly to the immediate welfare needs that exist. As in so many other things in the economic field, one suspects that again they have simply buried their collective heads in the sand, hoping that somehow or other this problem will go away or that it can be ignored altogether.

When one examines the tax bill before us, one realizes its fundamental weakness, that there is little here to stimulate economic growth. We may have a revised taxation plan but without that economic stimulation we will not have met the basic economic needs of the people. It is no good to reapportion taxation responsibility unless the people can be assured of some benefit from it. What is being attempted in this amendment is a vivid reminder to this government that it must act now to alleviate the kind of continuing stagnation, under-employment and unemployment, that exists in this country, not only because the situation is bad now but because without some kind of responsible action it is bound to get worse.

[Mr. MacDonald (Egmont).]

• (5:20 p.m.)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I am pleased to comment on Bill C-259 entitled "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act".

Mr. Speaker, it is specified that it is an act to make "certain alterations". It is rather surprising to find in the title of this bill of more than 700 pages the mention "certain alterations".

Speaking for his party, the hon. member for Edmonton West (Mr. Lambert) moved the following amendment:

> This House deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform, declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

Mr. Speaker, if we could still hope to amend this bill presented by the Minister of Finance (Mr. Benson), I think all members would attempt to make scathing speeches in order to bring the government to its senses. I am sure, as are other members of the Créditiste party, that the speech which I am going to make this afternoon is not going to make the slightest difference to the contents of this bill. And I think this is also the opinion of practically all members who have spoken before me, as it will be of all who will speak to this bill after me, because this government has shown, ever since it came to power, that whenever legislation is submitted to the House, all is said, all is done, and the legislation has to be carried. Whether debates last a day, a week, a month or a year, the government, on the strength of its majority, has become so dictatorial that even criticism is no longer accepted. Finally, they sit back, as we see government members doing today, quite comfortably awaiting the end of the speeches in order to get on with the voting. That is the absurd side of the situation when a government has absolute majority. Again, I have always said that an absolute majority government works against the interests of the people, being in power merely to assist big finance. We have overwhelming proof of that today, to the extent that I feel hon. members take increasingly less interest in legislation brought before the House, not even venturing to debate, since they feel their speeches are lost in a vacuum. You might as well be speaking to rocks.

Mr. Speaker, I believe that the opinion of the people today is somewhat along those lines. They are being told: What is the use of speaking up and of fighting for you today, because with this government, the more they dig, the more they favour capitalism and discriminate against the worker and the consumer.

Mr. Speaker, this bill has been under discussion for a long time. I am a member of the Committee on Finance, Trade and Economic Affairs. Numerous briefs, submitted by all sorts of organizations have been discussed in the House. It seems to me that this should have prompted the government to amend this bill substantially.

Again today, on reading *Le Devoir*, one can see the dissatisfaction evident at the CICA convention about the new tax system, and I quote:

Dissatisfaction was expressed over the weekend with regard to the new federal tax system at the convention of the Canadian Institute of Chartered Accountants.

Most Canadians, it was stated, will benefit, but the small businessmen, the professionals, the self-employed and the investors will have a hard time figuring out their taxes.

The firms that will benefit from tax reductions will find any advantage greatly reduced due to the complexity involved in their bookkeeping and the interpretation of the law.

When an accountant has to read the whole bill and study it in depth, he will end up feeling a little like us:

I quote further:

Mr. I. H. Asper, editor of the tax column, stated that the public does not realize the complexities of the new bill: the tax expert will become more important, especially to the small enterprises with private capital.

He gave several examples to show that small enterprises will have to take a close look at their tax situation in order to protect their working capital.

Thus, said he, things will become very complicated at the time of the decease of the owner of an enterprise or farm; under the new system, the father's estate will be deemed to have sold its interests and will have to pay taxes on all capital gains realized at the time of the decease.

That is exactly what the government is doing today: after taking from the living, it will catch after death those who succeeded in escaping its tentacles. The provisions on succession duties will be the ones to give the fatal blow to private enterprise or family farms. The article goes on to say:

Since no real sale will have taken place, the family will have to find the money for taxes.

The first thing to do will be to pay taxes even before the burial.

The situation will only be worse if the provincial government imposes estate taxes in addition to capital gains tax at the time of death.

That is the scheme of the two governments.

Mr. R. A. Lachance from Montreal said that the federal tax proposals threaten to slow down real estate investments and reduce the amounts of Canadian capital normally invested in Canadian enterprises.

He recalled that the government does not want any more tax exemptions based on property depreciation, and he added:

"It seems that clever taxpayers will still be able to hide some of their income, so there will not be any of the much needed money for real estate.

The new taxation for non residents in Canada who have large interests in Canadian companies may force those companies to seek the required capital in Canada and not abroad".

• (5:30 p.m.)

This statement, as well as the dissatisfaction shown by the CICA, according to the item that I have just quoted from *Le Devoir*, should remind the government of the dissatisfaction of the people with Bill C-259 designed to amend the Income Tax Act.

Moreover, I myself have received, after certain studies, and after the representatives of our local organizations and groups appeared before the committee, the following telegram from La chaîne coopérative du Saguenay, that is from Saint-Bruno:

La chaîne coopérative du Saguenay is greatly disappointed with the Finance Minister's decision to maintain concept of capital employed as basic principle for taxation of co-operatives. This concept goes against very principle of co-operatives and becomes even more inequitable by new provisions of clause 135 in Bill C-259 which changes calculation method of capital employed. We feel there is no other example in the world of the application of concept of capital employed in any tax system. Adoption of this concept will result in weakening our co-operative financial structure and reduce possibility to give fair returns to our members. We do not expect any special treatment but ask that taxation system respect structure and management of co-operatives. Saguenay co-operative chain affiliated to Quebec Coopérative fédérée represented within delegation meeting with Finance Minister August 11, 1971 to suggest alternative taxation system for co-operatives which would not endanger very life of such institutions. Request your support with Finance Minister to obtain amendments to bill according to recommendations made by co-operatives.

Léopold Harvey, President La chaîne cooperative du Saguenay Saint-Bruno, Lac-Saint-Jean.

And here is another one I received from the Roberval Co-Operative Stores:

Roberval Magasin Coop strongly against amendment to Income Tax Act Section 135 as suggested Bill C-259. Roberval Magasin Coop unable to raise necessary funds for reimbursing capital and paying patronage dividends under new provisions Section 135. Evident that if our co-operative must spend more capital than it receives, it will have to cease operating within a few years. The Roberval Co-operative Store supports the demands of Le Conseil canadien de la coopération . . .

This shows, Mr. Speaker, that the famous clause 135 of the bill goes entirely against the principle of credit unions which are, in short, owners. They are not ordinary corporations which sell shares, but merely owners. I have in hand a copy of a letter sent to the right hon. Prime Minister (Mr. Trudeau). As far as I know, the Prime Minister did not table that letter in committee. Anyhow, it reads as follows:

Mr. Prime Minister,

As a result of the Benson white paper on tax reform proposals, the representatives of the Caisses populaires Desjardins and the Co-operative Movement of Canada have met with the members of a joint committee of the Senate and House of Commons, in order to discuss with them the integration of credit unions in a new tax system proposed by the Benson report.

We would like to give you some particulars which will enable you to understand better the co-operative fact and the reasons for our recommendation to the said committee.

We are not seeking any special tax privilege. We are convinced that the co-operative nature of the *Caisses populaires Desjardins* must be recognized as such so that it might get a better treatment and be covered more easily in Minister Benson's white paper.

The following pages will show that, on the one hand, our position is motivated by the active co-operation we intend to maintain in order to continue participating in the economic development of our country and that, on the other hand, government revenues will not be reduced as a result of the integration formula which we propose. In addition, our position will lower the cost of collecting taxes from credit and savings unions.

The proposals of the *Caisses populaires Desjardins* and those of the white paper were annexed to this letter. I quote:

Until now the Caisses populaires Desjardins have not had to pay tax on their annual operating surplus which is charged to their reserve funds and which cannot be divided among members and does not create any capital gains on members' shares.

Members form a group to obtain services at cost, for surpluses over costs are redistributed as patronage dividends or interest adjustments to members.

In practice, members pay into their reserves a part of their surplus earnings to ensure their financial stability.

SPECIAL TREATMENT OF COOPERATIVES PROVIDED BY WHITE PAPER.

The White Paper proposes to treat Caisses populaires and Credit Unions as other cooperatives are treated for taxation purposes (4.73).

1. The White Paper proposals do not take into consideration the fact that Caisses populaires must build up important general reserves in order to ensure their financial stability.

2. The notion of the capital employed developed in the White Paper is not explicit for the cooperatives; it is far less explicit for the Caisses populaires. Furthermore, it is very hard to establish a direct relationship between operating surplus and capital employed, as well as between the profits and the capital stock of a company.

BASIC PRINCIPLE OF WHITE PAPER

Therefore the Caisses populaires dispose of their operating surplus in two ways:

(a) through refunds to their members;

(b) through transfers to their reserve funds.

The amount repaid to the member becomes taxable in his hands . . . consistent with the principle of taxing the income in the hands of the person to whom it belongs.

In a Caisse populaire, the amount transferred to the reserve funds can never be distributed to members.

TAXATION TREATMENT

The White Paper seeks to integrate concerns in either one of the following categories:

(A) PARTNERSHIP

In order to qualify in this first category, the Caisses populaires Desjardins should have the signature of all their shareholders who would ask for such treatment (4.22).

Due to the great number of their members it would doubtless be difficult for the Caisses populaires to obtain the signature of them all (2,500,000).

(B) WIDELY-HELD CORPORATIONS

The Caisses populaires Desjardins cannot be considered as widely held corporations.

1. Shares not transferable.

2. Limited territorial jurisdiction.

3. Spontaneous non-profit participation of the community in the administration of cooperatives.

• (5:40 p.m.)

The Caisses populaires cannot be assimilated to this category.

C) Closely-held corporations

The Caisses populaires Desjardins must be considered as closely-held corporations.

The taxation treatment for closely-held corporations proposes that "they would have to pay a tax of 50 per cent on the taxable income of the corporation. However when the net profits are distributed to the shareholders, credit would be given for the full amount of the tax paid by the corporation on those profits" (4.24). Section 4.27 stipulates that dividends may pe paid in shares.

We understand that by this taxation treatment the White Paper's aim is twofold:

1. To Safeguard the basic principle that income of enterprises should be taxed once only and at the rate of the individual to whom this income belongs.

Indeed, the 50 percent payment is only an advance payment. It will be reduced through the tax credit obtained by the partners up to the level of taxation of each shareholder . . .

2. To safeguard corporate liquidities.

In effect, for the shareholders to profit from the tax credit the corporation has to distribute the profits among its shareholders.

[Mr. Gauthier.]

However, as in par. 8.10 of the white paper, we think that the corporation will distribute its profits in the form of shares so no liquid assets will be necessary.

The corporations are sure of being able to keep 50 per cent of their net income for capital stock is not redeemable by a closely-held corporation.

The Caisses populaires want a treatment similar to that of capital stock companies which are considered as closely-held corporations.

However, because of the co-operative characteristics this taxation treatment does not meet the above-mentioned objectives:

1. To allow our members to profit from the tax credit large production of T-5 forms would be necessary . . . Furthermore, these forms would then be taken up for analysis and tax collection by the federal and provincial income tax services.

Those are, Mr. Speaker, all the complications I was talking about a while ago. The Caisses populaires have more than 2,500,000 members: Can you imagine the situation if we had to send a form to each of our 2,500,000 members!

It goes on to say:

2. The cashflow problem is even more important because the proposed treatment does not ensure maintaining adequate liquidities.

There is a great difference between the capital employed of a capital stock company and that of a co-operative.

The comparison here is between a capital stock company and a co-operative. In the former the capital stock is not redeemable but in the latter the capital stock can be withdrawn on demand. In the capital stock company the surplus can be distributed in the form of dividends whereas in a co-operative the surplus is never distributed to the members.

It goes on to say:

It should be well noted that for a capital stock company a transfer from surplus to capital stock . . . improves the liquidities of a company by freezing that part of the capital employed.

For a co-operative, the same action (for instance, partial transfer of excess payments to social capital) has a reverse effect. This action would make a more important part of the "capital employed" withdrawable on request.

The caisses populaires have made proposals and I quote:

The tax system applicable to co-operatives should follow two rules:

1. Co-operatives should be able to eliminate taxable income by paying interest or patronage dividends to their members from excess payments.

2. The portions of excess payments credited to the reserves of these collective enterprises and held by them would be taxable at the average rate paid by their members.

The purpose of this rule is to enable the government to secure the same tax yield as though the amounts credited to the reserves had been distributed to their members while permitting the collective enterprise to build up general reserves from its excess payments.

Mr. Speaker, in this brief the co-operatives have quite well explained the logical tax procedure and in connection with doubtful debts, transition periods, etc., the spokesmen for co-operatives feel that:

If caisses populaires are taxable it is quite normal that they should be able to build up, from their future taxable earnings, reserves for doubtful debts and liquidities comparable to those allowed to the banks.

They are merely asking the government to grant them the same favour which it is granting to the regular banks in connection with doubtful debts.

As regards transition periods, they say:

If caisses populaires are subject to income tax they will have to revamp their account system so as to take the tax system into consideration.

This would not be a simple operation, as it concerns a movement composed of 1310 autonomous enterprises carrying business with their own accounting for many decades. A transition period to establish procedures permitting especially a reevaluation of the assets will surely have to be provided for.

In conclusion, we find the following:

This taxation treatment offered to collectively-held corporations or co-operatives would not show favouritism. It would be an equitable treatment respecting both the characteristics of co-operative corporations and the basic principle of the Carter Commission and of the White Paper stipulating that income of enterprises should be taxed once only and at the rate of the individual to whom this income belongs.

After all, the real owners of the co-operatives are their members taken together.

Mr. Speaker, this gives an idea of the situation, and my suggestions are aimed at renewing the opposition which showed while this notorious bill was being studied in committee. At the beginning of my remarks, I said that the first intent of this bill was to protect the big capitalists at the expense of workers, families and consumers.

We have always wished that the government would introduce amendments concerning basic fiscal exemptions. For some years, we have been requesting that the basic exemption be proportional to the cost of living and, to that end, we suggested that it be increased to $3,000 for single people, and to $5,000 for married couples. Today, a couple cannot live with less than $5,000: two married people can keep body and soul together with less, but to live as human beings, they need at least $5,000 a year.

• (5:50 p.m.)

If we do not accept this $5,000 basis, we are taxing the necessities of life. I think that Canada is wealthy enough so that we do not have to tax necessities, only the surplus over and above $5,000. This is why we have always advocated basic exemptions of $5,000 for married couples and $3,000 for single persons.

As for children exemptions, we repeat that there should be a $500 exemption for each preschooler and $1,000 for each child attending school. If this were provided in Bill C-259, we would have nothing but praise for this government.

At the present time, it is not to be commended for it is only proposing an increase in the basic tax exemption which is a sham, a mockery, and ignores the suggestions we have repeatedly made in this House.

We also asked the government to exempt transportation for workers, food, moving expenses as well as tools. It is not only an amount of $200 or $300; the cost of workmen's and professionals' tools must be deductible. It is normal that workers should be considered on the same standing as professionals, industrialists or traders.

If we accept as tax abatement the dealers' and professionals' expenditures, the same should be done for workmen who deserve as much as the others.

We also had hoped that under the legislation, municipal and school taxes would have been deductible from personal income. It would have been one way of avoiding double taxation.

All those reforms would have been advisable and if the government had considered further the social aspect of the problem, it could have at last established social justice, as promised, not only for big financiers or capitalists, but for the entire community, the small workmen, the breadwinners and the child who goes to school, where discrimination exists between the children of rich people and those of poor people.

All these are loopholes which instigate reactions, not always good, from youth. Young people are right. Indeed, they think they are getting social laws, but these are antisocial laws, favouring capitalism to the utmost.

Mr. Speaker, I would have much to say, but as the time allotted to me has expired, I hope the government will come back to reason as soon as possible and will at last introduce, not omnibus or autobus bills, but bills of a social character which will benefit the people and protect human beings. Then, capital will no more be protected at the expense of men.

[*English*]

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in rising to speak on the amendment proposed to the tax bill by the hon. member for Edmonton West (Mr. Lambert), one is struck by the fact that whatever the bill brings, good or bad, to the Canadian economy it has been dwarfed by the impact of the American action in imposing surcharges on a large part of its imports, including highly vulnerable and politically sensitive Canadian manufactured products involving secondary industries.

The tax bill represents many years of effort, almost a decade in fact, since the Carter commission was appointed and I cannot help but wonder if the exercise was worth while. In the main, one has to recognize that we are dealing with the realities of a particular situation and that what seemed a logical and equitable tax system a year ago at the moment seems grossly inadequate and not capable of solving the taxation problems of our country.

The action of the United States government has brought home to us the enormous importance that the American economy has on our own. A mere 10 per cent surtax, and in actual practice much less, on one quarter of our exports to the United States has created violent consternation and controversy. Indeed, it indicates that no matter how carefully the tax system is set up, it has to conform with the needs of the time and it has to be adapted to best deal with the situation. What would have been an excellent tax system a year ago now becomes unworkable under the new conditions. I believe that the situation in which the Americans now find themselves is one that makes these proposed tax reforms largely superfluous, and if adopted as they now stands they will not facilitate our adapting to the new conditions in which we find ourselves.

Mr. George W. Ball, a leading American authority on international trade, stated the other day that if there is a serious delay in reorganizing world economy, or if the present disarray is long protracted, mounting protectionist pressures could lead to a destructive trade war, com-

petitive devaluation, or both, with implications of catastrophe that cannot be overstressed. Foreign trade is a relatively small component of the United States gross national product, but Mr. Ball saw no conceivable means by which that country could immunize itself against the world depression that might follow. If this is true of the huge American economy, it is more true and more terrifying in the case of smaller and more vulnerable nations like Canada.

With this in mind, it is to be hoped that the strategy of Mr. Nixon to employ the lever of an import surtax to force nations to realign parity of their currency in relation to the dollar will in fact reflect the real purchasing power of that currency. The result should be to restore the United States balance of payments equilibrium. But this will require the full co-operation of powerful interests outside the United States, and the approval of the American people and Congress which in the end makes tariff policy.

All the measures taken by the American government so far are to be jettisoned once the balance of payment is restored, but they may well develop a life of their own and temporary measures have been known to continue for years. This situation is made even worse by the fact that high-cost American industries will like being shielded from foreign goods by import restrictions and will not want to abandon them, especially at a time of high unemployment, and an election year would make them very susceptible. But Mr. Ball remained optimistic about the self-defeating nature of economic warfare, bearing in mind the destruction in the thirties as a result of the tariff wars of that era.

At six o'clock the House took recess.

* * *

AFTER RECESS

The House resumed at 8 p.m.

Mr. Ritchie: Mr. Speaker, when the bell sounded at six o'clock I was attempting to show that the new tax measures were based on an error and that we are now faced with a new set of circumstances which will make them somewhat unworkable and not nearly as useful as they might have been.

In the annual report of the International Monetary Fund which was published this week the situation has been likened to a world map drawn in 1944. It describes accurately and in detail a monetary system which no longer exists. There is no doubt that after the industrial nations have passed through a period of negotiation and adjustment, new formally structured monetary systems will be adopted, but it will certainly not be the Bretton Woods system with its rigid parities and weak adjustment mechanisms and its heavy dependence on the United States dollar as a reserve medium and reference currency. On March 7, 1969, while speaking in this House on the proposed amendments respecting the International Monetary Fund and exchange fund account I suggested that greater exchange rate flexibility might be attained by use of the so-called crawling peg. I suggested that Canada should be in the forefront of change in the international monetary system. The collapse of the monetary system resulted from the massive $16 billion rise in international reserves in 1970; two-thirds of the 1970 increase in global reserves was concentrated in four countries, West Germany, Canada, Japan and France. This was largely the result of the U.S. balance of payments deficit. One method which might have helped to prevent this would have been the introduction of greater exchange flexibility over a period of time to allow currencies to be in better relationship one to another.

I do not feel that the bill will help those industries which will be affected by the surtax. The bill, as evidenced in the committee, is an open invitation to favouritism and regionalism. Payments are to be made on a plant by plant basis. It seems quite obvious that the plant which gets the ear of the board will end up with the money. This is not a good situation. The bill is designed to concentrate industry in a region which politics decides is most opportune. It would have been much better if the government had attempted to take the thrust of our exports away from the United States and reinforce companies in areas wherein we could make significant inroads. The new currency rates should increase our ability to compete in the western European and Japanese market especially. Rather than this bill, it seems to me an export incentive tax rebate would have been a proper tool to use to stimulate export growth to these countries. The effect of the United States action is to reduce their own expenditures in order to improve the internal economy. One interesting provision is the deferral for one year of welfare reform.

Speaking on the general tax question I should like to point out that Canada faces many problems. The most urgent at the present time are in fields in which this government has been least successful—economic growth, and in some sense Canadian participation in the world at large. As to the latter, its relationship to economic growth is obvious particularly in Canada, the sixth largest trading nation in the world where the equivalent of one-third of everything produced is exported.

In these tax reform changes the government has opted for equity rather than in favour of economic growth. We should remember that in the past 20 years we have seen significant changes in our population growth. We are still experiencing the massive birth-rate of the fifties and the entry into the market of these people. When one considers that in 1957 approximately 500,000 children were born in Canada, compared with some 360 thousand last year, it is appreciated that for some years to come we will be involved in providing jobs for this growth in population.

I believe the tax reforms are being brought in too soon. I think the idea of achieving complete equity before growth could well have been deferred for some years. In order to promote economic growth we need to encourage savings. By definition, savings and investment can be obtained only from what is remaining after spending. A person has to spend less than he earns. Capital investment, the main determinant of growth, can be financed only by saving.

• (8:10 p.m.)

I think one might say that by definition saving is an individual choice. Years ago, when our social services were not so well developed, saving was undertaken by an individual to assure himself of a comfortable old age and of a retirement income, but in many cases the individual is now free of these worries. He is free of the high cost of medical and hospital services which were often extremely worrisome to a person 60 years of age and over. Now this is handled by our social services. Also, in the matter of housing he is able to a large extent to buy a house and finance it on a long-term basis. So that although there may have to be some saving, not nearly as much is needed as when a person had to finance his house for a shorter period of time. In other words, the personal inclination to save has materially diminished and the problem of encouraging individuals to save should be tackled in the immediate future.

In the economic field no one can believe that the Liberal government has really laid the cards on the table. As usual, some people are trying to determine the government's policies by gauging public opinion, and as usual public opinion is blurred and drifting. Not since the belt-tightening program of 1962 has any solution to our economic problems been presented. Likewise, no one believes that some magic piece of legislation or embarking on a spend-your-way-to-prosperity program is the answer now, when in many areas governments in particular are already spending too much. Rather, it is widely accepted that what is required may be aptly described as a tough, positive, farsighted program for giving Canadians renewed opportunities.

In the matter of spending by the three levels of government in the field of health, welfare and education we have only begun to grasp the problem and to attempt to find ways of curtailing these expenditures. We must attempt to set down guidelines by which these various social services can be tailored to the money that can be allotted.

It is generally recognized that there is no alternative for Canada but to seek wider and more diversified access to markets, not only for our primary products but also for those manufactured goods in which Canada has or may be able to get a basic competitive advantage. This will necessitate exposing Canadian markets in return. Trade with the Communist bloc has been sadly neglected; the initiatives demonstrated by the wheat shipments during the days of the Diefenbaker government have generally been allowed to lapse. The Pacific rim area is the place of greatest potential gain, yet it has been all but ignored recently. It is acknowledged that this involves trading in new international markets for greater international trade, which will produce the maximum Canadian productive effort. I think that in this respect our tax system is most important.

The spur to Canadian business can come from access to new markets and the subsequent exposure to aggressive enterprises. On the other hand, Canada has made no counter proposals to Britain's current bid to join the European Common Market although Britain has been Canada's most valuable customer, the nation that has provided Canada with its biggest surplus on its current and trading account.

Obviously, Canada cannot merely decry Britain's efforts to join the Common Market. It must offer something tangible which would help to offset the theoretical lure of the European Economic Community. Free trade with Britain in manufactured goods might be the spur to tip the balance against Britain joining the EEC, particularly if public opinion there remains so divided. It should be remembered that Britain is our best customer, that our trade with her provides us with a huge surplus and that therefore we should make an effort to maintain this market.

Canada needs the opportunity to participate in new trading markets, particularly now when 65 per cent of our exports are going to one country, the United States. Needed, too, is the carrot of being able to keep more of what you make. This is an essential element of producing a positive climate for aggressive effort and risk-taking. This means the elimination of taxation proposals which would make it unprofitable for Canadian companies to expand overseas. Also, it means that there should be a shift in the burden of taxation from taxing earnings toward taxing consumption.

No one really believes that there is much likelihood of an over-all reduction in the Canadian tax burden in the near future, although that must be an ultimate goal. In fact, it is imperative that some of the weight of taxes be removed from the Canadian economy or entrepreneurs will move to more favourable economic climates. A shifting of the burden off the risk-takers and onto the consumers would be an important element in encouraging maximum productive effort.

Thus, we should encourage personal and corporate industry by shifting some of the tax burden from enterprises which are efficient and well managed to enterprises which are not so successful. There must be a slow weaning of Canadian secondary manufacturing industry away from its underlying branch plant psychology. There should be little reliance on artificial supports or other gimmicks of a legislative character, or on speeches before Canadian clubs in American cities, as a means of achieving greater Canadian control of our manufacturing industry and the requisite export effort.

Too much reliance recently has been placed on boosting Canadian participation and on talking for or against foreign investment. It is essential that capital flows on the basis of market decisions arrived at by considering the economic merits. We must rub the salt of reality into the wound of our depressed economy. What is required is the creation of a climate of competition in the international marketplace; then Canadian enterprises will find it to their commercial advantage to service an available market which is much larger than the Canadian market. Obviously, this will not be an easy or quick solution.

Speaking of the attempt to consider non-resident control of our companies through the tax bill, I do not think the answer to non-resident control rests with legal devices which counter the natural economic forces but,

rather, with the encouragement of Canadian enterprise in positive ways and the discouragement of non-enterprise regardless of its parentage. For example, foreign non-enterprise could be discouraged by negotiating a tax treaty with the United States so that operating losses of American subsidiaries would not be used to offset income taxes of the parent company in the United States. In this way, unprofitable operation in Canada would not be encouraged, as is the case today, and true economic decisions would be made.

There is much more I could say, but I shall reserve further remarks until later in the debate when I can apply them to the specific areas on which I should like to speak.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, this is becoming an unusual House of Commons. Last Friday we had to work like the dickens in the House of Commons to get an opportunity to speak in the debate because on one day there was, I believe, a ratio of five Liberal speakers to two opposition speakers on a piece of legislation having to do with the Canadian reaction to the American surcharge. We were amazed, because we had three or four points of view to put across and we had to work like the dickens to get them in and to express the official position from this side of the House.

Today we are dealing with a major piece of legislation, one of the most important that has been placed before the House of Commons in a decade. I have been here only three and one half years, but this must be one of the most challenging pieces of legislation to come before us, one of the most controversial in many ways. It is a piece of legislation that needs all the reactions of members of both sides of the House, the Gillespies and others who have taken part in tax reform chit-chat for years and years, the Kaplans and the others—

• (8:20 p.m.)

The Acting Speaker (Mr. Laniel): Order, please. The Chair feels this might be a good opportunity to remind hon. members of the practice of the House according to which we do not call individual members by name. Over the past few days and weeks the Chair has noticed that hon. members in their speeches have referred to, and found ways to refer to, other hon. members by name and even to refer to ministers by name. Of course they may be excused for using the name of a member of this House by quoting it in a citation, which is acceptable. But this practice has developed more and more, and before it goes too far the Chair thinks it should take this opportunity to read citation 146 of Beauchesne's Fourth Edition which reads as follows:

> It is the custom in both Houses that no member should refer to another by name. In order to guard against all appearance of personality in debate, members should be referred to in the third person as "the honourable member for—says or contends, etc." A minister should be designated by the portfolio he holds in the government as "the honourable minister of". It is usual to refer to the chiefs of the two main parties as, "The Prime Minister" and "The Leader of the Opposition".

This having been said, I wish to state that I am not blaming any hon. member in particular, but I thought that something said in the last remarks of the hon. member for Gander-Twillingate (Mr. Lundrigan) offended against this citation. He is not one who is normally at fault in this matter, but he did give the Chair the opportunity to raise the point and read citation 146, which might be useful to hon. members during the course of debate.

Mr. Lundrigan: Thank you, Mr. Speaker. As a matter of fact, that was the first time I violated citation 146 which Your Honour quoted. Some of my bad manners, or perhaps some of the procedural disrespect manifest in my last remarks was prompted by the daily violation of that rule by the Prime Minister (Mr. Trudeau) during the question period, and I hope the Chair will remind that right hon. gentleman of the citation. The hon. members to whom I was referring were the hon. member for Don Valley (Mr. Kaplan) and the hon. member for Etobicoke (Mr. Gillespie), constituencies not quite as familiar to me as Gander and Twillingate.

The point I was trying to make was that today we have had six or seven members of the official opposition and other members on this side of the House taking part in the debate on this most important piece of legislation, one of the most burdensome and complex pieces of legislation presented to this House within the past decade, and we have not had a member of the party responsible for presenting this garbled mess to the Canadian people presenting any of that party's argument, points of view or positions.

Mr. Mahoney: On a point of order, Mr. Speaker—

Mr. Lundrigan: This is somewhat frustrating. We have had enough interruptions.

The Acting Speaker (Mr. Laniel): Order, please. The Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) rises on a point of order.

Mr. Mahoney: Mr. Speaker, I recognize that the amendment before the House gives this debate the broadest possible scope in respect of economic matters. I am not sure of the relevancy of the hon. member's remarks, but I am sure he would wish to be accurate. The hon. member for Hamilton-Wentworth (Mr. Gibson) did participate in the debate earlier today. It is unfortunate that the hon. member for Gander-Twillingate (Mr. Lundrigan) does not spend all his time here, as he would have us believe.

The Acting Speaker (Mr. Laniel): Order, please. The Chair is of the opinion that the first part of the remarks of the parliamentary secretary was quite right and to the point, namely, that the rule of relevancy should apply to the House. I would point out that in his recent ruling Mr. Speaker put into perspective the importance of the relevancy of debate. I think that point was well taken, although the second portion of the parliamentary secretary's remarks was more or less a point of debate.

Mr. Gibson: Mr. Speaker, on the same point of order—

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Hamilton-Wentworth (Mr. Gibson).

Mr. Gibson: Mr. Speaker, I did speak in the debate this afternoon and my one regret is that the opposition were represented in the chamber by only one member of the Conservative party.

Mr. Bell: Can you blame us?

The Acting Speaker (Mr. Laniel): Order, please. Again, this is a question of debate, a matter which could be debated for a long time if we pursued this type of intervention. Therefore I would ask the hon. member for Gander-Twillingate to continue his remarks.

Mr. Lundrigan: Mr. Speaker, a lot of members were behind the curtain this afternoon during the ten-minute interruption that we had in the House, and I do not want to overlook the fact that we had several interruptions in the debate. Let me go on to deal with some aspects of the legislation.

I think it goes without saying, and without reflecting a lack of knowledge on anybody's part, that it would literally take years for the average Canadian to understand some aspects of the legislation before us. Even some of the greatest tax experts in the Canadian nation admit that its actual effects may not be known for years, perhaps a decade.

I would like to make a few remarks about one aspect of the legislation, namely, its impact on low-income Canadians. As the Leader of the Opposition (Mr. Stanfield) said this afternoon, we have almost been placed in the position of being blackmailed to present a positive outlook on this legislation because some low-income Canadians will receive an easement or some kind of reduction in taxation because built into this massive piece of legislation is one favourable feature which we can all support, even though some of us would go further and suggest that there should be greater increases in the basic exemptions proposed for low-income Canadians.

For the past three years one simple amendment dealing with such exemptions could have been brought forward. I know that I am not communicating effectively with the tax expert from Calgary, the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney), because he does not have ears to hear average Canadians. But let me repeat that at any time during the last three years we could have passed a simple amendment in this House to give relief to low-income Canadians, instead of waiting and having such an amendment incorporated in this massive piece of legislation. By the time this legislation takes effect, bearing in mind that the proposals have been revised following advice from the Official Opposition and other Canadians, I believe some if not all of the potential benefits will have been eaten away by inflation which over three years has reached the cumulative effect of 15 per cent or 16 per cent.

Now I come to deal with the middle-income Canadian. Who is the middle-income Canadian in this country of ours? Some middle-income Canadians are professional people, some are technically skilled people and some run small, unincorporated businesses. Although I have not seen statistics in this respect I suppose there are tens of thousands of middle-income Canadians or small businessmen across Canada who do not find themselves in a position to take advantage of the relief under the incorporated small business legislation. With the advent of the present income tax proposals we have seen middle-income Canadians express the sentiment that they might as well give up. The small businessman believes there is no advantage for him any more to engage more actively in the Canadian economy. A tremendous amount of apathy has crept into the attitude of the middle-income Canadian. Again, the word incentive, which creeps into everybody's language these days, is perhaps the one word that can be used to challenge the legislation before us.

• (8:30 p.m.)

I am not going to offer an opinion on this matter, but I am sure that people wonder whether these tax proposals will do very much to encourage Canadians to invest in their own country. The increase in taxation will make those Canadians who are trying to invest in any aspect of the economy take a second look at their prospects. I am not speaking of people who invest millions of dollars but, rather, the average small investor with $5,000 or $6,000. I cannot predict the impact that this measure will have on investment in our nation when we are crying out to Canadians to invest in their own economy.

Many people believe that the domestic international sales corporation proposed by the American government will become law. This, with the 10 per cent surcharge which has affected the secondary manufacturing industries and other resources, makes the tax package before us redundant. In his speech the other day the hon. member for Duvernay (Mr. Kierans) covered many things that we in this party have already said. In this tax package I do not see anything which is the kind of direction we were looking for as far as resource industries are concerned.

In later remarks the hon. member for Grand Falls-White Bay-Labrador (Mr. Peddle) will confirm that we were shipping millions of tons of iron ore from Labrador to the American market for manufacture. With just a large crane and half a dozen men we can ship millions of dollars worth of non-renewable raw resources, those which cannot be replaced. It can be seen that there is very little incentive for the paper industry or the fishing industry or any non-renewable or renewable resource industries. I do not know if it is because the government did not see fit to address itself to the problem or lacked the ability to do so, but the resource industries of this country are not mentioned to any great extent in this tax legislation.

I am not going to ramble on for 40 minutes speaking in generalities, Mr. Speaker. However, I have a few suggestions, not very sophisticated or complex, which could be considered. One small thing which would not excite many members opposite is the tax now to be imposed on scholarships and bursaries. At the moment, if a young Canadian, especially one involved in graduate work,

receives a scholarship worth $4,000 or $5,000, with the exception of $500 it will be subject to income tax.

This is a country that should believe in the development of human resources and should place almost unlimited funds at the disposal of young Canadians so that they may become actively engaged in our educational processes, yet it is proposed to impose a tax on scholarships and bursaries. Most other countries, especially the developing ones, must regard this as a joke. Yet we are a developing country, a country of vast raw, undeveloped resources. We have a population of 22 million and need to develop our skills to the greatest extent, yet it is proposed to tax scholarships and bursaries and other financial rewards given to outstanding students. This proposal should be reassessed if we are to encourage our young people and realize the value of human resource development.

I challenge any economist in Canada, the United States or Europe to deny that there is but a positive correlation between the educational development of a nation and its economic development. The reason for economic development may not necessarily be educational development, but the fact is that in most nations this does seem to be the case. I contend, Mr. Speaker, that we should never take any action which will discourage the development of our human resources.

Another point which I realize will be presented by other hon. members is the impact of this tax legislation on the co-operatives of Canada. There are not many co-operatives in my province—only five or six in my riding of Gander-Twillingate—but I think each one of them has made representations to myself and the Minister of Finance (Mr. Benson). They claim that the co-operative movement is in danger of having to completely reform its foundation and to become a corporate structure if it wants to survive, unless there are changes to Bill C-259. The fact that they will be forced to redirect their profits to the investor rather than the patron of the co-operative, and the increase of taxable reserves from 3 per cent to 5 per cent, means they will have to be restructured or go out of existence.

I should like to know who drafted this provision and why. It seems to be an attack on the co-operative movement and the credit union movement. Is there someone in a back office with some kind of a hang-up on co-operatives? When the hon. member opposite who is the expert on tax legislation is giving his prepared dissertation soon, I should like him to tell me the reason. We strongly recommend that the government reassess its position on this tax bill as it pertains to co-operatives in Canada.

The third point I should like to make briefly, Mr. Speaker, concerns the impact of the total tax legislation on the unincorporated, small business. In the last several years we have had considerable discussion about effective tax arrangements for the small incorporated business, but nothing on the unincorporated business. There must be thousands of them across Canada wondering what their future is to be—firms employing four or five men to drive trucks or, for example, small lumbering operations. They must be terrified by the complexity of the legislation before us and the fact that there is no protection for them under the tax laws of the land. This is making some businessmen wonder why they should not just try for a job in a factory so they can come home at five o'clock in the evening to enjoy supper with the family and forget about the economy of the nation.

Everbody looks at General Motors, Imperial Oil, the American Oil Company. Has anybody ever looked at the small, unincorporated businesses in Canada? They do not have a very sophisticated structure and cannot present their case or briefs to the Minister of Finance and the House of Commons, but I would like the government to consider these people before driving them out of business altogether. The headache of running a small, unincorporated business when you do not have protection under the law taxwise, so to speak, when you do not have the assistance of accountancy firms and tax lawyers, must be unbearable. I make a plea on behalf of these people.

• (8:40 p.m.)

I wish to make a fourth point. I am trying to make a few simple points about subjects that have not been covered very extensively. In my province it has been announced that one of seven paper-making machines in the Bowater complex in Corner Brook, Newfoundland, is being closed. You will be hearing more about this as the days go by. When the announcement came, everybody got up in arms and said, "What are we to do to avert a disaster and to prevent between 1,000 and 1,200 people becoming unemployed?" "Conversion," some say, "may be possible." We must remember that even if we convert a piece of paper-making machinery, the conversion will take time and that will mean temporary unemployment. As I say, the conversion process will take time and put some people out of work. I am using this as an example.

Many industries in Canada today are finding that they must change their manufacturing process. In other words, they are being forced to change their entire process and are thereby forced to retrain their people or lay them off. I should like the government to take a much closer look at the question of industrial retraining. Let us not wait until the fish and chip factory in Prince Edward Island is forced to close its doors simply because it must bring in new machinery to manufacture weiners, say, and must retrain people to manufacture them. Could the Minister of Manpower and Immigration (Mr. Lang), who is responsible for most of the industrial retraining programs in Canada, not work with industry and bring about major changes in industrial retraining so that the workers who otherwise would become redundant could retrain and readjust to new methods and not be thrown out of work?

I should like to see some of the experts from the Department of Manpower and Immigration look into this question. They are not like hon. members of this House who are generalists, who have some knowledge of a few things and perhaps not a great deal of knowledge of many things. I should like to see civil servants in the Department of Manpower and Immigration who earn between $30,000 and $40,000 a year get together with ministers of education in the provinces and personnel in

industry and see what can be done to provide industrial retraining programs for Canadians.

I should like to make another point, Mr. Speaker. For the last three years I have listened intently to the ramblings of the Prime Minister (Mr. Trudeau) during the question period. Now and then members of the House have asked whether there have been provincial and federal consultations and whether federal, provincial and municipal authorities have come together so that we might find solutions to our economic conditions relating to unemployment, as well as to taxation problems. The philosophy that has been foisted on the Canadian people is that there are two different kinds of Canadians, the federal Canadian and the provincial Canadian; they are two different kinds of animal.

Nowhere is this philosophy adopted by the Prime Minister more evident than in his attitude toward taxation. People say that the Canadian taxpayer cannot carry the burden any longer and that we must integrate our taxation structures at the federal and provincial levels in order that our people can better carry the burden. Then we are told that the provinces can increase their taxes, as if you are talking about two different fellows, or as if there is a provincial fellow down there and his federal wife up there somewhere. I do not understand this. For the last several years we have been led to believe that we have in this country two completely unrelated systems of government, the federal system up here and the provincial system down there.

We have reached the point where Canadians in Newfoundland are wondering if they are living in Newfoundland or in Canada, where Canadians in British Columbia or Quebec are wondering if they live in British Columbia or Quebec alone, or if they are part of Canada. I do not care whether we live under federal or provincial jurisdiction; there is need for more consultation and for greater integration. When you talk about integrating the tax system you must remember that today's taxpayers are being taxed by school boards, by municipalities and by provincial governments and the federal government. There must be some way for us to integrate our tax system to a greater extent so that Canadians can understand what is happening, instead of facing total frustration.

I am a believer in simplicity, and I speak from personal experience and for many thousands of Canadians when I say that when Canadians have to deal with our tax system the result is absolute and total frustration. The average Canadian has to have some knowledge of accountancy; he has to be a bit of an economist, a bit of an insurance agent, and so on. All this is causing a great deal of anxiety and confusion in the minds of Canadian people.

Perhaps I am just talking off the top of my head; perhaps I am not really putting my point very well to the members of the House of Commons. But, surely there must be some way for us to bring about greater integration of our tax structure so that Canadians will know where they stand on taxation. For example, I should like to see a greater effort made so that provinces receive benefits from total taxation that are commensurate with their needs. The present system must be frustrating even for the province of Ontario. The Ontario government has done much to contribute to confederation and it must be frustrating for them to wonder if they can meet their obligations, because the tax burden which is imposed by the federal government in part is unrelated to provincial tax needs.

We hear much talk today about reducing taxes. Every time we talk about reducing taxes we hear members on the government side saying that we also want to reduce services. I am not an economist but according to authors whose works I have read, if the government had the courage, gumption and determination to reduce taxes substantially, increased tax revenues would be the end result. That move, as a matter of fact, would broaden the tax base in the country and increase revenue. It may seem foolish to say that you can reduce taxes and increase revenues, but I for one think you can do that. I think it is time we developed that point of view, because by reducing taxes we would give the people an incentive to spend money that would have been taken from them in taxes by the very fact that average earners would then have more money at their disposal.

Some economists insist that if you increase demand that way, you will also increase your tax base and tax resources available to the Canadian people. I firmly believe that. For example, to use the example given by the hon. member for Egmont (Mr. MacDonald), if you were to remove the 11 per cent sales tax on building materials, as has been advocated many times, in a few years you would replenish any moneys lost from the federal treasury because you would create new tax sources. For instance, you would create a mini building boom, make housing more accessible for ordinary people and stimulate the economy as well. Look at the jobs that would result. But we cannot get that idea through to the Minister of Finance or to the Prime Minister. The people across the way refuse to accept our ideas when we raise them. They refuse to backtrack one inch because we in the opposition would get the credit for the ideas. I could develop other examples to show that by reducing taxes the average Canadian could buy a better car, better furniture and more groceries in the store. The total effect on the economy would be enormous.

We are getting no tax adjustment in this bill, Mr. Speaker. The government is increasing exemptions by a few hundred dollars for people who are already well below the poverty line. Yet the government has the gall to say to the Canadian people that it is readjusting their tax burden. That is a lot of gobbledygook.

• (8:50 p.m.)

I wish to sum up a point of view which I raised earlier. Your Honour will be hearing this point of view thousands of times in the coming months. It has been heard before. If we want tax reform in this nation, there has never been a period in Canada's history, especially in the context of the United States present attitude, when it was more necessary for us to reassess our whole position with regard to the taxation of basic resource industries. I

do not see any proposals for tax reform in the present legislation. I see tax changes but not basic reform.

Let me give a few examples. We export $202 million worth of fish annually to the United States. I believe that roughly $101 million of these exports are affected adversely by the surcharge. We export a tremendous amount of fish. It may not sound much when one is thinking about a total budget of $14 billion, but fishing is a major Canadian industry and in my province alone it affects directly some 20,000 people out of a working force of about 150,000. We bring back our fish, we remove the meaty part of the fish and ship it to our neighbours to the south. They take it and chop it into little fishsticks, they tin it and cook it, etc., and their own people are on the production lines cutting up this fish. It is they who are employed in making fishsticks which sell at a very high price, while the fishermen of this country are still receiving 4 or 5 cents a pound for a product which sells here in Ottawa for 85 or 90 cents a pound.

Never has there been any assessment of ways in which we could give inspiration and incentive to our processing industries so that we could benefit from the labour content. Perhaps this is because we are only talking about exports amounting to $200 million in value—a relatively small industry like fishing. But look at the paper industry. In the last few years the international market has been softening up considerably all over North America. Has the government ever seriously considered offering some incentive for the further refining or processing of wood pulp products, or to measures designed to enable our lumber industry to compete more favourably in the international market?

Consider the iron ore business. I am sure my hon. friend from Grand Falls-White Bay-Labrador will wish to say something about this later in the debate. From time to time I visit Labrador on the way to my constituency and take note of the developments which have taken place in that region. Settlements have grown up such as Schefferville on the Newfoundland-Quebec border, and Labrador City and Wabush where 14,000 people live in an attractive, modern community in the north of Newfoundland. We in Canada are getting only a very small benefit from the profits of that investment. The real cream goes to Pittsburgh. We are exporting this raw material and the benefits end up in the pockets of United States investors and big American developers. I do not blame these people. They have the technology, they have the administrative expertise and they possess great financial resources. In addition, they have access to a market which caters for 220 million people. Nevertheless, I am convinced that if we were to encourage further development of these raw resources, the further manufacturing of these materials, great advantages would follow in terms of employment and increased prosperity and I have no doubt that tax arrangements could be developed which would give an incentive to this end.

I shall make another minor point. There lies off the coasts of Canada, both Atlantic and Pacific, territory which is just as much our own as the ground on which we are standing. It is called the continental shelf and it belongs to Canada. We still have to resolve the question of fishing rights because other nations are permitted to harvest our marine resources in the area, but the bottom of that ocean is Canada's...all the minerals, all the resources, everything connected with the bottom of the sea is Canada's by law. There are places off the Atlantic coast where the continental shelf sweeps out for 400 miles. Right now companies such as Shell Oil and the American Oil Company are doing exploration work there.

We have never been given a clear and definitive statement by the government as to where it stands with respect to the taxation of these corporate giants. I have been informed by people knowledgeable in marine law that these great companies have not only been permitted but encouraged to go into these areas without even having to bid on the millions of acres over which they have control for exploration purposes. I have heard the expression that Canadians are the Arabs of the 1920s. I am not referring in a derogatory way to the Arab world. The point is that it was 50 years ago when these people were as naïve about the value of their resources as we are in Canada today. We are considered by these corporate giants as being an extremely naïve nation, as an extremely naïve people.

I have never heard any statement in the House of Commons, for example, setting out what the taxation policy is to be as far as these companies is concerned. Nor have we been given any definitive statement as to what the government is prepared to do to protect the public interest in this field. There is no integration of federal and provincial effort; all we hear is wrangling between the provincial and federal governments while the oil companies are laughing all the way to the bank—and the bank is not a Canadian bank.

In addition to all this, we have a great opportunity to further develop our mineral resources in the opinion of some knowledgeable people in the area. Is this not another field in which we could encourage the corporate community of Canada, the business community, to become involved in exploration work? I remember when I was a little younger than I am today; the Prime Minister at that time was my hon. friend from Prince Albert (Mr. Diefenbaker). I recall being a long way from Ottawa—the east coast of Newfoundland is a long way from Ottawa.

The Acting Speaker (Mr. Laniel): Order. I regret having to interrupt the hon. member, but the time allotted to him has expired. He may, of course, continue if the House gives unanimous consent.

Mr. Bell: If Your Honour would check with the House I am sure you would find there is unanimous consent for my hon. friend to continue his very pertinent speech.

The Acting Speaker (Mr. Laniel): Does the House consent to the hon. member for Gander-Twillingate pursuing his remarks?

Mr. Perrault: I will give my consent if the hon. member will agree to answer a question before he ends his speech. I have been listening very attentively to what he has had to say.

Mr. Lundrigan: No conditions. I will answer the hon. member's question, after I have finished my speech, for half an hour if he wants me to.

The Acting Speaker (Mr. Laniel): The Chair wishes to remind the parliamentary secretary that it needs more than the consent of the parliamentary secretary.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): Does the House give unanimous consent to the hon. member for Gander-Twillingate to pursue his remarks?

Some hon. Members: Agreed.

Mr. Perrault: I suggest it requires my consent as well. May I ask my question now?

Mr. Lundrigan: When I have finished my remarks. Then the hon. parliamentary secretary, the member for B.S.—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Laniel): The hon. member now has the floor by unanimous consent and he is the one to decide when a question may be asked.

Some hon. Members: Hear, hear!

• (9:00 p.m.)

Mr. Lundrigan: Thank you, Mr. Speaker. I did have a few further points to raise as suggestions. However, I shall not take the time of the House to make them now; I shall do so later when we get into committee of the whole and make a clause by clause analysis of the legislation before us.

As I was saying, in 1961 and 1962, when the right hon. member for Prince Albert was Prime Minister and we were even more distant from Ottawa than we are today because communications were not as sophisticated as they are now, I remember listening to the talk emanating from Ottawa about developing the north, about the vision of the north, and could visualize the Prime Minister of that day leading the Canadian people, with his usual style and magnetism, into the exciting prospect of developing the northern resources of this country.

I vividly remember that and the tremendous effect it had on me as a young Canadian who was just old enough to vote. I have not witnessed that kind of attitude in this country during the last three or four years. I have not seen the kind of leadership where our people are told that we must develop our great resources. The continent of Labrador, which belongs to the province of Newfoundland, with all its natural resources, the great oil reserves in Alberta, require for their full development vision, determination, incentive and drive. This is what is lacking at the present time. Not only is it lacking in this bland and bare piece of legislation now before the House; it is lacking in our whole attitude to the development of the resources of this country. We have no leadership, no development programs, no drive or determination.

I should like to see Canadian-owned and Canadian-inspired industries given a little extra incentive to develop our natural resources in the north, our oil, timber and so on. But this is what is missing in this tax legislation and in the attitude taken by the government. In short, we lack leadership. I am receiving no inspiration from this government and neither is the average Canadian investor. No incentive or inspiration is being given to even our business community.

No incentive is given to encourage people to go into the north and make a few dollars for themselves. How many members of this House of Commons have seen our people spend six or eight months working in the north in order to earn a few extra dollars to put in their pockets? These people are adventurers, explorers and developers, yet they get little benefit from their efforts. They give up the easy amenities of life defined by the hon. member for Mount Royal, the one who believes that everything should be big and rosy under the street lights. Certainly there is lacking the inspiration reflected by the author of "Sam McGee," Robert Service and other great Canadian writers, and this whole attitude is compounded by the lack of leadership shown this country.

In conclusion—

Some hon. Members: Hear, hear!

Mr. Lundrigan: —I want to deal with a matter that I am sure others will want to develop. We have in Canada today the Department of Regional Economic Expansion, sometimes called DREE, which sounds like some form of nasal congestion. This department is charged with eliminating regional disparity in Canada. Under this new, just society there is to be no more regional disparity in Canada.

One of the things that someone has dreamed up is that we are not prepared to amend our monetary and fiscal policies on a regional basis because we might offend Canadians in other parts of Canada. So the department has decided to give incentives to enable industries to be started, for example, in the Gaspé area, a slow-growth area which has been called a designated region. I do not know what Tom Kent calls it because there are so many different nomenclatures attaching to it. Although this has been the thinking and philosophy of the Department of Regional Economic Expansion and the officials of the department have shown a good deal of interest, their programs just have not worked.

Why have they not worked? It is because these designated areas are among the most backward in Canada, economically. They have few formalized business structures. Few of the businessmen in the Gaspé are able to open up their books to prove they qualify for an incentive grant; they are not able to say that they received $40,000 from firm A and $50,000 from firm B. I am sure the hon. member will agree that business communities are not well formalized in the underdeveloped parts of the country in particular.

The fact is that the philosophy of the Department of Regional Economic Expansion—if there ever was one except in the mind of the former deputy minister—has not been a success. Put our loan program, our fisheries development program, the Farm Improvement Loans Act,

the Small Businesses Loans Act and our incentive programs all together in the same bundle, we still have not eliminated areas of greatest disparity in Canada. On this basis I challenge the Minister of Finance to rethink his tax proposals as he lets them float away down the drain during the next few months. Let him either consider modifying the monetary and fiscal policy of the government on a regional basis or reassessing the direction being taken by the Department of Regional Economic Expansion.

I put that forward as a suggestion, though I do not know that I can back it up with all of the examples that I would have to use to convince the hon. member from Calgary of its merit. But I can tell him that in the province that is most economically deprived and with which I am most familiar, the present tax package put forward by the minister and the programs under DREE are not to our advantage. These underdeveloped areas have great potential, yet they are made to feel like the foster children of the Canadian nation, as if they are having an unhealthy effect on the unification and Canadianization of this country.

I have rambled on for a few moments, Mr. Speaker, but I do want to give the hon. member for Burnaby-Seymour (Mr. Perrault) the opportunity to raise his point of order, which I am sure will consist of a calculated attempt on his part to embarrass me after hon. members opposite have listened to 50 or 60 minutes of a few things which must certainly hurt a little.

Mr. Perrault: Mr. Speaker, I can assure the hon. member that embarrassing him is the last thing in my mind. I have listened attentively to his remarks. The hon. member for Gander-Twillingate is a considerable orator, but some hon. members are somewhat baffled and bewildered by what he has said.

Mr. Stanfield: Question.

Mr. Perrault: My question is this. I took copious notes of what he said and at one point he said, "We are being blackmailed into presenting a positive outlook on this bill". Does the hon. member find it painful to be positive? That is the question.

Mr. Lundrigan: Mr. Speaker, I am assuming in answering the hon. member's question that the House is giving me the time to do so in order that he will be able to understand my reply, though that would take a lot of time. Let me say very seriously that if that is the most serious question that he can ask me, having listened to my feelings for the last 50 or 60 minutes, I am amazed at his intellectual bankruptcy.

Secondly, if he would care to check the official report he would find 50 or 60 places in that report where I made adjectival or adverbial slips. My point is that when one talks from the heart, one really believes what one is saying and one does not worry about whether hon. members get the full adjectival and adverbial meanings that are intended. Quite frankly, that question does not bother me at all.

[Mr. Lundrigan.]

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker...

Mr. Woolliams: The hon. member made "fuddle-duddle" the new magazine.

Mr. Osler: No, I did not. I have not enough brains to think of a name like that. You would have to be much more bilingual than I to think of a name like that. Before I get serious, Mr. Speaker, I should like to point out to the hon. member for Gander-Twillingate (Mr. Lundrigan) that...

An hon. Member: You are reading.

• (9:10 p.m.)

Mr. Osler: Yes, I am, and I can read my own writing for a change. I made a note that suggests the hon. member for Gander-Twillingate (Mr. Lundrigan) said there was some dire reason why entrepreneurs from central Canada had not rallied to the aid of the oil industry in the west and that there must be some plot on the part of this government or a previous government of the same political persuasion. I do not know much about his part of the world and I respect his judgment in respect of Newfoundland, but in my part of the world a lot of people spent 40 or 50 years trying to convince the people of Canada there was a gold mine in the oil fields in Alberta, but nobody did a thing about it. The Americans came in, started testing and took up land options. If anybody is to be blamed for the situation in the oil industry of western Canada, it is not the Americans. They took what was offered them and prospered as a result of the lack of action by the entrepreneurs in central Canada. I hope you people have more luck in your venture. Perhaps the people have become more sophisticated in the last few years.

I listened with a great deal of interest to the remarks of the hon. member for Dauphin (Mr. Ritchie). I have great respect for him and his opinions.

An hon. Member: Why?

Mr. Osler: Mainly because he is a Manitoban, and they deserve more respect.

An hon. Member: What about Borowski?

Mr. Osler: Borowski was one of the few people in that government with any brains.

Some hon. Members: Hear, hear!

Mr. Osler: You had better watch out, because before you know it you may get him.

An hon. Member: We wouldn't trade him for you.

Mr. Osler: You wouldn't have the chance, so that is a very academic question.

The hon. member for Dauphin referred to the fact that the personal savings of Canadians were dwindling and they were not being encouraged to save. He suggested this was the result of some mysterious plot fostered by the present iniquitous government. I do not have the

latest figures, but the figures for last month show exactly the reverse. Canada has a higher per capita saving today than it has had for a very long time, probably higher than it has ever had. In addition, the gross national debt per capita is lower than it has been for many years.

There is a great deal of saving taking place. If this were not so, where would all the money be coming from to pay for the increased housing that is taking place? More housing units are being built in this country than ever before. More housing starts are occurring in one year than occurred in ten years under any other government. I ask where the money is coming from if the savings in the private sector have dried up or the people have been frightened off by the present government? There is something obviously wrong with the figures quoted by the hon. member, and I just point that out as one Manitoban to another. Perhaps his research men have made a mistake.

The hon. member for Gander-Twillingate talked as though the federal tax was putting such a drag on everything. I do not like the tax any more than he does, and if the federal tax could be decreased I would join with him in a whoop for joy. He must realize that municipal and provincial taxes are much higher than federal taxes. Provinces and municipalities obtain a far greater tax share from the people of Canada than the federal government. When you travel around your constituency, at least in my part of the country the main complaint is in respect of real estate taxes; that is what bothers people. This is a strictly provincial matter. Perhaps the provinces should ask the federal government to make a deal in this regard, but we cannot do a thing about real estate taxes as long as provincial and municipal governments grasp this avenue of revenue in their hot little hands. We are doing what we can. In any event, this matter does not have any place in a debate on federal tax reform.

It occurred to me there was a bit of cloudy thinking by the hon. member for Edmonton West (Mr. Lambert) in respect of the amendment he moved to this motion. He has a perfect right to disagree, and I expect him to do so because that is the job of the opposition. The motion suggests that we throw the whole bill out because of unacceptable levels of inflation, persisting unemployment and stagnant industry. If his statements were true they would have no place in this debate. They should be made during the budget debate, and that debate has concluded. There is a difference between budgetary problems and tax reform. We are now talking about tax reform. If hon. members did not like the budget they should have complained during the budget debate. They should not propose amendments relating to the budget during a debate on tax reform.

It seems there was a bit of cloudy thinking, again, on the part of the research department who advised that hon. member. He suggested the opposition wants meaningful tax reform as though there were no meaningful reform in this bill. That is stretching the point, even for an opposition member who is being paid to be opposite. There are increased exemptions. Some may think they should have been more and some may think they should have been less, but this is a meaningful tax reform. The removal of a million people from the tax rolls is a meaningful tax reform. The reduction in taxes for 4.7 million others is a tax reform.

An hon. Member: What about the removal of the estate tax?

Mr. Osler: I will get to that.

An hon. Member: Good.

Mr. Osler: The guarantee that people 65 years of age and over will not pay taxes on their taxable income of $2,250 for a single man and $3,600 for a married man is a welcome change. You cannot sweep these reforms under the carpet. You might say you would like to have more, but then you should suggest how the government will get more money in order to accomplish this purpose. You cannot sweep these reforms under the rug by suggesting there is no reform. By doing so you are discrediting this place, and parliamentarians cannot afford to be discredited.

There is also a reform in our tax system in that we are adopting the principle of a capital gains tax. I think it is time this country got into line with other countries in respect of a tax system including capital gains.

Mr. Orlikow: It is only a half-price measure.

Mr. Osler: It may be suggested it should be 150 per cent and then everyone would be happy, but people engaged in business must have some encouragement. If hon. members on the opposite side of the House do not believe in what the government is suggesting, they should say so where they campaign. Hon. members do not say so in Manitoba where the NDP has formed the government.

We are doing all kinds of things to encourage business. Hon. members opposite cannot encourage business by discrediting the government in respect of a capital gains tax.

An hon. Member: Oh, come off it.

Mr. Osler: I tried to get a copy of the latest budget presented by the government of Manitoba but my secretary could not find it. My own secretary is on holiday and I have a new girl who is strange to the work. That budget will show that long before we brought in the proposition to eliminate the estate tax, the government of Manitoba had placed itself in a position where it had to increase taxes this year to balance its budget. It was then very easy for the government of Manitoba to be highly moral and suggest the federal government had committed a sin because it would cut them out of the 50 per cent or 75 per cent they would get from the estate tax. This is the way they felt in Manitoba in spite of all the assurances by the minister that they would be compensated.

Try to convince the farmers or the entrepreneurs that this is the case. Try to convince them that they can make

as much money as they like and they will be taxed at the rate of 50 per cent, 75 per cent or 150 per cent on capital gains but get no relief in respect of succession duties, and you will see what little faith they have in this argument. If you try to become elected there against our promise that they will pay nothing when they leave their property to someone else, you will lose. Even if you were elected you would not have enough to pay the salaries of the ministers who are elected because there will be no one left in the province to pay the taxes.

• (9:20 p.m.)

So be realistic. If you are going to talk, try to talk a little sense. If you want to put on an estate tax, then suggest what the capital gains tax should be and what the estate tax should be and then tell us what it will do to people who have worked hard all their lives in order to pay the tax. Your Premier asks for heavy taxes to help Manitoba be a good province. I have nothing against the Premier. I just say to you, "Be consistent; tell the same story in this House that you tell in Manitoba and we will all be very happy."

The amendment I referred to earlier may have some bearing on the budget, but unfortunately we are not talking about the budget. We have already talked about the budget and have adopted it. The budget created a shift in monetary policy which has caused Canada to drastically expand its rate of growth. All we need do is look at the figures of OECD which indicate that prior to what happened last month Canada was coming out of whatever problems it was in and had attacked them in the right way and was on the right side.

Some hon. Members: Oh, oh!

Mr. Osler: You can laugh if you like. We are considering here a new tax policy designed to rationalize the tax system and introduce greater equity into it. Rationalization and equity have been achieved by the new deal for individual citizens, as I have pointed out. It may be suggested it is much nearer equity than anybody has proposed before.

Some hon. Members: Oh, oh!

Mr. Olser: You can laugh, but let us see if anybody could make your system work. It was tried in England and in New Zealand, where it was thrown out. We do not need it here. We have had an opportunity to see how it works. If we were talking about a clause by clause analysis of this bill I would not be competent enough to speak because I am neither a tax expert nor an economist. However, we are talking about the bill in general at the moment.

When considering tax reform—and this new bill is just that—we must consider one aspect of that subject which I feel should be looked at when we are involved in the clause by clause study. I refer to the regional aspects of tax reform. We need to bring in tax concessions to encourage high employment industries in the slow-growth regions. As an example I refer to the Prairies. Manitoba has solved its unemployment problem, relatively speaking, by emigration. Between 1961 and 1966, 30,000 left as a result of emigration and, tragically, 11,500 of these were between 25 and 44 years of age. I could recite other figures, but I did not bother to look them up on this occasion; I have previously placed them on the record. Surely this is the wrong way to solve the unemployment problem. It is certainly not an example of the equality of opportunity for which this government stands. So far as we from Manitoba are concerned, it is not equality of opportunity to send our young people away in order to keep the unemployment rate down, and it is not good for Canada as a whole.

I point out that 44.5 per cent of the Canadian-manufactured products used on the Prairies come from Ontario and Quebec. Flowing the other way, only 1.9 per cent of the Canadian-manufactured products used in Ontario and Quebec originate on the Prairies. This represents a whopping 14.4 per cent of all Prairie-manufactured goods. In other words, the markets of Ontario and Quebec are very important to us. We are in a unique position. Our second most important market is the central part of Canada. So when you talk about DREE and the shift to manufactured goods, you are talking about a shift to manufactured goods which in the Prairies at least depends on the well-being of central Canada for a market. I submit that we on the Prairies are vitally interested in the economic well-being of the central region of Canada.

An hon. Member: You are reading.

Mr. Osler: I did not read that. If Canadian policy allowed us to grow, as Canadian policy reputedly does, we would be able to buy from the central part of Canada more than the measly 6.4 per cent of the manufactured goods that we presently buy. Traditionally, we were supposed to be a captive market for the east. We do not now mean as much to the central provinces in terms of a market because they are interested in world trade. We mean very little to them, but they mean a great deal to us as we enter the manufacturing phase. Generally, we must have conditions which encourage the purchase in Ontario and Quebec of our manufactured goods. Of course, the big employer is found in the consumer services, but these in turn must feed on secondary manufacturing to reach a take-off point of their own and it is the secondary manufacturers I am humming away at tonight. We are nowhere near a take-off point yet and we need regional taxation policies that will help us get there.

The Prairies are the only region where the primary sector exceeds the secondary, commodity sector in labour force size. Within the Prairie region those engaged in agriculture represent 18 per cent of the primary sector, despite a decline in the farm labour force. This is a far larger percentage than anywhere else in Canada. Since agriculture still dominates our area, and since the agricultural labour force is declining, the labour force on the Prairies is bound to show less rapid growth than in other regions, despite the fact that we are shifting over to manufacturing and that we are doing everything we can to keep people from emigrating.

Though the percentage of total employment in service industries is comparable to that in the rest of Canada,

the total labour force itself cannot grow as rapidly as in other regions until or unless employment in the secondary sector can take up the slack caused by slow growth of employment in the primary sector, the farming community. I suggest that when we look at tax concessions we should look very hard at encouraging to the maximum degree manufacturing processing and completion of our farm goods, in much the same way as our hon. friend suggested in respect of fish products in his part of the world.

Our economy has been tied into agriculture for a long time and I do not believe it is turning into a liability, as many people suggest. We should place more accent on manufacture and finishing of agricultural goods. This could go a long way toward providing a key for the future growth and prosperity of our part of the world.

In taking a hard look at tax concessions, the deliberate tax concessions built into our tax policy as a matter of regional economic expansion, let us not forget what is already being attempted under manpower training programs and DREE. If we can do this in respect of raw materials, mining and for Canada as a whole, we can surely have a good, hard look at doing it in particular cases in particular regions through encouraging regional growth.

• (9:30 p.m.)

After all, that is what DREE is doing or is attempting to do. It is doing a good job and it is not neglecting the Prairies. In 1969 and 1970 DREE put 26 per cent of its total outlay into the Prairies, that is, $52 million. Of that amount, $13 million went to our province of Manitoba. So it is wrong for the prophets of gloom and doom and the professional organizers of some parties to say that this party or this government does not understand or does not care for the west. It spent $52 million there, plus a great amount on housing, for which of course the government of Manitoba is taking credit but 90 per cent of that is federal money through CMHC in almost all cases. This federal government is doing more for the west than did any other federal government. It must try to do more; it must continue its efforts to understand the particular problems of the west and it must not allow itself to be stampeded by all the noises it hears from time to time from lesser elements that happen to hold office in other parts of the country.

There is nothing wrong with the DREE approach. I encourage it and I welcome it, but I think it should be re-examined. If you are spending $52 million on the Prairies, would it not be better to give $52 million worth of tax concessions to secondary industry to produce certain results which you wish to achieve, and leave it to individual businessmen to take the initiative and to get going? It is something worth examining. At the same time I suggest that we take a very hard look at this aspect of multinational corporations and subsidiary corporations. In our tax bill we have good proposals in this regard, but I think we should look at them hard before adopting them finally on a clause by clause basis.

Mr. Benjamin: We have been looking at them.

Mr. Osler: But you cannot understand them. There is no use in your looking at them. I am speaking to people who are responsible and who can understand them. We have had opposition days for years, and they do no good. I am talking to the government. You people have made no constructive criticisms. Someone has to. This is a job for the backbenchers of this party, and we welcome it, both in caucus and in the House.

Some hon. Members: Hear, hear!

Mr. Osler: I repeat what I have said. In general, I congratulate the minister for his bill, and in particular I think we should look with a great deal of interest at every clause as it goes through. I urge that from the point of view of my region we consider the possibility of putting DREE funds to better use in respect of tax concessions.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, following as I do the hon. member for Winnipeg South Centre (Mr. Osler), I cannot speak without making a few comments on some of the things he said. He said again and again that the debate we are conducting at present is about legislation which will bring about tax reform in this country. If anybody outside this House were to characterize these proposed changes in the tax structure as tax reform, I would immediately say they were lying. I know that it is unparliamentary to use that kind of language about things which are said in this House, so I simply say that the hon. member for Winnipeg South Centre has misrepresented completely what this bill proposes to do.

Mr. Osler: I rise on a question of privilege, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Is the hon. member rising on a point of order?

Mr. Osler: I rise on a point of order just to point out that if I thought the hon. gentleman was serious and had thought through what he was saying, I would raise a question of privilege.

Mr. Orlikow: I was never more serious than when I said that while this bill may change the tax structure in the country, there is nothing in the way of tax reform in it. The hon. member tried to create the impression that only the wild-eyed radicals in this part of the House were critical of this bill.

Mr. Osler: I rise on a point of order, Mr. Speaker. I do not think that I used the word "radical". Under no circumstances would I call these Tories radical.

The Acting Speaker (Mr. Laniel): Order, please. The Chair has no alternative but to rule out the point of order because it is a point of debate.

Mr. Orlikow: The financial columnist of the Toronto *Globe and Mail*, the anchor, the flagship of that great newspaper chain started in Winnipeg, F.P. Publications, Ronald Anderson, in discussing the legislation which we

are now debating wrote on June 19 the following about the bill which the hon. member for Winnipeg South Centre lauded so much:

> The tax bill brought down last night by finance minister E. J. Benson represents a major reprieve from the proposals advanced in the 1969 white paper on tax reform.
>
> The capitulation, on almost every proposal that had met substantial opposition, was more complete than even the most vigorous critic of the white paper could have foreseen.
>
> All the key proposals—the integration of personal and corporation taxes, taxation of capital gains at full rates, five-year revaluation of common shares, and the intended distinction between widely held and closely held corporations—have vanished without a trace, as has the plan to allow small corporations to be taxed as a partnership.

That was the assessment of these proposals by the financial correspondent of the *Globe and Mail*. The position we have taken with regard to the revision of the tax system in Canada has been a simple one. Our position has been that what we need in this country is to establish a tax system which will provide equity for the people of Canada, which will provide that the people who have the income will pay their fair share of the taxes which are required to meet the cost of government in this country.

Where did we get most of the ideas which we have been espousing for almost ten years? We got them from the report of a royal commission appointed by a Conservative government headed by the right hon. member for Prince Albert (Mr. Diefenbaker). That commission was chaired by Mr. Kenneth Carter, one of the most prominent chartered accountants in Canada, a former director of the Canadian Tax Foundation. That commission, which was appointed in 1962, took two years to make its study, spent about $3½ million dollars and brought in a very detailed and comprehensive report on the Canadian system of taxation, what was wrong with it and what ought to be done. I wish the hon. member for Winnipeg South Centre, before he made his speech, had taken the time to look at the recommendations of the Carter commission, because those recommendations are a condemnation of almost every word of the hon. member for Winnipeg South Centre.

• (9:40 p.m.)

Let me summarize some of the points made by the Carter commission. It found that billions of dollars of income were escaping tax altogether, or enjoying tax privileges which lightened the tax burden on them. If I have time later I will put on the record from a speech made by the former Minister of Communications, a member of the Liberal party—a speech which obviously the hon. member for Winnipeg South Centre has not taken the trouble to read or, if he has, he certainly has not understood it—figures which show how much the mining, oil and gas companies of this country have been able to escape from paying their fair share of taxes.

The Carter commission recommended lower taxes for people making less than $10,000 a year and higher taxes for people making over $10,000 a year and for persons making capital gains. It certainly did not recommend a tax reduction for people who have an income of $100,000 a year or more, as the government is proposing. The recommendations of the Carter commission were opposed vigorously, as could have been expected, by the 5 per cent of the people of Canada who get special privileges under our present tax system. And, Mr. Speaker, they were effective. The white paper introduced by the government watered down the proposals of the Carter commission a great deal and the tax bill presented by the Minister of Finance (Mr. Benson) has further watered them down so that there is very little left of them.

What did the Carter commission find? It found that present taxation does not afford fair taxation for all Canadians. It found that the present tax structure has led to Canadians being less well off, through lack of goods and services that could be provided through more efficient use of labour, capital and natural resources. It found that compliance and collection costs had been needlessly raised by duplication in provincial and federal administrations, and that federal tax administration is open to political influence. It found that the fiscal situation has not been used as effectively as it could to maintain full employment, contain inflation and encourage Canadian ownership of Canadian industry.

A few moments ago the hon. member for Winnipeg South Centre said that things were getting better in this country. Of course, he completely ignored the fact that for the last 15 months we have not in any month had less than 6 per cent unemployment on a seasonally adjusted basis. The Carter commission found that federal procedures to obtain and analyse new ideas on tax increases or for hearing the views of taxpayers were inadequate.

What did the Carter commission recommend? It recommended that mining companies should have depletion allowances removed. Some 85 per cent of the benefit of such allowances go to only eight oil and mining companies, most of which do not need this incentive. Removing these exemptions would provide a minimum of $150 million a year to the treasury. That was in 1964, and those companies have become richer and more powerful since then.

The commission pointed out that the uranium industry in its meteoric existence to 1964, on an investment of just one-quarter of a billion dollars made a profit of over a quarter of a billion dollars, 100 per cent on its investment, but paid only $30 million in taxes. Do I need to remind hon. members from Ontario that having made these tremendous returns, the uranium companies walked out of Elliot Lake leaving the miners with no jobs, leaving them with houses that could not be resold and as a result caused individual homeowners and CMHC to lose a tremendous amount of money? The workers lost, the taxpayers lost, but the uranium companies did extremely well as a result of our tax system.

The Carter commission talked a great deal about how the life insurance companies got away with paying virtually no tax. I am not going to go into details in that regard because since then we have plugged some of the loopholes, although not all of them. It talked about how land speculators and freeloaders who played the stock

market were able, and are able, to get away with paying virtually no taxes. I point out that this is about the last country on earth without a meaningful capital gains tax. A man who works and earns $5,000 a year pays tax, but a speculator who makes $50,000 on a land deal or in a flutter on the stock exchange does not have to pay income tax on his gain.

What is the government proposing? It is finally proposing a capital gains tax but, Mr. Speaker, not a tax like anybody else would pay, not a tax on the full income earned as the result of a capital gain but a tax at half the rate which the ordinary taxpayers pay. That may suit the hon. member for Winnipeg South Centre but it certainly does not suit the ordinary workers who elected him to come to Ottawa. The Carter commission recommended that all income be taxable. I think Mr. Carter used some pretty good vernacular when he said that for the purposes of taxation a buck is a buck no matter how one earns it. What would that mean? It might hurt the hon. member for Winnipeg South Centre although I doubt that it would hurt many of his constituents.

If that recommendation had been adopted, all income would be taxable, including stock options, gifts—the government proposes to eliminate the succession duties and gift taxes and the hon. member for Winnipeg South Centre thinks that is a good idea—and pay of any kind such as strike money, unemployment insurance, compensation, sickness, group and life insurance, credit union and consumer dividends, tax free allowances, profit sharing, gambling gains, premiums paid by employers for hospital and medical insurance, and so on. Had these kinds of principles been included in the legislation which we are dealing with today, we would have seen a redistribution of the tax burden so that wealthy individuals and corporations would pay their fair share of taxation. The Carter commission estimated that in 1964, $523 million more in corporation taxes would have come to the federal government in one year, $271 million of that from foreign investors.

I suggest to the hon. member for Winnipeg South Centre that if Ottawa had that kind of money it could do something to help the provinces and municipalities overcome the difficulties such as his constituents have in paying their real estate taxes. The hon. member is more concerned about the profits of the mining companies than he is about the taxes of his constituents.

Mr. Osler: Mr. Speaker, I hate to be repetitive . . .

The Acting Speaker (Mr. Laniel): Is the hon. member rising on a point of order or a question of personal privilege?

Mr. Osler: On a point of order, Mr. Speaker. I do not mind taking the jolly chidings of the people on the other side; it is part of the game. They are not intellectually very significant and we can slough them off, but when one is misquoted it must be pointed out. I made no brief for the mining companies in any way. If you look at the record I think you will find that I said there should be special grants to other companies to provide jobs rather than just to extractive industries.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member may be allowed to make a slight correction but he cannot make his speech again. I think the point was well taken, but I suggest that we allow the hon. member for Winnipeg North (Mr. Orlikow) to continue his remarks.

Mr. Orlikow: Mr. Speaker, I said that the hon. member for Winnipeg South Centre had agreed with the government's proposal to wipe out the succession duties and gift taxes. Since the hon. member has objected—and he did not mention mining companies—let me correct what I said. The hon. member is more concerned about the millionaires in Winnipeg who will be able to leave their estates to their children without paying any taxes than about the constituents who are concerned about how to pay their real estate taxes.

• (9:50 p.m.)

Some hon. Members: Hear, hear!

Mr. Osler: On a point of order, Mr. Speaker, an hon. member cannot impute motives to another. I cannot be told by an hon. member who I am more concerned about. If he has ten fingers he can count twice the number of millionaires that there are in my constituency.

The Acting Speaker (Mr. Laniel): Order, please. In the opinion of the Chair the point raised by the hon. member is, again, a question for debate. It is very difficult for the Chair to follow the debate if hon. members intervene any time another hon. member says something with which they disagree. It is difficult to apply the rules of this House without the co-operation of hon. members.

Mr. Orlikow: Mr. Speaker, I want to make it clear that I was not imputing motives; I was simply drawing what I considered to be a logical conclusion from the remarks made by the hon. member for Winnipeg South Centre.

If the recommendations of the Carter commission had been implemented they would have provided generous tax credits for post-secondary education costs. They would have put a tough limit on travelling and entertaining costs and stopped expense account living. They would have provided for the taxation of families as units with provisions for averaging year to year income over five years. They would have provided for the maintenance of basic exemptions in the form of zero taxes on the exempt amount and much lower taxes on the balance.

Compare those proposals with the proposals made by this government. What we find, Mr. Speaker, is not the movement toward a more progressive system of taxation. In the western world, whatever our political beliefs, we have come to believe that we want a more progressive, a more equitable system of taxation. What we have here is a deliberate plan to continue the regressive and unfair system of taxation which for years has been deliberately weighted so that people in the lower income brackets pay a higher percentage of their income in taxes than those in the middle and upper income brackets.

Let us look at some of the specific proposals contained in this legislation. One is that wage earners be allowed to

deduct 3 per cent of their income or up to a limit of $150 a year for expenses incurred while working. I can take the hon. member for Winnipeg South Centre down to the trades hall located in his constituency and introduce him—I am sorry, Mr. Speaker, it is not quite in his constituency; it is in the constituency of the hon. member for Winnipeg North Centre (Mr. Knowles)—to a dozen people in his constituency who belong to unions. In the course of their work these people are required to buy safety boots, hard hats and tools. I can introduce him to dozens of people who have to drive 35 to 50 miles each way, daily, to get to the construction site where they are employed. For these people the government, which believes in a just society, which wants to give us a system of equitable taxation, has provided a deduction of $150 a year. This is what the hon. member for Winnipeg South Centre and the hon. member for Burnaby-Seymour (Mr. Perrault) are applauding.

Let us compare that with the deductions permitted the businessman or the self-employed person. He can go to a convention anywhere in the world as long as it pertains to his work, to earning an income, to creating more business for his company, and the entire expense will be borne by the taxpayer of Canada. He can take anybody he likes out for dinner or lunch and the cost of the meal and the drinks will be charged to the taxpayer. I say, Mr. Speaker, that if tomorrow we were to go to the Chateau Laurier or the Skyline Hotel at lunch time, 75 per cent of the people present would be on expense accounts. Why can we not get the same kind . . .

Mr. Prud'homme: Mr. Speaker, would the hon. member be kind enough to answer a very short question? Is not the same principle applied to union leaders when they have to meet their people?

Mr. Orlikow: Mr. Speaker, first of all, union leaders do not . . .

Mr. Prud'homme: I have been entertained by them.

Mr. Orlikow: Mr. Speaker, if the hon. member was entertained by union leaders because they thought they would benefit in some way, they certainly threw their money away.

Mr. Stanbury: He can't be bought.

Mr. Orlikow: I do not know how the expenses incurred by union leaders are charged, or whether they are taxed. To my knowledge, no trade union makes a profit or files an income tax return or corporation tax return. I do not know how a union leader's expenses can be charged to the taxpayer. They may be charged to the union member, but not to the taxpayer. Even if this were the case, it would be just as improper as for the businessman who charges his expenses to the taxpayer.

Mr. Faulkner: Absolutely.

Mr. Orlikow: The hon. member for Peterborough (Mr. Faulkner) says "absolutely" and I agree with him. I am not saying that businessmen should not be permitted to charge expenses. What I am saying to the hon. member for Peterborough, who represents a heavily unionized constituency, is that union members should be entitled to some of the same tax benefits as the businessman who contributes to his campaign.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

AIR TRANSPORT—AIRLINE PILOTS' REQUEST FOR EARLY ACTION ON HIJACKING

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, on September 10, I asked the Secretary of State for External Affairs (Mr. Sharp) if he had received a telegram from the Canadian Airline Pilots Association requesting early ratification of the Hague convention on aircraft hijacking and whether the government would soon introduce legislation on this matter, as promised. I should point out that on November 26, 1970, the Minister of Justice (Mr. Turner) in answering a question from the hon. member for Malpeque (Mr. MacLean) said that he hoped to introduce legislation this session. This can be found in *Hansard* at page 1495.

• (10:00 p.m.)

On May 13, 1971, the Parliamentary Secretary to the Minister of Justice (Mr. Béchard), speaking in the adjournment debate on behalf of the minister stated that his department was preparing a series of amendments to the Criminal Code, including certain articles on hijacking, and that these would be introduced shortly. When the Secretary of State for External Affairs answered my question the other day he said the matter was under study, but he could not give me a definite answer at that time. It is for that reason that I raise my question in the adjournment debate, hoping to get a full answer tonight.

The entire question took on new importance last fall, on September 5, 1970, when the Palestinian guerrillas hijacked four jet aircraft simultaneously and held the aircraft and passengers as hostages. Up until that time most of the hijacking was the work of individuals or small groups. The Palestinian guerrillas' hijackings were organized on a large scale for political purposes and placed many lives and much property in danger. Later in the fall, on October 15, 1970, a Soviet airliner was hijacked to Turkey, the stewardess was murdered and two pilots wounded. These events led to world wide discussion of the problem.

The twenty-fifth General Assembly of the United Nations during the fall of 1970 passed a resolution condemning hijacking in all forms and requested action by all countries to make it illegal. The resolution passed by 105 to none, with eight abstentions. Canada voted in favour of the resolution. The Security Council of the United Nations passed a resolution without a formal vote condemning hijacking and appealing for the release of the hostages who were being held.

The problem was also discussed by the Interpol general assembly in Mexico City, by the International Federation of Airline Pilots Associations, by ICAO and by IATA during the autumn of 1970. All the resolutions passed demanded action. On December 15, 1970, ICAO approved an international convention known as the Hague convention which could make hijacking and related acts criminal offences, with severe penalties, and which ruled out political motives as an excuse. It was provided that the convention would come into force when ratified by ten countries. This happened last week when the United States became the tenth country to ratify the convention.

Although Canada approved the convention last December, we have not yet ratified it, nor have we introduced a bill to make this serious offence a crime. I hope that the minister or somebody on his behalf will assure us tonight that this will be done shortly, not only for the safety of pilots and crews of aircraft but for the protection of the many passengers who travel by aircraft throughout the world.

Proceedings on Adjournment Motion

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, before the Canadian government can ratify the Convention for the Suppression of Unlawful Seizure of Aircraft, known as the Hague convention as requested by the Canadian Airline Pilots Association in its telegram of September 9, there will have to be certain jurisdictional amendments to the Criminal Code. The preparation of these amendments is in hand and the Ministry of Justice expects that they will be introduced in the House within a few weeks. In the meantime it should be borne in mind that there are provisions in the Criminal Code at present dealing with the hijacking of aircraft which, while not as sweeping as the Hague convention, deal with the problem to a considerable extent. I refer the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) and all hon. members of the House to the 1959 amendments, section 5A. It is the intention of the government to ratify the Hague convention as soon as Parliament has enacted the appropriate legislation.

Motion agreed to and the House adjourned at 10.05 p.m.

HOUSE OF COMMONS

Wednesday, September 15, 1971

The House met at 2 p.m.

ROUTINE PROCEEDINGS

[*Translation*]

FAMILY INCOME SECURITY

TABLING OF LETTER FROM QUEBEC PREMIER TO PRIME MINISTER

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like to table, under Standing Order 41(2), a letter from Premier Bourassa concerning family allowances, as requested yesterday by the hon. member for Winnipeg North Centre (Mr. Knowles).

[*English*]

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a point of order. In view of the importance of this letter I wonder whether the House would agree to have it printed as an appendix to *Hansard*?

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: For letter referred to above, see Appendix.*]

* * *

TRADE

TABLING OF COMMUNIQUÉ ISSUED FOLLOWING SIXTH MEETING OF JAPAN-CANADA MINISTERIAL COMMITTEE

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I should like to table a copy of a joint communiqué issued at the conclusion of the sixth meeting of the Japan-Canada ministerial committee held in Toronto.

* * *

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I wish to propose a motion pursuant to Standing Order 43. This motion arises from a very urgent, pressing and serious necessity because of the continuing failure of the Minister of Finance (Mr. Benson) to discharge his administrative responsibilities by failing to pay out of the consolidated revenue fund to the Canadian Wheat Board certain moneys to cover the costs of storage of wheat in accordance with the provisions of the Temporary Wheat Reserves Act, which still remains Canadian law. These moneys amount to many millions of dollars which rightfully belong to and by now should have been distributed to the farmers of Canada. Therefore I propose to move, seconded by the hon. member for Calgary North (Mr. Woolliams):

That this Parliament authorize and direct the Canadian Wheat Board to sue the Minister of Finance for his failure to pay to the said board for each day in the crop year 1970-71 and that portion of the crop year 1971-72 an amount equal to the portion of the said stocks that exceed 178 million bushels of wheat at the commencement of the crop year multiplied by the carrying charge rate paid by the board at the end of the immediately preceding crop year, as required by the Temporary Wheat Reserves Act, chapter 2 of the 1956 Revised Statutes of Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity; therefore the motion cannot be put.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

TABLING OF AGREEMENTS WITH ALBERTA UNDER ARDA

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, pursuant to Standing Order 41(2), I wish to table copies of the agreements signed recently between the Canadian government and the province of Alberta, under ARDA.

* * *

• (2:10 p.m.)

[*English*]

INDIAN AFFAIRS

STANBURY—FIELDS REPORT ON FISH AND GAME LAWS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, I seek leave of the House under Standing Order 43 to move a motion and to give a brief explanation of the necessity thereof. On September 8, as shown on page 7619 of *Hansard*, the House passed the following motion:

Withholding of Grain Payments

That an Order of the House do issue for a copy of the report of the interdepartmental committee, the establishment of which was announced on March 29, 1965, which studied the question of fish and game laws as they relate to native Indians.

The adoption of that motion was contingent upon a statement made by the Parliamentary Secretary to the President of the Privy Council with regard to the authorization of the government authorities concerned. Yesterday a return was tabled pursuant to that order which states as follows:

This motion was accepted on September 8, 1971, subject to provincial concurrence. We have been informed that the province of British Columbia will not concur in the tabling of this report.

The motion I seek to move is seconded by the hon. member for Vancouver-Kingsway (Mrs. MacInnis). I might add that it is not my desire to enter into a debate about the matter and cut into government business, but we think an expression of opinion by the House concerning this matter is most necessary and urgent in the circumstances because of the importance of this report to the Indian people of British Columbia. The motion I should like to move is as follows:

This House regrets very much that the government of the Province of British Columbia refuses to concur in the tabling in this House of the Stanbury-Fields report.

Mr. Speaker: The House has heard the motion proposed by the hon. member for Skeena which requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity. The motion cannot be put.

* * *

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. John Burton (Regina East): Mr. Speaker, I ask the unanimous consent of the House to move a motion under Standing Order 43. My motion arises from certain answers given by the minister in charge of the Wheat Board on Monday afternoon in the House concerning the government's attitude toward the Temporary Wheat Reserves Act. My motion is self-explanatory. I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

That this House notes with concern the failure of the minister in charge of the Canadian Wheat Board to take action to protect the interests of wheat producers in western Canada by reason of his acknowledgement that a legal opinion was not requested on the government's action in not making payments under the Temporary Wheat Reserves Act since August 1, 1970.

Mr. Speaker: Under the terms of Standing Order 43 this motion requires the unanimous consent of the House. Is there unanimous consent for the putting of the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Howard (Skeena).]

Mr. Speaker: Since there is not unanimity the hon. member's motion cannot be placed before the House.

[*Translation*]

DEPARTMENT OF JUSTICE ACT

MEASURE TO PROVIDE FOR TABLING IN HOUSE OF ANNUAL REPORT

Mr. André Fortin (Lotbinière) moved for leave to introduce Bill C-265 entitled "An Act to amend the Department of Justice Act (Annual Report)".

Some hon. Members: Explain.

Mr. Fortin: Mr. Speaker, the purpose of the bill which I have the honour to introduce today is to compel the Department of Justice which is the only department not reporting to Parliament to do so.

This amendment is therefore aimed at correcting that anomaly to ensure better parliamentary control on that department and to improve its efficiency.

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

CANADIAN PARTICIPATION IN EXPLORATION FOR OIL OFF THE EAST COAST

Question No. 1,212—**Mr. McCleave:**

1. Did Catalina Exploration and Development Limited suggest to the government any remedies to enable more Canadian participation in exploration for oil off the East Coast and, if so, what were they?

2. If any such suggestions were received, what action was taken on each recommendation?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): 1. Catalina Exploration and Development Limited, in conversations with departmental officials, suggested to the Department of National Revenue, Customs and Excise, that the full rates of customs duty applicable under the law be charged against foreign seismic exploration vessels entering Canadian territorial waters.

2. The Department of National Revenue, Customs and Excise, charges the rates of customs duty properly payable under the law and the representative of Catalina Exploration and Development Limited was so informed.

EXPENSES FOR THE PRIME MINISTER'S OFFICE

Question No. 1,225—**Mr. Nystrom:**

1. What were the total expenses for the Prime Minister's Office in 1970 (a) his official expenses (b) his staff expenses?

2. What were the total expenses for the Prime Minister's Office in 1967 (a) his official expenses (b) his staff expenses?

3. What were the total expenses for the Prime Minister's Office in 1962 (a) his official expenses (b) his staff expenses?

Mr. Barnett J. Danson (Parliamentary Secretary to the Prime Minister):

	1	2	3
	1970-71	1967-68	1962-63
(a) Prime Minister's expenses	$ 71,963	$ 64,808	$ 49,496
(b) Prime Minister's staff expenses	$866,239	$293,531	$181,550

NOTE: (i) Fiscal years are used instead of calendar years. (ii) Answer under 3(b) does not include officers seconded from other government departments. Answers under 1(b) 2(b) and 3(b) do not include personnel under contract. (iii) Expenses shown under 3(b) do not include travel expenses for which records are not available.

* * *

QUESTION PASSED AS ORDER FOR RETURN

*SALES OF TEXTILE PRODUCTS IN CANADA

Question No. 1,570—**Mr. Lambert (Bellechasse):**

From April 1, 1970 to March 31, 1971 (a) what was the value of sales of textile products in Canada (b) what was the total value in Canadian dollars of imported textile products (c) from what countries were the products imported?

Return tabled.

MOTION TO ADJOURN UNDER S.O.26

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, this is a proposed motion to adjourn under Standing Order 26. Pursuant to Standing Order 26 I ask leave to adjourn the House to discuss a specific and important matter requiring urgent consideration. In view of the fact that the hon. member for Vegreville (Mr. Mazankowski) set out the details in his motion today under Standing Order 43, it is not necessary for me to go into the details in reference to my motion. I merely say that we have never had an opportunity to discuss this matter. Therefore I move, seconded by the hon. member for Vegreville:

That this House adjourn to discuss the violation of Section 3, Temporary Wheat Reserves Act, Chapter 2, Statutes of Canada, by the Minister of Finance in his failure to pay out of the consolidated revenue fund to the Canadian Wheat Board as requested by invoice by the said board in accordance with the law amounts payable for crop year 1970-71 and monthly payments to date for crop year 1971-72 which adds to the Canadian farmer pool account with the said board.

Mr. Speaker: As required by the terms of Standing Order 26 the hon. member for Calgary North filed with the Chair the required notice. Since then the Chair has

given careful and serious consideration to all aspects of the matter raised in the proposed motion.

Hon. members know that two similar motions have already been proposed for the consideration of the Chair and in each instance I had considerable difficulty in reaching a decision; again I have had some trouble in determining whether the motion proposed by the hon. member for Calgary North should be allowed. I want to take into consideration that if Standing Order 26 has a purpose it is for the Chair from time to time to give hon. members an opportunity to discuss a matter which is of urgent importance and is of obvious interest not only to the members themselves but to the people they represent.

The difficulty I have had with the previous motions and, I must say, with the one now put forward by the hon. member, is that it is, as I have said in the instance of the motion proposed by the hon. member for Regina East and the motion sponsored by the hon. member for Vegreville, essentially a censure motion, and the practice is well established that a censure motion should not be introduced in the House under the terms of Standing Order 26 or, alternatively, in the form of a substantive motion or non-confidence motion. I have said, in conformity with previous rulings, that a non-confidence motion should not be brought for the consideration of the House under the terms of Standing Order 26. That is why I would find it very difficult, in view of my previous rulings, to reverse these rulings and to say that at this point an opportunity should be given to the House to discuss the matter.

I suggest respectfully to the hon. member for Calgary North and to the hon. members who have shown a continuing interest in this very important matter that if the suggestion were made to the Chair that we consider at this time or later—I am not sure whether I should put any ideas into the minds of hon. members—the plight which might result from the fact that certain actions are not taken either by the government or by the Wheat Board, then that might be an entirely different situation. I would no longer be faced with the question whether a motion of censure has been proposed to the House under Standing Order 26 which, even if it were proposed every day, I would have to turn down daily.

• (2:20 p.m.)

I do suggest therefore that the motion proposed in those terms, now before me and which was before me when the matter was suggested previously for consideration by the other hon. members, is not acceptable. Having said that, I think I must reach the conclusion that I cannot, at this time at least, accept the motion proposed by the hon. member for Calgary North.

Mr. Woolliams: Mr. Speaker, may I rise on a point of order. In view of your judgment to which I listened very carefully I would now like to give verbal notice that I will endeavour to take a second strike at the ball tomorrow.

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, may I ask that Notices

of Motions for the Production of Papers be allowed to stand?

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

TRADE

PROGRAM TO SECURE LARGER SHARE OF JAPANESE MARKET FOR MANUFACTURED GOODS IN AREAS ALREADY LIBERALIZED

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister. In view of the increased importance of diversifying the markets for Canadian manufactured products I would like to ask the Prime Minister what specific program his government has to enable Canadian manufacturers effectively to secure a larger share of the Japanese market for manufactured goods in those areas of the Japanese market that have already been liberalized?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is an interesting proposal that I had occasion to discuss last Saturday night in front of a section of the Canadian public. I am sure it is something which came up in the ministerial meetings between Canada and Japan. I will ask for a report from the ministers who were at those meetings and see if any progress was made.

Mr. Stanfield: Mr. Speaker, since the Secretary of State for External Affairs was present at those meetings, perhaps I could ask him that question.

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I think a perusal of the communiqué which I have just tabled in the House would indicate that this was one of the most important subjects of discussion. We believe the Japanese are making progress in the liberalization of their import restrictions. The Minister of Industry, Trade and Commerce expressed his eagerness to take advantage of the new opportunities and is pressing Canadian businessmen to do so.

Mr. Stanfield: Mr. Speaker, may I clarify my question and make it very clear to the Secretary of State for External Affairs that I am asking what specific program the government has in mind with regard to increasing Canadian exports of manufactured goods, and therefore creating jobs in Canada, in those areas of the Japanese economy that have already been liberalized, whereas the communiqué related rather to the increase of areas to be liberalized?

Mr. Sharp: Mr. Speaker, the Leader of the Opposition seems to lack confidence in the ability of Canadian businessmen to compete in the Japanese market. I do not share his lack of confidence.

Some hon. Members: Oh, oh!

[Mr. Jerome.]

Mr. Speaker: Order, please. I notice that the hon. member for York South is anxious to ask a supplementary, but for the moment the Chair recognizes the Leader of the Opposition.

Mr. Stanfield: Mr. Speaker, I simply lack confidence in this government.

Some hon. Members: Hear, hear!

* * *

THE CANADIAN ECONOMY

FOREIGN OWNERSHIP—EXPRESSION OF OPINION BY JAPANESE CONCERNING CANADIAN POLICY REVIEW

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the Secretary of State for External Affairs whether the Japanese officials at the meeting expressed any opinion to the Canadian ministers with regard to the policy review under way with respect to foreign investment in Canada? For example, did they express any concern about this policy review that has been going on seemingly just about as long as the Ziegfield Follies?

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker, the Japanese ministers did not express concern. They themselves have been engaged in a review of their foreign investment policy and we have been encouraging them to become more liberal, as we are. I am sure the Leader of the Opposition would agree that this is desirable. We also assured the Japanese ministers that Japanese investment in Canada would be welcome and that we hoped it would be in the form of a minority interest.

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TRADE

INITIATIVE BY CANADA AND JAPAN RESPECTING ACTION TO OFFSET UNITED STATES ECONOMIC MEASURES

Mr. David Lewis (York South): Mr. Speaker, I do not know whether my question is supplementary, but I noticed it was stated in the communiqué issued following the Canada-Japan ministerial meeting that the ministers of the two countries discussed the various items of present American economic policy, both those policies which have already been implemented and policies which are contemplated such as DISC, export tax credits and so on. I want to ask the Secretary of State for External Affairs whether the discussion resulted in any agreement by Canada and Japan to take the initiative in international measures by these two countries and the European Common Market to withstand the effect of the protectionist American policies?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, both Canada and Japan have been very active in the various international forums that have been discussing these matters. I think it is fair to say that the United States has been isolated and the countries of

the world have joined in asking the United States to remove the surcharge and not to proceed with the other protectionist measures it is contemplating.

Mr. Lewis: I have no doubt that urging will go on, Mr. Speaker, but I was wondering whether there was any discussion at the meeting of ministers of particular steps that could be taken by the rest of the world to counter the American protectionist policies. In relation to that, would the Secretary of State for External Affairs also tell the House why the communiqué refers to the fact that "the stability and growth of the United States economy is vital to international stability and economic growth", without reference to the fact that the same is true for the economies of Europe and other parts of the world?

Mr. Sharp: I would have assumed, Mr. Speaker, that all countries of the world and nearly all politicians would agree it is important that such an important economy as that of the United States should be stable and prosperous—

Mr. Lewis: Any more important than Japan?

Mr. Sharp: That must be very helpful to all of us. That is not to say that we do not want Europe and Japan to be prosperous.

Mr. Woolliams: How generous can you be?

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THE CANADIAN ECONOMY

FOREIGN OWNERSHIP—INQUIRY AS TO STATEMENT ON GOVERNMENT POLICY

Mr. David Lewis (York South): Mr. Speaker, we are grateful to the Secretary of State for External Affairs for his generosity about Europe and Canada but I would now like to address a supplementary to the Prime Minister. In view of the fact that the present economic situation in Canada is the result of American policies and emphasizes the vulnerability of the Canadian economy because of foreign ownership of a large part of it, may I ask the Prime Minister what stage of development the government's policy on foreign ownership has reached and whether we can expect some statement of government policy in this field very soon?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is at an advanced stage and we expect to have a report fairly soon. I might point out to the hon. member, however, something that he will realize, that even if there were no foreign investment in Canada and if we were in a position of trading 25 per cent of our GNP with the Americans, we would still be facing this difficulty.

Mr. Lewis: A supplementary, Mr. Speaker—

Mr. Speaker: Order, please. The Chair will recognize the hon. member for a last supplementary at this time and then recognize the hon. member for Abitibi. The hon. member for York South.

Mr. Lewis: Mr. Speaker, I have a supplementary which follows from the Prime Minister's lecture on economics. I should like to ask the Prime Minister whether he is seriously suggesting that if our economy was not so largely owned and controlled by American corporations the present state of our export trade would exist?

Mr. Trudeau: When I was a teacher, Mr. Speaker, that was called a rhetorical question.

* * *

[*Translation*]

CRIMINAL CODE

RE-ESTABLISHMENT OF CAPITAL PUNISHMENT

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I wish to direct a question to the Minister of Justice.

Considering the frightening increase in crime and homicides in Canada, does the government intend to bring forward some legislation soon to re-introduce the death penalty for murderers?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I missed part of the question, but if it refers to the impending announcement of a new program, the answer is no. The government knows of course that the legislation was adopted for a five-year period and before it expires we shall be ready to state the government's position for the renewal or repeal of the legislation.

• (2:30 p.m.)

Mr. André Fortin (Lotbinière): Mr. Speaker, I have a supplementary. Can the right hon. Prime Minister tell us whether during the period of application of the law, it will be constantly under review in order to ascertain whether it is truly meaningful?

Mr. Trudeau: Mr. Speaker, the reply is that studies have been carried out and are certainly regularly updated since the government, when making its decision, must take sociological facts into consideration.

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[*English*]

NATIONAL SECURITY

PROVISION OF OPPORTUNITY TO DEBATE ROYAL COMMISSION REPORT—STATUS OF CERTAIN CABINET OFFICIALS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, may I direct a question to the Prime Minister. Would the Prime Minister be prepared now to set a day aside, as he promised, for a debate on security and, in particular, debate on the report of the commission in reference to security matters, which up to now has not taken place.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is not unlike the question about the day to be set aside for abortion, which was asked some days ago by a member of the New Democratic Party. My answer is much the same. We have not in this session been able to advance all the legislation and the policies that the government announced in the Speech from the Throne and throughout the session. It should be obvious to hon. members that we are running short of time. We have already

spilled over into this part of the year with a session which normally should have ended in June. This is because the government, of course, is not able to allot time in a definitive way. My answer to the hon. member, much as it was to the other hon. member the other day, is that if the opposition will help us try to set a reasonable time for debate on each piece of legislation or policy which was mentioned in the Speech from the Throne, we will guarantee to cover all subjects.

Some hon. Members: Oh, oh!

Mr. Woolliams: In light of the lengthy answer and because of the seriousness of the matter, would the Prime Minister now advise the House and country why Mr. Donald Wall, assistant secretary to the cabinet, I believe, and Mr. Donald Bevis, who I believe was secretary to the security panel or cabinet committee, were relieved of their responsibilities recently on matters connected with security and why, if not, they are not forming part of Colonel Bourne's "headless" group?

Mr. Trudeau: Mr. Speaker, this is a matter of internal organization of the government.

Some hon. Members: Oh, oh!

Mr. Trudeau: The question really does not make sense to me. I will try to answer, if I can read into the mind of the hon. member. It is as though he were asking me why a lawyer who is working with the Department of External Affairs did not stay in the Department of Consumer and Corporate Affairs. Mr. Wall and Mr. Bevis have their duties in respect of cabinet matters and Colonel Bourne's group has its duties in regard to the Solicitor General's office. The answer is as simple as that.

Mr. Woolliams: Mr. Speaker, may I ask one further question. Perhaps it will clear the air. Were these two men not removed from office because the government had over-reacted with the War Measures Act last fall? Is that not one reason?

Mr. Speaker: Order, please. I doubt whether that question as asked is in order.

Mr. Nielsen: A supplementary question, Mr. Speaker—

Mr. Speaker: Order, please. That supplementary question was not in order. I will allow the hon. member for Yukon to ask a supplementary to the first question.

Mr. Erik Nielsen (Yukon): Mr. Speaker, in view of the far-reaching importance of the royal commission's report on security and in view of the fact that in April, 1970, the Prime Minister gave his undertaking to the House to set aside a full day for a debate on that report, will he not reconsider and set aside that day at this time?

Mr. Trudeau: Mr. Speaker, I repeat, if the opposition House leaders will sit down with the government House leader and arrive at a sensible schedule for the next months—

Mr. Lambert (Edmonton West): That means sensible for the Prime Minister.

[Mr. Trudeau.]

Mr. Trudeau: —to dispose of the measures which are before the House, including the one that the hon. member just mentioned, then we will be very grateful. We believe that all these measures should be decided either positively or negatively after a reasonable period of debate. I might add, Mr. Speaker, that the allegations in the previous question by the hon. member for Calgary North are completely false.

Mr. Baldwin: Mr. Speaker, I rise on a point of order. Twice the Prime Minister has made suggestions or pointed insinuations as to the extent to which the opposition may be at fault in regard to the proceedings of the House.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Baldwin: I want to point out that there has been between the House leaders, save only when the Prime Minister has unnecessarily intervened, a fair amount of co-operation, and that it is the disastrous disorganization of the government that has been responsible for any wasted time.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Selkirk.

Mr. Woolliams: Mr. Speaker, I rise on a question of privilege.

Mr. Speaker: The hon. member seeks the floor on a question of privilege. He will recognize that as a result of questions of privilege raised yesterday we got into some difficulties. The Chair takes its share of the responsibility in this respect. We missed out on a number of questions yesterday which I am sure would have been of interest to all hon. members. I trust we will not spend too much time today on questions of privilege or order, or disorder.

Mr. Woolliams: Mr. Speaker, my question of privilege is very simple. When the Prime Minister was answering the question put to him by the hon. member for Yukon, he gratuitously said that my allegations were false. I made no allegations. I merely asked the Prime Minister for information which he has and nobody else has. He refused to answer the question or to set a day for the debate.

Mr. Speaker: Order, please.

Mr. Trudeau: Mr. Speaker, on the same question of privilege—

Mr. Speaker: Order, please. I suggest to the Prime Minister that it would not be the same question of privilege because I do not think there is a question of privilege at all. I respectfully suggest that we are really engaged in debate at this point. It might be helpful to all concerned if we went to the hon. member for Selkirk and gave him a chance to ask his question.

TAXATION

ESTATE AND GIFT TAX PROPOSALS—RESPONSE TO PROVINCIAL REQUESTS FOR DELAY

Mr. Doug Rowland (Selkirk): Mr. Speaker, my question is for the Prime Minister. Has he yet replied to the letter which he received from the first ministers of the provinces in which they asked for a deferral of one year on the estate and gift tax proposals now before the House? If he has replied, what is the nature of the reply?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, no substantial reply was sent as far as I know.

Mr. Rowland: Does the government intend to send a substantial reply to the first ministers?

Mr. Trudeau: Mr. Speaker, the best reply would be the position the government takes in the House when the bill is passed. We cannot reply to the hypothetical situation as to what will happen if the bill is delayed past January 1, the date that the premiers mentioned in their letter to me.

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SHIPPING

VANCOUVER HARBOUR—ALLEGED PRIORITY TO MOVEMENT OF GOODS DESTINED TO OR EMANATING FROM UNITED STATES

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Transport. Because of the unprecedented volume of traffic in and out of Vancouver Harbour due to the strikes in United States Pacific coast ports, and in view of persistent reports of priority being accorded to the movement of commodities destined to or emanating from the United States, to the detriment of Canadian goods, would the minister report to the House just what the situation is because, as he is well aware, many western newspapers have become very concerned about this matter and the Canadian public are writing and asking whether they are second-class citizens?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I was in Vancouver yesterday and discussed this matter at length with the marine representatives of my department there and I asked for a full report. On the basis of the verbal replies that were given to me at that time I think I can say that I am satisfied that no preference is being given to American shipments. I have asked for a written report and will make it available to the House and to the hon. member as soon as it is received, which should be within a few days.

[*Translation*]

REGIONAL ECONOMIC EXPANSION

CHEMCELL LIMITED—POSSIBILITY OF KEEPING MONTMAGNY PLANT IN OPERATION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Regional Economic Expansion.

Inquiries of the Ministry

As it is getting more and more obvious that Chemcell Limited is definitely going to close its plant at Montmagny, can the minister tell the House whether any business firm has asked for a grant toward the purchase of the Chemcell buildings in order to set up some other type of production in Montmagny, which would benefit the local workers?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I am not aware of that, Mr. Speaker. I shall look into it and inform the hon. member.

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[*English*]

AIRPORTS

DEVELOPMENT OF MONTREAL AS DISTRIBUTION CENTRE FOR AIR CARGO—STE. SCHOLASTIQUE PROJECT

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is for the Minister of Transport. Is the federal government working closely with the government of Quebec to develop a strategy to accelerate Montreal's growth and make Montreal into a North American distribution centre for all types of air cargo? If so, when will a statement be made?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, in so far as the specific matter of co-operation is concerned, I know that discussions have been going on with my officials but I do not have too many details with regard to them. I can tell the hon. member, however, that we are working closely with Chambers of Commerce and other groups in Toronto, Calgary, Edmonton and Vancouver and all major centres to facilitate all these airports and make them as effective and beneficial to their areas as possible.

Mr. Ryan: As many of the major airlines want to have the Toronto international airport site developed for both passenger and air cargo services, and therefore the Ste. Scholastique site in Quebec may become a white elephant, will the government postpone any commitment to the government of Quebec and the Montreal Urban Commission in this regard until the economic feasibility is thoroughly proven?

• (2:40 p.m.)

Mr. Jamieson: Most emphatically no, Mr. Speaker. We will proceed with the development of Ste. Scholastique at the most rapid rate possible, as we will with development in the southwestern part of Ontario. When people speak of white elephants, I remind the House and the hon. member that ten years ago they told us we were out of our minds for building as large as we were in both Toronto and Montreal and we all know what has happened.

Some hon. Members: Hear, hear!

Inquiries of the Ministry

AIR TRANSPORT

IMPENDING PRICE WAR AMONG TRANS-ATLANTIC CARRIERS—GOVERNMENT APPROVAL OF PARTICIPATION OF AIR CANADA AND CPA IN PRICE-FIXING MEETING

Mr. Stanley Haidasz (Parkdale): I have a supplementary question. On behalf of the air travelling public, I ask the Minister of Transport whether he has any report to make to the House about the impending price war among trans-Atlantic air carriers and also whether Air Canada and CPA participated with the approval of the federal government at a price fixing meeting in Montreal last month?

Mr. Speaker: Order, please. I suggest to the hon. member that is hardly a supplementary question. However, the hon. member would have been recognized in due course so the minister might be allowed to reply. I will then return to the supplementaries.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, only a short time ago I learned of the final breakdown of the IATA talks with regard to getting unanimity on a fare structure for the North Atlantic. The government and I personally regret this very much. It may be that in the short term a price war, as the hon. member has called it, will be beneficial to travellers, but in the long run it would seem to me, and I think this view is shared by virtually all members, it would be far better if we had an organized arrangement. We will continue to press for this and try to get reasonable fares for the Atlantic, lower indeed than are in existence in most cases now.

Mr. Speaker: The hon. member for Spadina on a supplementary to the previous question.

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AIRPORTS

NEW STE. SCHOLASTIQUE AND TORONTO FACILITIES—EQUAL TREATMENT BY GOVERNMENT RESPECTING PASSENGER AND CARGO SERVICES

Mr. S. Perry Ryan (Spadina): My supplementary is again for the Minister of Transport. Will the government undertake to deal with an even hand between the Montreal airport site and the proposed Toronto international airport site both with regard to air passenger service and air cargo?

Hon. Donald C. Jamieson (Minister of Transport): I can give that assurance without the slightest qualification, Mr. Speaker. I am personally convinced that both Toronto and Montreal have excellent futures in terms of the air traffic business, and we will see that facilities are provided at both airports.

WINNIPEG—DEVELOPMENT OF AIR CARGO SERVICE

Hon. W. G. Dinsdale (Brandon-Souris): My supplementary, Mr. Speaker, deals with the situation at the Winnipeg airport. Can the minister give the same assurance—

[Mr. Jamieson.]

Mr. Speaker: Order, please. I suggest to the hon. member that again this is hardly a supplementary. The hon. member for Parkdale asked a supplementary. I did not think it was a legitimate supplementary. I suggest to hon. members that a question does not become a supplementary mainly because it deals with the same department. With the consent and co-operation of the hon. member for Brandon-Souris, I invite the hon. member for Spadina to ask his supplementary and the Chair will then recognize the hon. member for Brandon-Souris on a different question.

Mr. Ryan: I do not have a further supplementary, Mr. Speaker.

Mr. Dinsdale: Mr. Speaker, my supplementary arises from the reply of the minister to the effect that negotiations on cargo matters are taking place in respect of all the major points in Canada. In light of that comment, I wish to ask the minister if the negotiations have taken into consideration the fact of the gradual erosion of the importance of the Winnipeg airport in air transportation matters. Can the minister give assurance that this erosion will not now be carried only into the air cargo field?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I made a tour of the Winnipeg airport the day before yesterday. My colleague, the Minister of Supply and Services, reminded me that I left Winnipeg out of the list I gave a few moments ago. I can assure you that it was inadvertent. The volume of traffic through Winnipeg is actually higher, not so much in terms of landings but in larger type aircraft. Passenger movement is higher. The number of technical stops has increased. As I have said on a number of occasions, the bilateral arrangements with the United States which we are now working on lay heavy emphasis on western Canada, including Winnipeg, Edmonton, Calgary and Vancouver.

Some hon. Members: Hear, hear!

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BUSINESS OF THE HOUSE

REQUEST FOR OPPOSITION DAY TO DEBATE WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the President of the Privy Council in his capacity as government House leader. In view of the fact that a number of opposition days are left over from June and in view of the very strong desire on this side of the House to discuss the non-payment by the government of certain moneys specified in the Temporary Wheat Reserves Act, will the government House leader make arrangements for an early opposition day, perhaps the first of the week, so we can have a discussion on this important matter?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, we may arrange for this to include abortion, security and the Temporary Wheat Reserves Act.

RESUMPTION OF DEBATE ON AGRICULTURAL STABILIZATION BILL

Mr. Don Mazankowski (Vegreville): I wonder if the House leader can give any indication when the stabilization bill, C-244, might be presented to the House for further consideration?

Hon. Allan J. MacEachen (President of the Privy Council): Yes, Mr. Speaker. This session.

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[*Translation*]

FAMILY INCOME SECURITY

FAMILY ALLOWANCES—REQUEST THAT GOVERNMENT GIVE CERTAIN POWERS TO PROVINCES

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

Recognizing the fact that the federal government is responsible for setting up minimum family allowance standards for all Canadians, I would ask the right hon. Prime Minister to tell the House whether his government would agree to granting the provinces certain legislative powers that would take into account the credits allowed by the federal government to that end?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the question is not simple. It is not a question of the federal government granting legislative powers to the provinces because it is clear, under the constitution, that the provinces already have them.

The only question which came up again and again was whether the federal government, which has been making payments for family allowances since 1944, may continue to do that or not. Of course, the answer must be yes: we have to continue these payments for family allowances. That has nothing to do with the letter of Mr. Bourassa in which he proposed an administrative agreement which would not change the constitution or the legislative power of the various levels of government, but would only be an administrative agreement based on the present constitution.

Again, Mr. Speaker, the answer is not any simpler than the question.

Mr. La Salle: May I ask a supplementary, Mr. Speaker?

Keeping in mind that minimal standard set up by the government, that is federalism, and considering that funds earmarked for family allowances would not represent the total amount with regard to this standard, I would like to ask the right hon. Prime Minister whether the provinces could not legislate on the budget surplus according to their needs.

Mr. Trudeau: There is no budget surplus, Mr. Speaker. The money which is derived from taxes is distributed through our various programs.

The province of Quebec is asking for an agreement which would suit them, and which we are interested in considering. However—I asked Mr. Bourassa this question, which I am now repeating in this House—we want to know whether the federal government is expected to sign one agreement after another without ever being told what the province of Quebec has in mind when it talks of a clearer definition of jurisdiction in the sphere of social security. We want to know, through this agreement, what Quebec is trying to achieve in respect of constitutional amendments.

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[*English*]

HEALTH

PROVISION OF FREE DRUGS TO OLD AGE PENSIONERS AND GRADED PAYMENTS BY THOSE ON LIMITED INCOMES

Mr. P. B. Rynard (Simcoe North): My question is for the Minister of National Health and Welfare. In view of the Ontario government's decision to provide free medical and hospital care for old age pensioners and the poor after January 1 of next year, is the federal government prepared to give immediate consideration to a national drug care bill which will provide free drugs for all persons receiving old age pensions and graded payments for those on limited incomes who are now covered by medicare?

• (2:50 p.m.)

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, as I have indicated, we are already paying half the cost of free drugs for residents of Ontario, as we do for residents of all other provinces who are in need. We share that cost with the provinces.

Mr. Rynard: I realize that the minister is doing so in part and that there is no compulsion, but this government did bring in national medicare and I am now asking whether this will be completed by adding national drug care.

* * *

TRADE

CANADA-JAPAN MINISTERIAL MEETING—CONCLUSIONS REACHED ON METHODS TO INCREASE CANADIAN SHARE OF MANUFACTURED GOODS IMPORTED BY JAPAN

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he can tell the House what conclusions the Canadian and Japanese ministers reached when they discussed methods that might be adopted to increase Canada's share of manufactured goods being imported by Japan? I ask this question in view of the fact the minister said that this matter had been discussed and there is no mention of it in the communiqué.

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, there is mention of it in the communiqué. We pressed the Japanese to make it possible for Canadian manufacturers to sell in Japan. In the course of the discussions, as reflected in the communiqué, the Japanese said that they were liberalizing trade and were decreasing the number of items under import restrictions. The Minister of Industry, Trade and Commerce said that Canadian manufacturers were very anxious to get into

the Japanese market, and his department is engaged in helping them. Therefore it is my view that we are creating conditions that are most favourable for the sale of Canadian manufactures to Japan.

Mr. Stanfield: Am I correct in assuming that there was no discussion between the ministers of the two countries as to how Canadian manufacturers could increase their share of the market where quotas had already been removed?

Mr. Sharp: Mr. Speaker, if the hon. gentleman is suggesting that we should pay subsidies on the export of manufactures to Japan, we are not going to do so.

Mr. Stanfield: Mr. Speaker, I rise on a point of order. I asked the minister a question earlier in the question period and he said that these very matters had been discussed at the meeting. It now turns out that they were not discussed at all and that the Canadian ministers had no intention of discussing them there, or here.

Mr. Sharp: Mr. Speaker—

Mr. Speaker: Order, please. Perhaps the minister is rising on his own point of order, but I would suggest to the minister that the point raised by the Leader of the Opposition is hardly a point of order and on that basis I doubt that the matter should be pursued.

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EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—FURTHER REPRESENTATIONS TO UNITED STATES

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question I should like to ask the Secretary of State for External Affairs. Having in mind today's report from Washington that, despite Canada's representations to the contrary, preparations for the explosion of a massive nuclear device at Amchitka are proceeding on schedule, will the government give consideration now to expressing new and more tangible opposition to this dangerous and useless test?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the evidence that we have from Washington is that the opposition to this test is growing daily. Even the Congress of the United States has passed a bill in opposition thereto. I hope all concerned, including my hon. friend and members in all parts of the House, will support the government in its opposition to the test and make their views known very strongly.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. In view of the proximity of this proposed blast to Canada and the effect that it might have upon us, and in view of our concern about enlargement of the nuclear arms race, would the Secretary of State for External Affairs be prepared to introduce a motion in the House so Parliament can express its view on this matter and communicate it to the President?

Mr. Sharp: Mr. Speaker, the views of the House have been very well expressed by members on all sides. I have conveyed those views to the Secretary of State and he knows our position. He knows that we are all unanimously and strongly opposed to this test.

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WELFARE

REPORT ON EXORBITANT RENTAL AND REPAIR CHARGES TO PROVINCIAL GOVERNMENT

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Secretary of State of which I have given his office notice. Will the minister make available copies of a report prepared by Mr. Robert Hébert of the minister's Moncton office about exorbitant rental and repair charges to the provincial government on behalf of welfare recipients?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, the notice given me by the hon. member for Fundy-Royal has just allowed me to get very slightly acquainted with the question he mentioned. I will have to get information on the documents and their origin. Then I shall probably be in a position to answer him.

* * *

[*English*]

POLLUTION

REQUEST FOR PROGRESS REPORT ON REMOVAL OF SUNKEN "IRVING WHALE"

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Minister of Transport while he is in an accelerating mood. Would he advise as to the progress being made by his department in its efforts to stimulate the movement upwards of the tanker *Irving Whale* which has been at the bottom of the Gulf of St. Lawrence for over a year?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I believe it was on Friday I sent a letter to the hon. member's colleague from Prince Edward Island and I shall be glad to send a copy to him. It is an up to date report on the situation. I can only emphasize at this time that we want to make absolutely sure that the maximum number of safety precautions are taken before anything is done, but I will see that the hon. member gets a copy of the letter.

Mr. David MacDonald (Egmont): A supplementary question, Mr. Speaker. I have received the letter referred to by the minister but obtained therefrom no more information than was given to the House some days ago. Can the minister assure the House that action will be taken this year to remove this very great pollution threat, as was earlier indicated by the minister and the Premier of Prince Edward Island? If it is not going to be removed in the near future, can the minister indicate at what date or within what time frame we can expect to have this threat removed?

Mr. Jamieson: Mr. Speaker, as briefly as you will allow me may I say,first of all, that the difficulty is that we are prepared and willing to remove it at the earliest possible moment. However, as my hon. friend knows, we are experiencing a series of hurricanes at the present time, so this is hardly the time for us to start the work. The experts are now examining whether there will be an appropriate time before winter conditions set in to raise the vessel. If that is not the case, we will leave it until the best time available in the early part of 1972. But we shall do it at the best possible time.

Mr. Speaker: Order. I bring to the attention of hon. members that there are only about three minutes left before the end of the question period. Therefore I wonder whether we should have too many supplementaries.

Mr. MacDonald (Egmont): Mr. Speaker, I have a further supplementary question, but first on a question of privilege may I direct the attention of the House to the presence of a distinguished citizen of Prince Edward Island in the gallery, the former premier of Prince Edward Island, the Hon. Walter R. Shaw.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): Since this matter is of grave concern to all Prince Edward Islanders, I wonder whether the minister can indicate for what reason the various steps that he outlined to us here in the House and in the letter to me last week were not taken earlier?

Mr. Speaker: Order, please. That is debate.

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REGIONAL ECONOMIC EXPANSION

REQUEST FOR STATEMENT ON RESULTS ACHIEVED UNDER FIRST AGREEMENT WITH QUEBEC

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion. In view of the fact that last week another agreement was signed in connection with the Gaspé between his department and the province of Quebec, will the minister make a statement on the results achieved under the first agreement between his department and that province?

Hon. Jean Marchand (Minister of Regional Economic Expansion): That is not my intention, Mr. Speaker.

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NATIONAL DEFENCE

INQUIRY AS TO PAY INCREASE FOR MEMBERS OF ARMED FORCES

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, may I direct my question to the President of the Treasury Board. In light of the white paper on defence and in order to uplift the spirits of the members of the Canadian Armed Forces, would he comment on whether or not they can expect their pay raise before the end of this month?

Hon. C. M. Drury (President of the Treasury Board): I would not like to comment on that, Mr. Speaker. An announcement, when appropriate, will be made by the Minister of National Defence.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

NEW BRUNSWICK—IMPROVEMENT OF FRENCH TELEVISION NETWORK

Mr. Herb Breau (Gloucester): Mr. Speaker, I would like to ask a question of the Secretary of State.

Could he tell the House if the CBC has suggested a solution for improving the French television service in northwestern New Brunswick, following the CRTC statement that such service was not satisfactory?

Hon. Gérard Pelletier (Secretary of State): Yes, Mr. Speaker, a CBC proposal is before the government in this connection.

* * *

• (3:00 p.m.)

[*English*]

NATIONAL PARKS

REQUEST FOR MINISTER'S SUPPORT IN SECURING VACATED NATIONAL DEFENCE PROPERTIES

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I should like to direct this question to the Minister of Indian Affairs and Northern Development. Will he give his support to the National and Provincial Parks Association in respect of their representations to the Department of National Defence for the release for the purpose of park development of properties it has vacated?

Mr. Speaker: Order, please. I suggest this question might well have been placed on the order paper, but perhaps the minister might reply as briefly as possible.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, this question is being very seriously considered and I am pleased to tell the House that this summer we had the privilege of signing with Ontario an agreement for the establishment of a new national park.

* * *

[*English*]

THE CANADIAN ECONOMY

STEPS TO PREVENT PRODUCTION SHIFTS FROM UNITED STATES-OWNED SUBSIDIARIES TO PARENT COMPANIES

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I should like to direct a question to the Prime Minister. As a result of the recent United States measures and other proposals aimed at increasing United States domestic production, can he now inform the House what steps, if any, will be taken by the government to prevent production

shifts from U.S.-owned subsidiaries in Canada to parent firms in the United States?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I missed part of the question, but I will look into the matter and see whether I can provide a reply.

PROTECTION OF GOVERNMENT INVESTMENTS IN UNITED STATES-OWNED SUBSIDIARIES TO PREVENT PRODUCTION SHIFTS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, while the Prime Minister is looking into the matter I should like to ask the Minister of Regional Economic Expansion whether he will inform the House what steps have been taken or will be taken to protect the investments of the federal government in production plant subsidiaries owned by United States corporations in order to prevent production shifts to parent plants in the United States.

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I think that I have stated many times in the House that American concerns had no special status in so far as my department is concerned and that they were treated simply like another industry.

[*English*]

Mr. Benjamin: Mr. Speaker, is it the government's intention to suspend future grants to all United States-owned corporate subsidiaries in Canada under the Industrial Research and Development Incentives Act?

Mr. Marchand (Langelier): No, Mr. Speaker.

* * *

REGIONAL ECONOMIC EXPANSION

EFFECT OF UNITED STATES IMPORT SURTAX ON POLICIES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to ask the Minister of Regional Economic Expansion whether he has had an opportunity to evaluate the effects of the United States import surtax on the over-all regional economic expansion policies of the government?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the Department of Finance has carried out such an evaluation. It gives us a general idea of the potential impact of the surcharge on slower-growth regions.

[*English*]

Mr. McGrath: Mr. Speaker, does the government intend to continue the regional industrial incentive grants during its examination of the surtax and the measures it proposes adopting to counteract this tax?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, I believe that if slow-growth regions are somewhat affected by the surcharge, the government would not want to increase that impact by abolishing grants.

[*English*]

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Tuesday, September 14, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in my remarks last night I condemned the government's proposals in respect of tax changes and made the charge that what is proposed does not represent tax equity. To summarize, the major recommendations of the Carter commission, appointed by a Conservative government, are very far removed from the provisions of this bill. There are tremendous concessions in terms of what can be charged off against income tax as incentives, that is, business and entertainment expenses of self-employed people, compared with the picayune concessions amounting to $150 per year permitted to the ordinary working man.

There are other anomalies in the proposals put forward by the Minister of Finance (Mr. Benson). A person who earns $5,000 a year in wages will save only $14 per year in income tax under the new schedule. A person earning $7,000 per year will be paying $78 per year more in income tax. A person who has an income of $100,000 per year will pay $1,000 less in income tax than under the old arrangement. Only a Liberal government and a finance minister of the kind we have could suggest that this kind of arrangement is fair.

Let me point out some of the anomalies in the proposal to illustrate its inequity. The minister proposes to increase the limit on tax exemptions in respect of moneys paid into registered retirement plans. The proposed limit will be $4,000 per year. The deferred profit-sharing plan under a registered pension will be limited to $2,500 per year, maximum, compared with $1,500. I point out to hon. members that only people in the upper income bracket are in a position to invest this amount of money in such a pension plan, so the minister's proposal will not mean much in the way of tax exemption.

During my remarks on the budget I referred to what I considered to be the most inequitable proposal in the minister's proposed tax changes. I have in mind the proposal of the minister and the government to eliminate estate and gift taxes. Surely we in this country, as in most modern countries, believe in the principle that a tax system should be designed to provide greater equity in the lives of the people.

Most Canadians who compare this proposed tax system with systems which exist in South American countries

will be disheartened by the fact that we have a very small percentage of people who are extremely wealthy, most of whom pay no tax at all, and that perhaps 95 per cent are living in abject poverty. We like to think we have a very fair and equitable tax system. This year the government proposes to eliminate one of the basic features of every progressive tax system, namely, gift and estate taxes.

I said on another occasion that we must give consideration to encouraging people to work hard, using their intelligence and adding to our productivity. We must be prepared to protect them in order to benefit from their ability, intelligence and hard work. We now have a proposal which will permit the transfer of an estate of $1.2 million to the surviving children with no tax at all. These children will reap the benefits of someone who has amassed such a fortune, without contributing in any way to the productivity of this country.

• (3:10 p.m.)

If a person should have an estate of $1 million, let us say, he could turn over to his wife and three children $250,000 each without any tax being payable on it. Invested in a very conservative way, $250,000 can give a person an income of $15,000 to $20,000 a year in perpetuity. To me this is a shocking and disgraceful proposal that the Minister of Finance has made.

The hon. member for Winnipeg South Centre (Mr. Osler) in his speech last night implied that the speeches made by members of our party in respect of this bill were different from the type of speeches made by members of the government of Manitoba. I have here the text of a statement made by the Premier of Manitoba, Mr. Schreyer, the day after the Minister of Finance made his budget speech. I wish to place on the record some specific comments made by the Premier of Manitoba at a meeting in Hamiota so that the hon. member for Winnipeg South Centre will know, if he did not know when he made his speech, that what I and other members of the New Democratic Party have said in reference to the budget is precisely in line with what the Premier of Manitoba said. I shall place on the record part of what the Premier said:

> More specifically, now Manitoba would like to ask where is there equity or fairness in a tax system when:
>
> 1. Salary and wage earners will be taxed at 100 per cent of their earnings while capital gains will be taxed, but only on half of those gains, and windfall gains will not be taxed at all.
>
> 2. Unemployment insurance benefits and manpower training allowances are now taxable but business, entertainment and related expenses continue to receive the same favourable treatment in deductions from taxable income.
>
> 3. The three year tax relief for new co-operatives is withdrawn, but the business tax credit to shareholders is increased from 20 per cent to 33 1/3 per cent.
>
> 4. The 'single person' individual receiving a salary of $100,000 a year will now pay $1,000 less in personal income taxes, compared to the person earning $5,000 in wages but pays $14 less in personal income tax—further compared to an individual receiving a salary of $11,000 who now, under the new proposals, will be paying $78 more in income tax.
>
> 5. A wage-earning employee is limited to $150 a year in expenses, but high-income executives will be permitted broad deductions for the expenses involved in moving to new jobs.
>
> 6. There will be many Canadians paying personal income taxes whose incomes are well below the poverty levels, set out by the Economic Council, while a man or woman will now be permitted to transfer his or her original $1 million estate to heirs or friends without paying any taxes.

I believe it should be obvious to anyone—but possibly the hon. member for Winnipeg South Centre hears only what he wants to hear—that what we have been saying is precisely what the Premier of Manitoba has been saying.

I should like to spend a few moments making clear to members of the House and the public that what we say in our criticism of the tax proposals made by the Minister of Finance is not simply criticism made for partisan political reasons by members of this party. I suggest the Minister of Energy, Mines and Resources (Mr. Greene) should take the trouble to read what I believe is perhaps one of the most important speeches made in recent years by any public figure. I refer to the speech made by the hon. member for Duvernay (Mr. Kierans), the former Minister of Communications, on June 3, 1971, to the Canadian Economics Association.

That speech was endorsed by 300 top academics in business, labour, government and economics in this country and when the speech was concluded it received a 12-minute standing ovation, something unheard of in the history of the Canadian Economics Association.

Mr. Greene: They never heard one of your speeches; that is the only reason.

Mr. Orlikow: Mr. Speaker, I like to be realistic. I know I am not the economist the hon. member for Duvernay is. The only difference between me and the Minister of Energy, Mines, and Resources is that he does not have the brains to know he is not in the same class as the hon. member for Duvernay.

Mr. Greene: That is not the way you spoke about him when he was in the government.

Mr. Orlikow: When he was in the government he did not talk about economic matters but only things like the Post Office, about which he is not as well versed as he is in economics. I am not one of those members who is not prepared to give credit where it is due, even if the person deserving of it is not a member or supporter of our party. I would even like to give the minister who interrupted some credit, but unfortunately he very seldom says anything deserving of credit. I should like to place on the record a few of the observations made by the hon. member for Duvernay in his speech to the Canadian Economics Association:

> Taxation allowances have been used so extensively in Canada since 1949 that the Dominion Bureau of Statistics has been forced to issue two sets of financial figures, the one based on the annual reports of corporations to the shareholders, the other drawn from the reports filed with the Department of Revenue for tax purposes by the same corporations.
>
> In 1968, for example, book profits reported to shareholders amounted to $8,350 million while taxable income reported to the revenue department amounted to $5,021 million.

The hon. member for Duvernay gave some extremely interesting figures in the form of tables which I cannot place on the record because I do not have the time. However, I believe I can summarize some of them. These figures are available to all Members of Parliament through the annual reports issued by the Dominion Bureau of Statistics. If you compare the book profits

before taxes and taxable income by selected industries for the year 1965 to 1968, you will see that the book profit of the metal mining industry was $1,707 million while their taxable income was only $222 million. In other words they paid taxes on only 13 per cent of their income.

In the mineral fuels field the book profit was $795 million while the taxable income was only $45 million. They paid taxes on only 5.7 per cent of their profits. Under the heading "Other Mining" the book profit was $374 million while the taxable income was $120 million. They paid taxes on only 32 per cent of their taxable income. In respect of manufacturing we have the point the hon. member for Duvernay has repeatedly been making. In the manufacturing industry the book profits were $12,745 million while the taxable income was $8,052 million. They paid taxes on 63 per cent of their profits. The retail trade, however, made a profit of $1,620 million while the taxable income was $1,445 million. They paid taxes on 90 per cent of their profit.

• (3:20 p.m.)

Is it any wonder that we are in trouble? Is it any wonder that Canadian and foreign money has been increasingly funnelled into the mining industry, the oil industry, the gas industry and the extractive industries which are capital-intensive and employ a relatively small number of people? Is it any wonder that Canadian and foreign money has not been channelled into the manufacturing industries which employ large numbers of people?

Mr. Speaker: I apologize to the hon. member, but I must interrupt him since his time has expired. He may continue with the unanimous consent of the House.

Some hon. Members: Continue.

Some hon. Members: No.

Mr. Speaker: There does not appear to be unanimous consent. Is there unanimity?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: I regret to advise the hon. member that there is no unanimity.

Mr. William Skoreyko (Edmonton East): Mr. Speaker, I am delighted to have this opportunity to participate in the debate, particularly because the Prime Minister (Mr. Trudeau) seemed to indicate today—at least I thought he did—that he sensed a long and protracted debate. I do not believe that to be true. But I believe that time should be allowed for the opposition parties to project their arguments as far as they possibly can.

I congratulate the hon. member for Edmonton West (Mr. Lambert) for having proposed the amendment before the House. It gives the official opposition the opportunity to bring to the government's attention the seriousness of the economic situation of our country. A measure as important as tax legislation traditionally has revealed and should reveal remedies to cure ailments from which our society suffers. Nothing in this tax bill, at least so far as I am concerned, counters any of the problems facing our country today. This administration appears so far to have been so administratively inept that none of the provisions included in this tax measure could do anything for the unemployed.

[Mr. Orlikow.]

This is a measure on which the government, if they have confidence in it, could justify an election. Only the good Lord knows how an election could possibly be justified in the third session of this Parliament with a record as bad as that which can be charged to this administration. If any measure could prompt a government into some kind of action, it is this one. It is apparent that this one-man administration is completely oblivious of the problems of the unemployed, of business big and small, of agriculture, of fishing—you name it, Mr. Speaker.

The $50,000 over an eight-year period for a total of $400,000 in earnings before a 50 per cent tax is applied to small businesses is, to small business in this country, a devastating piece of legislation. Over and over again we hear about the money that is reserved in the Temporary Wheat Reserves Act. Surely that would help the farmers of western Canada. I have a serious suspicion that this may be held out as a pre-election dole.

So many things have happened to and with this government since the third session of this Parliament began. The third session began with all kinds of glowing promises, and all of a sudden a unique situation developed and the War Measures Act was invoked. Every member of this House of Commons knows that the essence of law and order is the federal government's responsibility. Yet the federal government invoked the War Measures Act, turned that act over to the Attorney General of the province of Quebec to administer and then picked up the $12 million tab—but there is no money for the unemployed!

Immediately after the Quebec crisis was over, inflation was the next thing with which the government had to deal. In a sloppy attempt to curb inflation the government created chaos, massive unemployment, doubt on the money market, impeded industrial development, impeded industrial expansion and created doubt in the minds of international investors in Canadian industries. We witnessed a most inept and incompetent administration at work—ministers leaving, others resigning. But before all this came the white paper, then the amendments, then the bill and then the amendment before us.

I want to deal with this amendment for a moment. The amendment reads:

> —this House deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

I think it is one of the most appropriately worded amendments presented to this House in a long time.

Some hon. Members: Hear, hear!

Mr. Skoreyko: One thing that concerns me somewhat is that a number of hon. members on the other side of the House had a great deal to say when the white paper on income tax was before the committee, but one does not hear much from them today. Surely they must have something to say either for or against this measure, but they sit

silent on the other side of the House. I should like to hear from some of the competent speakers on the other side, from somebody like the hon. member for Don Valley (Mr. Kaplan), the hon. member for Etobicoke (Mr. Gillespie), the hon. member for Grenville-Carleton (Mr. Blair), the hon. member for Ontario (Mr. Cafik). What about the vociferous member for Okanagan Boundary (Mr. Howard), the hon. member for Middlesex (Mr. Lind) and that ever-loving member for Calgary South (Mr. Mahoney) who can shirk off any kind of problem with a crooked smile?

These members perhaps finally realize that the minister has completely left the world of reality and that they cannot possibly support this kind of measure. Again, why cannot they support it? Well, they sit and listen to No. 1 as good mummies or good dummies. They cannot understand how the Liberal Party's divine right to govern could ever be challenged. They say, "What difference does it make if we make mistakes; we are Liberals?" You remember, Mr. Speaker, not too many years ago the six-buck boys. Does this not remind you of the old gang, Mr. Speaker? They were defeated in 1957 and they said to the House of Commons that had a minority government sitting on the other side, "Give us back our jobs". After the next election, based on the past performance of this administration, cannot you just see that group over there saying, "Give us back our jobs"?

I want to summarize this legislation. The government, in its desire to overhaul the tax system of Canada—and they cannot be blamed for that—made their first serious mistake at a cost of $44,000 to the Canadian public when the minister brought out the white paper on tax reform. What a masterpiece that was! Even Mr. Pickersgill is incapable of that kind of deceit. Almost immediately members on both sides of this House reacted, expressing a great deal of concern, with the sole exception of the socialists who said, "It does not go far enough".

• (3:30 p.m.)

I wonder how many of the socialists who belong to the Blakeney bunch, or even those who sit in this House have had the guts to go to the western Canadian farmer in Saskatchewan and really explain what Carter wanted to do for the western Canadian grain farmer? Not many of them did, although in the last few weeks they have had much to say about economic nationalism. The Leader of the Opposition (Mr. Stanfield) immediately set out to inform Canadians, as did Mr. Bullock and Mr. Asper. I do not need to remind the crowd over there who Mr. Asper is, but he reacted violently and went so far as to publish a book attacking the white paper proposals.

What was the end result? There was withdrawal, retreat, a backing away—and then the introduction of Bill C-259 which is so far removed from the original proposals that, if compared, any similarity between the two could not even be recognized. The government wisely interpreted the hundreds of thousands of objections pouring into Parliament Hill offices as the end of the Trudeau regime unless it backed off. I say to you, Mr. Speaker, that after spending $190,000 to answer this criticism, backing off cannot now save the government. What are some of the objections? My first objection is to the $44,000 spent on the white paper, paid by the taxpayer, and to the $190,000 spent to answer the criticisms, paid by the taxpayer. Then, as I say, there was retreat and withdrawal. Members of the government said, "We made a mistake. Sorry you feel that way, Mr. Voter, but we will change".

This measure gives nothing to those who most need assistance—dry bread, a little water, not even butter on the bread, not even peanuts any more, and it threatens the co-op movement with double taxation. The share structure of co-ops is unique, Mr. Speaker, and I hope the government will review that part of the legislation. Business is concerned with the ambiguity of the tax reform legislation. The Canadian Chamber of Commerce wants more time to study the legislation. I hope it is granted.

Let us look at some of the points that make up the criteria for acceptable legislation. What was it that the minister wanted to do? Canadians in the lower income tax brackets face a heavy total tax burden. In recent years sales taxes and property taxes have been increased substantially. Where changes in the income tax can provide relief it must be given to those with lower incomes. The minister said that the government proposes increases in the exemptions to ease the burden on these individuals and families.

Mr. Speaker, let us look at what is shown in the "Summary of 1971 Tax Reform Legislation" published under the authority of the Minister of Finance (Mr. Benson). If a man has a taxable income of $1,200 a year, under these proposals he will not have to pay $15 tax, $1.25 a month, any more. If a man earns $8,000 a year he saves $3 in tax, about 35 cents a week. If a man earns $15,000 a year he will pay $64 more. If he earns $20,000 he pays $39 more. If he earns $25,000 he actually pays $3 less. If he earns $30,000 he pays $26 less. If he earns $50,000 he pays $163 less. If he earns $75,000 he pays $377 less. If he earns $100,000—and this man really needs it!—he pays $1,011 less.

The second point that the minister makes in this booklet is that important forms of income and benefit escape taxation. The government proposes to bring them into taxable income. In particular, a tax on capital gains is proposed. The minister has somewhat backed off that; I suppose mounting pressure has been the reason for his doing so. Later in my remarks I shall deal at some length with capital gains.

The third point that the minister seemed to be concerned about was that through clever devices tax can be avoided under the present law. The reform must close loopholes now available to those with the wealth and expert advice to use them. No one can argue that point. But where are the changes that close these loopholes? The minister also pointed out that wage earners are unable to deduct many legitimate expenses from taxable income. This is an interesting point. He said that new deductions would be introduced to benefit employees and working mothers. That is generous, Mr. Speaker, but what about allowing a man who earns $5,000 a year $150 toward the equipment that he must buy in order to keep his employment, and then taxing his son on any bursary or scholarship over $500? The Minister of Finance may please a few bachelors who would be happy with that kind of allowance, but most married people will not give it their support.

The minister went on to point out that corporations are taxed in ways that are open to abuse and that fail to recognize their differing relationships with shareholders. This appears to be necessary and I am willing to go along with that proposal. The minister also said that the mineral industries enjoy special tax benefits which have existed for many years but which are unnecessarily costly and inefficient. Assistance to mineral exploration and development must do its intended job in a more direct way that is less costly in terms of revenue. I suppose one way is to make it more efficient by reducing depletion allowances; I really do not know. But anyone who thinks that incentive allowances and depreciation allowances are peculiar to Canadian industry is wrong.

There is much concern that the accelerated allowance will not apply to used assets if those assets are recovered from unsuccessful or abandoned mines. If those assets are acquired in such a way that the taxpayer had not used their cost to earn depletion and executed an election, in proper form, to waive his right to use these costs to earn depletion, used equipment or assets should be subject to the allowance. Where is the reasoning here?

• (3:40 p.m.)

The petroleum industry in western Canada, indeed in Canada generally, is expanding its activities to new frontiers in the northern areas where it will require substantial funds to develop the industry, having regard to the competition from and experience of American industry in this area. As an example, the resource development in the Mackenzie delta will require our companies to compete for funds against companies which are developing the Prudhoe Bay area. It is essential that our companies can operate within a fair and reasonable tax structure, giving the industry desired tax benefits equal to those of foreign competitors. In order for our people to reap the benefits of this kind of development, our industry must be able to generate and attract vast amounts of capital for these ventures. Some people argue that the tax incentives are generous and that it is the duty of the government to keep our companies in a competitive position.

Offshore exploration is another area at which the government should be looking. This kind of development has interested the United States government for some time. I would not want to see this administration put obstacles in the way of our exploration companies in this regard. As I have mentioned, incentive schemes are not peculiar to Canada, as some seem to think. I have here an article which appeared in the Vancouver *Sun* on July 8, 1971, and I should like to put on record one or two of its paragraphs.

> Unfortunately, many of the incentive schemes have been unsuccessful and none has been as successful as those offered to mining.
>
> This is true in spite of the fact that the Canadian mining incentives are less generous than those offered in other countries with whom we compete for investment capital, notably Australia and the United States.
>
> It must be recognized that the mining industry in western and northern Canada faces problems that competitor countries do not face.
>
> Examples are the extreme climates, severe topographic conditions, vast unpopulated areas where mine development includes construction of townsites and transportation systems, no domestic markets and great distances from international markets, high labour costs, low-grade ores, dependence on world market prices that we are unable to influence, to name a few.
>
> The Canadian policy of granting incentives to many industries is unique. Incentives to mineral development, on the other hand, are universal throughout the world.

The key to a successful oil and gas operation is the productivity of its exploration program. Without exploration no new oil or gas would be found. Some of the greatest incentives for searching for oil and gas in Canada, however, are not created in Ottawa or the provinces but come from Washington, for Americans. To illustrate, under Canada's present tax laws no real incentive or encouragement is given to Canadians to participate in a risk-taking venture such as oil or gas exploration. Quite to the contrary, however, American tax laws favour the use of essentially private capital in such ventures. These laws provide a means by which well-to-do Americans can find relief from high taxes by means of drilling funds. A drilling fund is essentially a pool of risk-taking money collected from well-off professionals such as doctors, lawyers and others who may be paying 50 per cent of their top layer of income in tax. Millions of dollars are pouring into Canada from such U.S. drilling funds.

The key to the success of the American drilling funds is that the fund guarantees a 92 per cent tax write-off. On an initial investment of $10,000, $9,200 is deductible. Eight per cent is commission on the purchase of fund units and is non-deductible. The investor thus saves $4,600 in tax, making his net cost only $5,400. If oil or gas is found, the investor has an additional source of income from the newly discovered oil or gas well. If the investor now makes an annual income of $10,000 from this well, he has to declare this additional income, which is of course taxable. However, this time the investor is given a 22½ per cent depletion allowance, leaving a taxable income of only $7,750. If the same investor reinvests the $7,750 in the drilling fund he can again get a 92 per cent relief and claim $3,875 as a tax write-off, and so on.

There are two examples of the kind of investment that has barely touched its potential. The first is the Canadian-American Resources Fund, Inc.—Can-Am—an off-shoot of American Quasar Petroleum Company. Each investor in Can-Am buys his participation in $5,000 units as a partner in a venture, not as a shareholder. Can-Am makes drilling money available to Quasar Petroleum Limited of Calgary, the Canadian subsidiary of American Quasar. The profits from this joint venture are split 60 per cent to the fund's partners and 40 per cent to Quasar. For the individual fund partner, success means income and failure means success because of a lighter tax burden through write-offs.

The second is Husky Oil, a well-known company in western Canada. According to Gene Roark, president of the company, Husky was able to raise $32.5 million in the United States through its drilling fund at a time when the stock market was severely depressed. Much of this money will be spent in Canada on Husky's extensive nationwide exploration program. Implementation of Bill C-259 as presently proposed will continue to favour those elements in the tax structure which have led to the foreign domination of Canada's oil and gas industries.

At a time when public concern favours Canadian nationalism in this area, serious changes are warranted

that would at least provide parity incentives for Canadian investors in the oil and gas industries. Perhaps the only solution to this problem is that tax laws in Canada should provide the same basis for at least fair competition with foreign concerns. This objective could be achieved in one of two ways, namely, provide a shelter for Canadian companies or change tax laws that would provide a true incentive for Canadians to participate in risk ventures and the ultimate development of our own resources, regardless of the tax position of these industries relative to other industries in Canada.

At a time when economic nationalism was the byword, Mr. Speaker, the socialists talked about it every day. Where are they now? Did Mr. Nixon scare them off? It is all right to talk about economic nationalism because it gets a few votes, but on analysis economic nationalism is not nearly as attractive with its accompanying hardships. I know a socialist who earns $27,000 a year and whose wife earns $10,000, making the family income in the neighbourhood of $37,000 before taxes. A free car and expense account bring the total closer to $40,000. With that kind of salary it is nice to be political and espouse the virtues of socialism, but don't cut the socialist's salary to the level of those he is trying to convert: and they say Carter did not go far enough! Economic nationalism is the order of the day. It is nice to be a socialist at times because that is the kind of talk that puts them on the pedestal. Move a socialist out of a government job and put him into business for himself and all at once he becomes a free enterprise.

Mr. Coté (Longueuil): Who appointed him?

Mr. Skoreyko: If the minister does not know that by now, there is no point my telling him. Surely the government knows as well as anyone else that in a democracy the most destructive political force is communism and the greatest threat to free enterprise is socialism. Is it not strikingly strange, Mr. Speaker, that this government has set up the Canadian Development Corporation—which cannot get out of the diaper stage—talks about buying Canada back from foreign investors, and then proposes a tax structure which will make every taxpayer tax poor? It seems to me that at a time when Canadians want to own more of their country tax cuts would have been more in order.

What about unemployment in relation to the bill? In that area this government has little to be proud of. Half a million people are out of work, and this government wishes to impose a capital gains tax, increase taxation generally and buy Canada back, to say nothing of the massive expenditures proposed by the Minister of Labour (Mr. Mackasey) in connection with unemployment benefits.

Is there not something wrong when we consider the money we have wasted—millions on the Company of Young Canadians over the years and $68 million on the Opportunities for Youth program which was bungled in a mad desire to create something for youth today because there was no other way the government could find jobs for them: it is a nightmare that the minister will be living with for a long time.

• (3:50 p.m.)

Mr. Baldwin: He is living with lots of other nightmares in the cabinet.

Mr. Skoreyko: Then the government adopted the recommendations of the B and B commission in one of the most divisive pieces of legislation in the history of the country; it was not surpassed even by the flag and unification issues. Mr. Speaker, 48 pieces of legislation received royal assent before we broke off for the summer holidays and not one piece of it was designed to assist businessmen, the unemployed, farmers, fishermen, lumbermen or people like that.

Mr. Baldwin: Shame! That was terrible.

Mr. Skoreyko: I wonder if some hon. members on the other side of the House know what it is like to be unemployed. You may have a family, you may have to make car payments, mortgage payments and probably furniture payments, and have no prospect of a job: you lack training and there is nobody to look to. Then the government says to you, "We did not promise you anything in 1968," which really means, I suppose, "We do not have to do anything for you." The fact is that the government has a responsibility to the people of Canada. It must refer this legislation to the Standing Committee on Finance, Trade and Economic Affairs and allow the committee all the time that is needed to hear from witnesses and from all Canadians wishing to give evidence before the committee. If the committee should recommend the withdrawal of the legislation, it ought to be withdrawn.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I felt it was my duty to take part in the debate concerning the motion on second reading of Bill C-259 entitled "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act".

This bill is dense in more ways than one because its 710 pages are very difficult to understand and its complex contents has given rise to the rightful indignation of several co-operatives and Canadian taxpayers. It certainly deserves our special consideration.

I would like to deal more particularly with certain provisions of the bill concerning the co-operative movement in Canada.

Mr. Speaker, with reason, the co-operative movements in Canada are very concerned and dissatisfied with the provisions of Bill C-259. Let us state first of all, so that there be no misunderstanding, that the Canadian co-operative movements are not asking the federal government for any special treatment and, secondly, that they want, in all fairness, to be recognized for what they are.

On reading some provisions of this bill, one wonders if the government has understood the meaning and the definition of a co-operative. The Canadian co-operative movement is a growing financial force in Canada, its importance being on the increase both economically and socially. The Canadian co-operative movement belongs to its members, and not only to the small group of people who are at its head. It belongs to our fellow-citizens from Canada and Quebec, and not to the Americans, nor to foreigners, not to Mr. Nixon nor to the Prime Minister (Mr. Trudeau). It truly belongs to Canadians. It is a movement that derives its strength from its base, from its

members, and, consequently, it deserves to be understood and to be treated according to its merits.

The careful reader will realize that the provisions in the bill are unfair to co-operatives, and savings and credit unions, because they are not consistent with their judicial structures, basic operating principles and financing systems. Therefore, co-operatives are facing an extremely serious situation, so much so that we can foresee the disappearance of several of them within five years, ten at the most, however deep-rooted and useful to the country they may be.

The normal development of co-operatives would be greatly jeopardized by taxation such as proposed by the present government that does not respect the characteristics of co-operatives. The problem arises because the present government treats alike using the same standards, co-operatives and companies, the big corporations which are in entirely different conditions. Without discussing the provisions dealing with large companies, at least I wish to speak in the name of co-operatives and farm organizations and others in the riding of Lotbinière and say to the government that it has no right to treat co-operatives and large corporations alike.

I have received from my constituency many telegrams which all say practically the same thing. I will not read them all but they come from various places. I have one here from Clément Houle, president of the Meunerie coopérative agricole, of Victoriaville, which clearly sets out the problem to be solved. I quote:

• (4:00 p.m.)

The Meunerie coopérative agricole of Victoriaville is deeply disappointed with the decision of the Minister of Finance to maintain the concept of the capital employed as the basic principle of taxation for co-operatives.

This concept is contrary to the co-operative principle and becomes even more unfair through new Section 135 of Bill C-259 which alters the computation method for capital employed. We believe nowhere else in the world is such a concept of capital employed applied in a tax system. Adoption of this concept will weaken financial structure of our co-operative and decrease possibility of ensuring fair return to our members. We are not asking for special treatment but request that tax system respect structure and operation of co-operatives.

The Meunerie coopérative agricole of Victoriaville is affiliated with the Coopérative fédérée de Québec and was represented by the delegation which met the Minister of Finance on August 11, 1971 to suggest alternative taxation method for co-operatives that would not threaten the very existence of those institutions. We request your support with Minister of Finance to obtain amendment of proposed bill along lines already suggested by co-operatives.

Mr. Speaker, I have other similar telegrams, one from the president of a co-operative in Saint-Jacques de Parisville, from Mr. Claude Cliche, the president of a co-operative in Saint-Agapit and another from Mr. Donat Paul Bissonnette, president of the Saint-Apollinaire cooperative.

Some will say, Mr. Speaker, that this is of minor importance, and I will reply that this is of fundamental importance. I will go even further: members and directors of co-operatives are extremely concerned, and they are cognizant with the problem involved.

As an example, I will read to you a very short and significant letter from Manseau signed by Mr. Maurice Desrosiers, president, Mr. Clément Lemay, vice-president, and Mr. Albert Geoffroy, manager of a co-operative. I quote:

[Mr. Fortin.]

The Société Coopérative Agricole strongly objects to the amendment to Section 135 of the Income Tax Act as proposed by Bill C-259.

The Société Coopérative Agricole will be unable to gather the necessary funds to repay the capital and to pay returns within the new provisions of Section 135.

That means, Mr. Speaker, that co-operatives, the existing institutions which militate, work, labour in most of the Quebec ridings, and increasingly in other provinces particularly in western Canada, will find themselves unable to discharge their commitments with their shareholders since their inception, within the meaning of the legislation which appears in the Appendix to the brief presented on August 11 to the Minister of Finance (Mr. Benson).

Messrs. Desrosiers, Lemay and Geoffroy clearly say in that same letter dated September 1, what it means:

It is obvious that if our co-operative must disburse more money than it receives, it will of necessity have to cease its operations within a few years.

Société Coopérative Agricole (Manseau) supports the requests made by the Conseil Canadien de la Coopération and the Cooperative Union of Canada as they were presented on August 11 last.

Mr. Speaker, this is the situation at this time. The life of co-operatives is threatened merely because the government does not understand the meaning, the value and the importance of co-operatives. Things must be made clear: what is the co-operatives' position; what do they want? They want to continue to exist and pursue their activities in order to protect private enterprise, to preserve the sense of possession of the members and to enjoy the encouragement they deserve so that this country becomes ours for ever. That is what they propose. Now I would like to quote from a memorandum they have presented and which was published in the newspaper *Ensemble* of August 27, 1971:

One could consider section 136 in order to establish a specific way of taxing the annual operating surplus of the co-operatives. Co-operatives solicit permission to distribute to their members annual operating surpluses resulting from business transacted with such members and imposition of the balance of revenues paid into the reserve fund at the rate applicable to corporate tax. This proposal is subject to the following limits and terms—

—which Canadian co-operatives consider to be desirable.

1. That the co-operative withhold at the source and pay a tax on all distributions taking the form of patronage dividends;

2. That the tax thus levied be credited to the member receiving the dividend. Should that member be exempt from taxation, he could claim reimbursement when producing his personal income tax return;

3. That dividends allowed be limited to revenues obtained from transactions carried out with members and that any revenue obtained from non-members be taxed at the appropriate rate for other corporations, unless dividends are also paid out to non-members;

4. That the entire undistributed annual income affected to the reserve fund be taxable at the co-operative level at the rate applicable to corporations.

The movement, Mr. Speaker, claims that this proposal for the assessment of annual operating surpluses of co-operatives should be accepted. It acknowledges the nature of co-operatives and this is why I want to act as their

spokesman and strongly insist that the Minister of Finance should reconsider his position. As for the answer that he should have given to the representatives of the 800,000 Canadian members on August 11 last, he should give it right now. He should review his position in that connection to enable caisses populaires, credit unions and the co-operative movement in general to develop and continue to serve Canada.

The heart of the matter is as follows: We have a choice to make as to the proposed tax reform. According to the Minister of Finance, the government is introducing tax reform in order to make the tax system more equitable, in respect of Canadian citizens as well as companies.

The government should not hesitate to change this system in order to protect the interests of Canadians. The basic problem is to know whether the tax system proposed by the Minister of Finance really preserves the interests of Canadians, or whether it will, on the contrary, result in a gradual disappearance of small businesses in Canada.

Is the proposed tax system likely to encourage small businesses, individuals who still believe in private enterprise, or is it, rather, going to discourage people who do their utmost in order to survive and to succeed?

Could it be that the tax system is rather a socializing measure designed to cause small businesses and co-operatives to disappear all the sooner? I must answer this question in the affirmative, because if one reads carefully clauses 135 and others which deal with the co-operative movement, one finds out that this government has no other purpose but to implant extreme socialism in Canada, by bringing about as fast as possible the disappearance of the right of private ownership for Canadians.

The Canadian co-operative movement is based on the wish of every person to be the owner. Indeed, each member is part owner of his co-op, can actively participate through his work, his savings, his sacrifices and his presence, and decide as to his co-op's future since he has voting rights.

There is, in the co-operative, another important principle that one must not neglect in considering this new legislation: it is that in a co-op, all members are equal and are not judged according to the thickness of their wallet, but rather on their value and their understanding of the co-operative movement.

• (4:10 p.m.)

That is why, Mr. Speaker, when one reads the tax proposals of the Minister of Finance, one soon realizes that the government, in putting large companies and co-operatives on the same footing, is obviously but in a devious way seeking to do away with small businesses and the feeling of ownership of co-operative members. That is a very serious matter, especially when we are going through an economic depression, even though it existed before the 10 per cent American surcharge was imposed. The government is using President Nixon's decision as an excuse for its lethargy, its total failure in the field of economics.

But, Mr. Speaker, one fact remains: the policy of the government of the right hon. Prime Minister has entailed shut-downs and bankruptcies in a great many Canadian industries, in the riding of the Minister of Indian Affairs and Northern Development (Mr. Chrétien) in that of the Minister of Industry, Trade and Commerce (Mr. Pepin) as well as in other constituencies. One also finds that this backward and ineffective policy of this government brings about an increase in unemployment and decreased motivation among the population to participate in our national growth, since this is a disincentive policy instead of an incentive policy.

Mr. Béchard: This is sheer demagoguery!

Mr. Fortin: Mr. Speaker, when one looks at the tax policy and relates it to the ineffective policy of this government which was elected in 1968, it is then possible to understand the hidden though conspicuous intents of this government, namely eradicating the sense of ownership in order to control citizens better.

We will never build a country, Mr. Speaker, we will never build our country—

An hon. Member: Not with this type of speeches!

Mr. Fortin: —with this type of policy.

Mr. Speaker, I apologize for this interruption, but I would be very grateful if you would kindly call to order the hon. government members who are deliberately being disrespectful.

Mr. Béchard: We are listening.

Mr. Fortin: They should at least have the kindness to listen, if they do not have enough heart to speak also.

As I was saying, this government has no economic policy to stimulate the economy and build this country, and the tax proposals show that the government is lost among its masses of papers and its endless inquiries.

They also show how important it is to warn the government, as objectively as possible, so that it may revise its positions and take into consideration the suggestions made by the co-operatives and the credit unions, in order to make of this tax measure something that will truly serve the interests of Canadians.

When in the crisis initiated by Mr. Nixon's decision the government puts $80 million at the disposal of large companies to assist them provided they export to the United States over 20 per cent of their production, it acknowledges the principle of helping those companies to hold their own, in order to maintain the employment level and to promote private enterprise.

If this assertion is true for large companies, how truer for co-operative institutions and small enterprises which abound in Canada and which try to survive regardless of all the problems facing them. We know that Mr. Nixon's decision affects a great many Canadian industries and entails an enormous financial loss to Canada. But I will not be led to believe that that decision is the direct cause of the slump. That is not true.

The direct cause of unemployment and of many other economic problems in Canada is the lack of government policies designed to stimulate, intensify and encourage development of private enterprise in Canada. Furthermore, the government has no policies aimed at assisting consumers, who wield and use purchasing power to

absorb goods. Under co-operative methods, members own a share of the co-operative and derive certain benefits therefrom. They are able to buy products at favourable prices.

Let us consider what happens in a general way. If Canadians are really to be able to participate in the economic development of the country, it is certainly not through a disrupted fiscal scale. That is just not so. The principle is false from the start. There should be no taxation when there are no earnings.

Mr. Speaker, when we know that three out of five Canadians are directly dependent on unemployment insurance and social welfare, it is not surprising that their ambition loses its edge and their interest in participation fades out.

As a matter of fact, three out of five Canadians are waiting for the monthly pittance offered by the government to keep them alive, but they don't have any interest because they do not participate in the economic development of our country.

In the case of co-operatives, 800,000 Canadians have made great efforts to attempt to invest in Canada and bring in benefits to their fellow citizens. It is hoped that, at least, the government will not kill this movement, drive it to the wall, but that it will deign answer in the affirmative to the leader of the co-operative movement in Canada by bringing in the required changes to this law which, unless it is amended, will be far from being a forward step.

For the government, it will be a tremendous reform since it sees in it another step towards socialization and the disappearance of private enterprise. But for all Canadians who believe in the value of the human being, in his freedom and his right to achieve his own ideal, for all those who still believe in private enterprise, the legislation represents a step backwards instead of progress.

Therefore, once again I strongly urge the Minister of Finance—who is not here but should be since he is the mover of the bill—to reconsider the parts of the bill relating to the Canadian co-operative movement so that the government will prove to us at least once that it is for private enterprise.

[*English*]

Mr. D. Gordon Blair (Grenville-Carleton): Mr. Speaker, it is my submission that the amendment proposed by the hon. member for Edmonton West (Mr. Lambert) which the House is now debating should be disposed of immediately. It reopens matters that were raised in the budget debate which took place in June. It attempts through the back door, as it were, to reintroduce matters that have been discussed both inside and outside the House throughout the course of this year. I also say, with respect, that it attempts to capitalize on the fiscal and commercial difficulties faced by Canada and all other trading nations as a result of recent United States action in order to create some political advantage for the opposition party. It is, in effect, an attempt to stave off decision on this important bill to amend the Income Tax Act. It is a stall and nothing more than that, and it is in that light that it should be disposed of.

We all know that the question of tax amendment and tax reform has been before the Canadian public for a long time—a great number of people think, for too long. The fact that this matter has been under consideration for over ten years has resulted in uncertainty as to what will finally be decided. It has, I think it can be easily proven, delayed important decisions in the private sector. In the last year or so the imminence of major amendments to our tax legislation has created an atmosphere wherein some people have delayed taking decisions of a business nature that should have been taken earlier and which are important to the development of Canada.

• (4:20 p.m.)

What I am saying, Mr. Speaker, is that we are now seized in this House with a major proposal for the reform of the Canadian tax system and we must address ourselves to that proposal. It is in the interest of Canada and all our fellow citizens that we now proceed with a detailed consideration of this major tax reform measure, and we should permit no political party or expediency to divert us from that purpose.

We are now approaching the point where I hope a vote can be taken on second reading. I trust it is within the wisdom of hon. members to agree with me that the amendment of the hon. member for Edmonton West should be given short shrift, and I hope we can then proceed with the important vote on second reading. We all know that this is merely a step along the way in the legislative process. The significance of second reading is that it advances this important measure to the next stage, consideration by committee of the whole.

At that stage we, as individual members of this House, can perhaps make our best contribution for many months. We can express our opinions on the detailed provisions of this important tax amending bill. It is beyond question that many of the detailed provisions of this immense statute will require careful consideration. We are all aware of the size of the statute; it is in excess of 700 pages and it contains hundreds of clauses, many of a very complex and detailed nature, which touch on and deal with every aspect of our taxation system.

The whole question of tax reform has been before the Canadian public for many years. Since the publication of the white paper in 1969 there has been intense public discussion. The publication of the budget proposals in June of this year brought the discussion to a head, gave it a new direction and, more importantly, incorporated the suggestions of the government in the form of a draft bill which now has been extended in Bill C-259 which is before us.

It is no wonder that people with great knowledge of the taxation system and its implications for the whole of Canadian life are making detailed and responsible criticisms of the contents of this bill. Many hon. members are aware that important submissions have been made to the government by public organizations, by co-operative movements in Canada, by credit unions, by the Canadian Manufacturers Association, by the Canadian Bar Association, by the Canadian Institute of Chartered Accountants and by many others who have a more particular interest in different industries and businesses in this country.

As a result of the consideration given to this bill by our fellow citizens and these important organizations, many good proposals have been made for change and improvement. In any case, I have no doubt that hon. members of

this House, whether they be in the government or in the opposition, have developed ideas as to amendments as a result of their perusal of this draft bill. Certainly, at this stage the important thing for Parliament to consider is the enactment of amendments to the Income Tax Act which will be of assistance to the taxpaying public.

We may never be able to agree on the intent or principle of every amendment that is made, but one thing upon which we can all agree is that whatever is enacted by this Parliament should be clear and expressed in as simple language as possible. I suggest that in the rather arduous days which lie ahead, when we consider these changes page by page and line by line our aim should be to attain clarity and achieve simplicity.

One is tempted at this stage to refer to the important proposals which have been made for amendment, for improvement, for simplification and for clarification. When considering this measure in committee of the whole, hon. members will have an opportunity to speak on the sections of the bill which most interest them or are of greatest significance to their constituents. For myself, at this stage I ask the indulgence of the House to discuss for a few moments the same questions which were discussed by the hon. member for Lotbinière (Mr. Fortin) during the speech which preceded mine.

I refer to the apprehension, the concern, the alarm and the fear which has been caused by the proposals in clauses 135, 136 and 137 of Bill C-259, with specific reference to the taxation of co-operatives and credit unions. These proposals have been received by co-operatives and credit unions with some consternation. I am in a position to speak rather personally and with knowledge of the effect of these proposals on such organizations. Perhaps I am compelled by our parliamentary rules to say again, as I have said previously, that before my entry into Parliament, when I was practising law I was for many years solicitor and counsel to the Co-operative Union of Canada as well as many other co-operative organizations and credit unions. During the time I held this professional responsibility for co-operatives and credit unions I was directly involved in discussions both public and private on representations presented to the Carter commission, and in discussions with government officials.

Throughout our history the proper basis for a tax system of co-operatives and credit unions has been a controversial matter. I do not now intend to go over all that history except to say that one good principle has been retained in Bill C-259, a principle that has been in Canadian income tax legislation since it was first enacted in 1917. That principle is that not all taxpayers are treated as though they were the same kind of person. There are many examples of this. Throughout the history of this legislation co-operatives and credit unions have been treated differently, for tax purposes, from ordinary corporations because they are in fact different. They are different in their structure, they are different in their operation and they are different in the way in which they allocate their savings and their gains.

• (4:30 p.m.)

For this reason I approve of the philosophy behind Bill C-259 which recognizes it is not the function of the tax legislation of this country to put all taxpayers in the same mould, to attempt to treat them as if they were all the same kind of people, but to recognize there are differences in taxpayers, be they corporate or individual, arising from their structure, the type of business they conduct and the operational pattern they follow. That important principle having been established, it remains only to determine whether the proposals contained in Bill C-259 are a proper way of treating the income of co-operatives and credit unions for tax purposes.

Most members of the House will have received detailed presentations from credit unions and co-operative movements which indicate beyond any doubt that there is a flaw in the present proposals. I do not intend to deal with this problem in detail, but I think it can be clearly said that if these proposals are persisted in they will have one of two effects. First, if co-operatives and credit unions continue to do their business as they have been doing it for many years, they will be forced out of business in a short time by the new tax system.

The only other alternative for co-operatives and credit unions is to change radically their method of operation so that they will become like ordinary corporations. If they should do that they would continue in business but would cease to serve the important social purposes which they now serve. These points have been made forcefully through many representations which have been placed before the government by co-operative organizations and credit unions in Canada.

During the vacation, on August 11, a major presentation was made to the Minister of Finance (Mr. Benson) by the Co-operative Union of Canada and Le Conseil Canadien de la Coopération. These two organizations represent co-operatives of French-speaking and English-speaking Canada. Representations of a parallel nature have been placed before the government by the credit unions of Canada, the English-speaking credit unions being represented by the National Association of Canadian Credit Unions and the French-speaking unions being represented by Les Fédérations des Caisses Populaires.

I point out to hon. members that these are popular organizations. The membership of co-operatives is in the order of 1,700,000. The membership of credit unions is in excess of that figure. These are people's organizations and the people of Canada, be they English-speaking or French-speaking, have united through the co-operative movement, credit unions and many other activities over the years. I think we should bear this fact in mind.

I should like briefly to summarize the position which was put before the government by the representatives of the co-operative movement of Canada on August 11. I read from *Co-op Commentary* of September 9:

> Mr. Benson was told by the delegation headed by W. B. Melvin, president of the Co-operative Union of Canada and Martin Legere, president of Le Conseil Canadien de la Coopération, that the proposed tax laws would force co-operatives either to pay taxes according to a capital employed formula, considered wrong and discriminatory, or to distribute earnings as interest on member investment rather than rebates on member purchases. The net effect of either of these choices would be to force co-operatives to change their method of financing, their method of dealing with members and their very structure if they are to avoid what would amount to penalties for carrying on as they have from their beginning.

The news release concludes by stating that the Minister of Finance asked for, and received, additional documentation on the co-operatives' position. It reads further:

He agreed to review the situation but pointed out that changes in proposed legislation after first reading may only be introduced by the government at the second reading.

In the same vein, I should like to read to the House part of a letter I received from the leading co-operative association of this province, the United Co-operatives of Ontario. The letter is from its secretary, Mr. R. J. Wright, dated August 24, 1971, and reads in part as follows:

We are at a critical point on the future of co-operatives. It is not that the many thousand people interested in co-operatives are asking the government of Canada to help co-operatives. The request is that co-operatives not be hindered in Canada in ways that they are not impeded in other countries.

United Co-operatives of Ontario feels that section 135 of the Income Tax Act amendments as proposed in Bill C-259 is discriminatory against co-operatives and would be harmful in a manner not used against co-operatives in any other country. Everywhere in the world it has been recognized that co-operatives, owned and controlled by their members, should be able to pay or allocate to patrons any savings or final payments at the end of the year. The proposals in the new tax legislation would have the effect of limiting, and in many cases, prohibiting such refunds by application of an increasing rate of discriminatory capital employed tax.

For years members of co-operatives have instructed their organization to allocate patronage returns into a revolving capital plan as a major part of member financing. Provision is made in these plans for early redemption of such member investment before maturity date in case of special circumstances such as settling of estates or old age. The proposed escalation of the tax rate on capital employed will inhibit the accumulation of sufficient funds to meet this capital redemption obligation. If this occurs, the operations of co-operatives will be greatly weakened and in many cases they will be forced out of business.

UCO was part of a co-operative delegation which met Mr. Benson on August 11 and proposed an alternative method of taxing co-operatives which would not jeopardize their continued existence.

I am sure that what I have said, coupled with what hon. members on all sides of this House have said on this important subject, is sufficient to convince all hon. members that the provisions dealing with the taxation of co-operatives and credit unions must be carefully reviewed and revised. I am hopeful that the government, after the consideration of these briefs which the Minister of Finance promised the delegation, will appreciate the necessity and the wisdom of making major changes in these clauses. I believe it would be unthinkable for Parliament to accept amendments which would have the effect of destroying important social organizations in this country.

• (4:40 p.m.)

I could say a great deal—as other hon. members could, and some of them have—about what the co-operative movement has done in Canada. But we must realize that by and large the co-operative movement in our country remains a service for the agriculture and fishing industries. It is a mainstay in many agricultural and fishing communities. It is an important part of the fabric of the lives of Canadian farmers and fishermen. They have enough problems without our contemplating in any way measures which would have the effect of disturbing one of their financial and commercial mainstays, the co-operative movement.

The credit unions operate in a wider area, not only in the country and in the rural areas, not only among farmers and fishermen but to a much greater extent than co-operatives in the urban areas of Canada. There is hardly a major factory in this country, hardly a major commercial establishment which does not have a credit union—and who here would not say that credit unions have done nothing but good for their members over the many years they have been in existence? Therefore, I say that all of us should take very seriously the representations which have been made to the government and to members of this House about the effect of this tax legislation on co-operatives and credit unions. I hope that, using our influence collectively, we will be able to achieve a result which will enable these organizations to carry on the service to Canadians which they have performed over many years.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I would like to speak to the amendment that is before the House, put forward by the official opposition. So that hon. members of the House will be fully conversant with the amendment, and particularly in light of the remarks made by the hon. member for Grenville-Carleton (Mr. Blair), that it has been put forward irresponsibly and for the purpose of creating mischief rather than having any sincere function in this debate, I would like to reiterate what the opposition is attempting to do. We are stating that—

—this House deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

I submit that this amendment is very carefully devised to put a stop to the camouflage ritual through which the government is proceeding to deal with the important matter of fundamental tax reform. The whole exercise of carrying out a comprehensive reform of Canada's income tax system, both personal and corporate, began some nine years ago. At that time it was anticipated that there would be a serious attempt on the part of the government to carry out just that purpose, that is, a major tax reform.

The whole gestation period has been a long, tortuous and devious one. The royal commission did not report until 1965 even though it was set up in 1961. The response of the government of the day to the challenge of the report of the royal commission, popularly known as the Carter commission, was to produce a white paper which had such startling innovations that it has caused untold damage to the Canadian economy in the intervening years.

The hon. member for Grenville-Carleton accused the opposition of being frivolous and irresponsible in putting forward this amendment. I see that the Minister of Energy, Mines and Resources (Mr. Greene) obviously concurs in the hon. member's suggestion in this regard. I would suggest to both those hon. gentlemen and to the government as a whole that the effect of the white paper as it pursued its long, tortuous course has caused greater

damage to the Canadian economy than anything that could ever be put forward at this stage. The threat of valuation day which hung over the entrepreneurs of Canada, for example, resulted in lost production, lost wages and lost development which is reflected in the twin spectres of unemployment and inflation which have been hanging over the economy of Canada ever since the Trudeau administration came into power in 1968.

I would say that the government's approach to a fundamental and basic tax reform might best be compared to the sort of Liberal tinkering that went on in the famous Walter Gordon budget of 1963. It had a serious impact on the economy even though the total budget was dismantled by stages in later years. The process of economic disintegration that began with the Gordon budget was continued by the uncertainty that was engendered by the long discussion and consideration of the white paper.

It is obvious that the Canadian economy has been worsening in recent years. This has been demonstrated by the recent forays of the right hon. Prime Minister (Mr. Trudeau) into certain parts of Ontario. Even the electronically-generated charisma is not powerful enough to conceal the growing disenchantment of the Canadian public with the policies, or lack of policies of the present administration. Perhaps this is the reason why members speaking for the government are concerned that we get on with haste—undue haste, I would say—with the completion of this preliminary discussion of a major piece of government legislation. They are afraid of the continuing deterioration reaching the point of no return, and certainly, as I shall point out later in my remarks, this situation is quite possible when we consider that we are now faced with the economic blockbuster that came from south of the border just a few weeks ago.

• (4:50 p.m.)

It is obvious in the legislation that is before us, and in the budget that was proposed last June, that the government has no solutions, no plans and no policies for dealing comprehensively with the economic problems of Canada. Just last week on the hustings, the Prime Minister told the good citizens of Cornwall that he had nothing to offer. He did not even use the phrase "blood, sweat and tears" that Churchill used during the difficult days of war. He only said he was nonplussed and had nothing further to offer than already had been advanced.

This tax reform bill should be stalled in its tracks at this time, as is suggested by the amendment, because it is a sudden reversal of the whole direction of government policy and tax reform that was outlined in such precise detail in the famous white paper. Now, that white paper has turned out to be an exercise in futility. Along with the budget that was brought down almost simultaneously, Mr. Speaker, the immediate public reaction was a sort of euphoria, so much so that many commentators were referring to these measures as the sunshine economic initiatives that would bring about a new upsurge in the Canadian economy.

I think the reason for the temporary euphoria that followed in the wake of the government's initiative in respect of the budget and tax reform was something like that given by the gentleman who repeatedly used to bang his head against a wall, and when he was asked why he engaged in this inexplicable procedure he replied it was because it felt so good after he stopped. The situation seemed so bad that anything seemed to be an improvement on what had been taking place, at least in so far as those who are suffering from chronic unemployment are concerned.

The two major economic and fiscal initiatives that have been brought forward by the government are best described as an election budget and an election tax reform bill. It is the action of politicians who are being pushed into a corner by their own inadequacies and indecisiveness. This is a viewpoint that is being expressed not only by members of the opposition. In the past few weeks we have been inundated with careful and thoughtful analyses of the proposals contained in Bill C-259, analyses which have already reached almost heroic proportions in terms of quantity and size.

I have been going through several voluminous documents containing closely reasoned arguments which attempt to analyse the complexities of the government's tax bill and I shall quote from one which I think provides a very excellent summary of the essence of the bill. I refer to the Canadian Tax Reform Review which was circulated by Riddell, Stead and Company, a firm of chartered accountants, in August, 1971. The following is a quotation from the introductory statement to the analysis:

> The outcome of the "great Canadian debate on tax reform" that commenced in 1962 is reflected in Bill C-259 "An Act to amend the Income Tax Act . . . " This prosaic title may well be a more fitting description of what has emerged than the more grandiloquent "Tax Reform Bill".

In other words, Mr. Speaker, they are saying that it is full of sound and fury, signifying nothing.

> When the time, talent, effort and money (both private and government) that have been poured out in the last nine years are considered in relation to the end result, its justification may be questioned. If the debate was required to condition the public mind to accepting taxation of capital gains (already accepted by most industrialized nations), it was an expensive process.
>
> At the outset, it must be stated that the provisions of the bill are extremely complex, particularly in the areas of corporate and international taxation. Many of them undoubtedly reflect the conversion into legal language of computer formulae designed to produce the desired result with as little leeway for error or manipulation as is possible.

That points out a theme that has emerged from the discussions and the deliberations which have arisen from the presentation of this bill to Parliament and to the people of Canada. The consensus is that the bill is complex, confused and does nothing to deal with the problems that require fundamental and basic tax reform, problems that have resulted in the present unhappy slack in the economy.

As a matter of fact, Mr. Speaker, as a layman depending on the expertise of the lawyers, the chartered accountants and the economists, I think the bill could best be summarized in these simple terms, that any improvements that it does achieve are in the realm of the ordinary, orderly housekeeping that you would expect from year to year as governments face problems in income tax legislation. And most of the housekeeping that you find in the bill has been necessitated by the fact that there has been a continuous and constant erosion in the value of the Canadian dollar under the growing inflationary pressures which have ope-

rated in the Canadian economy since 1963. There was no need to usher in a grandiose, so-called fundamental tax reform bill if you were merely dealing with ordinary, minute housekeeping measures which arise from the erosion of the value of the Canadian dollar.

The bill has another major purpose, as I view it, which is to attempt to plug gaps in the income tax—in other words, to try to catch income tax evaders. Going back to the previous point I was making, raising the income tax exemption levels is an example of the housekeeping changes to which I have referred. With respect to plugging the gaps in income tax avoidance we might mention such things as the surplus stripping that was going on, particularly in resource corporations, in recent years and the proliferation of corporations that was being used as a device to achieve low corporation tax levels. But this is not the fundamental reform that was intended when the whole process of tax review began some nine years ago. Neither does this measure, as I understand it, deal with the basic necessity of achieving the goal of equity as between taxpayers.

• (5:00 p.m.)

I shall endeavour to demonstrate, as will other hon. members, that rather than removing inequities as between taxpayers, the bill increases them in certain important areas of the Canadian economy. On that basis alone I would suggest that the amendment proposed by the official opposition is more than justified. This is not fundamental income tax reform; it is propaganda, electioneering and tinkering with the Canadian economy. This has been the custom and the policy of two recent Liberal administrations from the time of the honourable Mr. Gordon to the present regime of our Minister of Finance (Mr. Benson).

Mr. Baldwin: What is his name?

Mr. Dinsdale: He has various names but I will not use them other than to refer to him in this House as the Minister of Finance.

Mr. Muir: Thirty-buck Ben.

Mr. Dinsdale: We have another major reason for supporting this amendment since the United States government shocked Canada and the whole international monetary community with its initiatives to save the value of the American dollar. If the government of Canada was confused before this event, its reaction since can only be referred to as a state of panic or chronic shock. The *Financial Times* referred to the reaction of the government in face of this unanticipated event. It might have been anticipated in light of the goading by the Minister of Energy, Mines and Resources in his famous Denver speech not too many months ago, but obviously the government had not anticipated the response of the United States.

The *Financial Times* writes that the government was "bleating like lambs in the midst of a world cataclysm". The Toronto *Telegram* used a similar figure of speech. There is a certain uniformity in this because it is drawn from the animal kingdom. It described the government's reaction as "running around like chickens with their heads cut off".

[Mr. Dinsdale.]

The government might have anticipated what was going to happen. The Leader of the Opposition (Mr. Stanfield) had been warning the government and Canadians generally that the situation with respect to the American dollar and the American economy would require rather emergent action on their part. The government of Canada had been adopting an attitude of shrill nationalism that was bound to bring some sort of reaction from the government of the United States.

I can recall in recent months direct and continuous hints of barriers being raised against United States capital as well as United States culture. There was a discussion in the parliamentary Committee on Broadcasting, Films and Assistance to the Arts about the content restrictions being imposed on the media by the regulations of the Canadian Radio and Television Commission. The initial regulation would have made it impossible for Canadians in isolated Communities to receive by means of cablevision signals emanating from broadcasting stations in the United States. This was a direct assault on American culture in Canada and shows the confused thinking of the government.

Seventy-five per cent of the people in Canada, particularly in major centres like Montreal, Toronto, Quebec, Hamilton and most of the major urban centres in eastern Canada could pick up these signals directly from the air. The only way to implement the program would be by electronic jamming, a method usually resorted to by totalitarian states. Apparently it was only the rather isolated communities in western Canada that had to be protected from the painful influences of American culture.

This regulation has been changed and we hope that by debating these measures in the House of Commons the government will be persuaded that what it has done in the economic sphere is similar to what was happening in the cultural sphere. It was flying in the face of reality. With this in mind if we are to resolve the chronic economic dilemma precipitated by the American economic initiatives we shall have to take the realities of the situation into consideration.

The Minister of Energy, Mines and Resources is in the House this afternoon and offers comment from time to time. Perhaps he will take part in the discussion. If he does not, I hope he will return to the United States and undo the damage caused by his famous, or infamous Denver speech. As one newspaper commentator put it, "He indulged in the game of kicking the Yankees on the shins". This is fine and legitimate as a political game. Speaking as a westerner, I am all for Canadians developing a reasonable degree of nationalism. Western Canadians do not have the same attachment to the emotionally shrill nationalism that has been doing so much damage to the Canadian economy as do certain other parts of Canada.

The Canadian government has been blowing hot and cold in these matters. There is a Biblical phrase that says, "Because you are neither hot nor cold I will spew you out of my mouth". The government must take a stand; it cannot be vacillating from one pole to another on this matter of nationalism. At one time when the Prime Minister speaks on behalf of Canada he sounds like a continental isolationist, and at another time when the Minister of Energy, Mines and Resources speaks he sounds like a

continentalist. But when the Minister of Indian Affairs and Northern Development (Mr. Chrétien) made a speech shortly after the one made in Denver, he took a much more moderate stand.

• (5:10 p.m.)

The unilateral action taken by Canada in certain important matters of mutual defence, such as NATO and NORAD, have their reaction in the dove cotes of government in the city of Washington. When the American government responded with similar isolationism, Canada was caught on the horns of a dilemma. Here we find, as the *Financial Times* has pointed out, the government "bleating like lambs in the midst of a world cataclysm" and rushing to Washington in the hope of persuading the Americans to adopt that closer relationship and buddy-buddy attitude that Canada and spokesmen for the government were so vehemently repudiating a few months ago.

I should now like to deal with a few specific problems that are generated by this bill and to further the argument that we should delay its second reading at this time, particularly since we are considering it in the atmosphere of a pre-election Parliament. We do not want electioneering on the fundamental and basic question of financial and tax reform. The proposals put forward in Bill C-259 are out of touch with the needs of western Canada. The hon. member for Winnipeg South Centre (Mr. Osler) last night dealt with this subject. He is one of the few members supporting the government who has taken part in this debate. Either government supporters have been completely brainwashed into thinking that this is the best possible legislation to deal with the matter, or they have been told to be silent because the government wants to rush this confused, complex and totally inadequate piece of legislation through the House. I see the hon. member for Peterborough (Mr. Faulkner) shakes his head. I hope he will enter this debate, because we want to hear viewpoints from all parts of Canada on this matter and he represents a constituency that ought to be greatly concerned about some proposals in the legislation.

The hon. member for Winnipeg South Centre, speaking as a Manitoban, spoke not as one indulging in basic criticisms but as an apologist for the government. He said, as has the Minister of Supply and Services (Mr. Richardson) on many occasions, that the federal government is neglecting the interests of western Canada, that it is not in tune with the needs of western Canada but that it is doing its best under the circumstances. I will take a much stronger stand and suggest that the Trudeau government is completely out of touch with the needs of this important part of Canada. This has been reflected at the polls in recent provincial elections. The Liberal leader in Manitoba has re-echoed these sentiments. For the past several months he has been preaching for a call. He is leading a party in the legislature of Manitoba that has been reduced to three members.

Mr. Greene: What happened to the Tories out there?

Mr. Dinsdale: The Minister of Energy, Mines and Resources (Mr. Greene) asks what happened to the Tories. I presume he is interested in hearing the reply.

Mr. Greene: Oh, yes.

Mr. Dinsdale: Mr. Speaker, the explanation is quite simple. I would think that most of the Liberals voted NDP in the 1969 election, with the result that the NDP representation in the Manitoba legislature rose from a rather insignificant number of members to become the government with a very slim majority. They had about one more seat than the Conservative official opposition. I trust that answers the minister's question. The leader of that province's Liberal party does not even have a seat in the legislature. This is a most unhappy state of affairs because it inevitably results in political provincialism, and nothing is worse for the interests of national unity in this country.

Although Mr. Asper has no seat in the legislature and therefore no platform in the legislature, he is a well-known commentator on tax matters. I trust the government is reading Mr. Asper's writings in the Toronto papers respecting the legislation now before the House. He described the white paper in a major critique as "the Benson iceberg". That description applies with equal force and validity to the bill before the House. It is still an iceberg. The old figure of speech really says that what appears on the surface is only a small part of what is involved; it is just the tip of the iceberg that you see.

From my reading of the comments of experts and professionals, they are saying, "We do not understand what the government is trying to do in this legislation." The Canadian Bar Association has said this; chartered accounts have said it. Experts who know something about this field are saying, "Beware; there are all sorts of booby-traps in the legislation". In these circumstances members of the House ought to vote for a second, serious, sober review of the legislation.

One reason it militates against western Canada is that it will destroy the family farm. The economic basis of the prairie farming economy has been seriously undermined in the past several years by Liberal administrations in this country. I travelled about my constituency during the summer months and learned that there has been tinkering and experimenting to such an extent that farmers who have been farming for years are throwing up their hands and saying they can no longer survive; the policies of the government make it impossible for them to remain economically solvent.

There has been an improvement in grain sales recently. This is vital to the prosperity of the Canadian economy. These sales normally would result in an upsurge in the economy and in a more buoyant feeling on the part of prairie farmers. That has not happened. These sales have made no impact because farmers have been living for the past two or three years on cash advances, and the first charge on any grain delivered in a period of greater activity in terms of grain deliveries is upon the grain delivered. So farmers are running to keep pace with the unhappy economic position in which they find themselves.

I hope we have a debate on this matter and cover that point specifically, especially in view of the extremely precarious position of long-established prairie farms and grain farmers in particular. The government is breaking the law. I cannot for the life of me think why it will not pay out the $81 million, I think it is, which it is obligated to pay to prairie farmers under the Temporary Wheat

Reserves Act. This has been a holdback and has been accumulating for a year. Surely the warning of recent elections across Canada, especially since the Liberal party in the western provinces has all but disappeared, must be plain. If members of the government have any political sense at all they ought to be aware that this is a major storm signal and that it does not auger well for the future national stature of the great, traditional Liberal party.

The Prairie premiers under the initiative of the Hon. Duff Roblin a few years ago organized what has become known as the prairie provinces economic council. From time to time the premiers of the three prairie provinces get together to discuss problems of mutual concern and to decide on policies which will improve the general economic condition of their provinces. It is significant, Mr. Speaker, that recent meetings of the prairie provinces economic council, or of the premiers' economic council have more and more become complaint sessions in which council members have complained against the inexplicable and incomprehensible policy initiatives, or lack of them, on the part of the federal government in dealing with special problems of the prairie economy.

• (5:20 p.m.)

I wish to pinpoint some of these problems that will be exacerbated if this legislation is implemented, particularly if the whole process is carried out in haste. The government has failed to introduce a tax reform bill that integrates the taxing functions of the resources of the three levels of government. Surely it is elementary in this country that tax reform which hopes to achieve a basic reform must co-ordinate with the taxing responsibilities and functions of the provincial governments. There is nothing in the bill that provides for this basic necessity.

The second fundamental inadequacy with regard to provincial responsibilities in this matter is that the bill reduces, rather than expands, the tax bases of the provinces. The whole matter of constitutional reform is another of the initiatives of this government. Over the past three years we have been talking about constitutional amendments with increasing intensity. There has been a parliamentary committee going from community to community and city to city with this question. It has been pointed out that the problem is economic, not constitutional; the provinces do not have sufficient funds to meet their obligations.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member, but his time has expired. He may continue only with the unanimous consent of the House. Does the House give unanimous consent to the hon. member for Brandon-Souris (Mr. Dinsdale) continuing his remarks?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): There does not appear to be unanimous consent.

Mr. Bell: Mr. Speaker, could we have it on the record that the government has refused to give us time to discuss this bill at this stage?

[Mr. Dinsdale.]

The Acting Speaker (Mr. Laniel): Order, please. The Chair can only abide by the rules. There was not unanimous consent and the Chair can only recognize the hon. member for Timiskaming (Mr. Peters).

Mr. Dinsdale: I rise on a point of order, Mr. Speaker. I regret that hon. members will not allow me to complete my remarks with regard to the difficult position in which this legislation places the western provinces in particular, but I think the answer of the west—

The Acting Speaker (Mr. Laniel): Order. The hon. member has made his point of order. The Chair has recognized the hon. member for Timiskaming.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, for a long time the Canadian public has been faced with the proposition of tax reform. All the discussions that have taken place, including the Carter commission, the Gordon commission and the Benson white paper, have raised a great deal of controversy in the minds of the Canadian public as to what tax reform should be implemented in this country and what the tax structure should be in terms of equality between the rich and those not nearly so affluent. As other members have pointed out, this has cost the taxpayers a great deal of money.

Looking at the size of the amendments now before us and examining the effect of those reforms, one wonders what it is all about. If these tax reforms were general enough to affect the vocal segments of our economy, I am sure the general public would demand equality as between the large corporations and families with two or three children. They would demand that the tax structure would do the things which they felt were necessary. I am sure they would also demand some say in the way matters are handled on their behalf. They would also say that many of the expenditures supposedly made on their behalf are really not made on their behalf but for others who do not need that kind of consideration.

The hon. member for Grenville-Carleton (Mr. Blair) objected to the Conservative amendment on the basis that it was a delaying tactic. He was not doing this in opposition to the amendment but making a plea for a job that he had previously and to which he might return. He was interested in a number of changes. Surely he did not intend to say that the tax proposals that were before us in June had any relation to the present situation.

I often disagree with the Conservative party because I do not understand where they are going. It is very easy to watch the Liberals. They make all kinds of noise, such as they have done on this occasion. They present all the opportunities to get everyone stirred up and they give the least necessary to win the next election without hurting any of their friends in the process. That is the difference between a Liberal and a socialist. I believe there should be a certain amount of principle involved. Either you believe in tax reform and try to do something about it, or you are just looking toward the next election and the cheapest way of becoming elected on the taxpayers' money. That is certainly shades of Mackenzie King. I was interested in the new CBC series on Canadian content, but what do they have in the background to satisfy the Liberals? They have a beautiful, big picture of Mackenzie King. Many

who were in the army and have passed on to their reward would, I am sure, roll over in their graves.

What about the Tory position? In this debate the Tories have talked about tax reform as though any change, no matter what field it is in, will be terrible. They have not been able to discriminate against their big business friends. The previous speaker talked about westerners being different from anyone else. I do not believe that is the case. His party believes in the free enterprise system. I asked a Conservative friend what a free enterpriser was. When I asked if this went back to Adam Smith, he said no, it just went back to Adam. When I asked how he related the two, he said that Eve was free and Adam was free enterprising.

Some hon. Members: Explain.

Mr. Peters: This may be true, Mr. Speaker; this may be their position, but it seems to me very surprising, when they talk of tax reform, to say that any tax reform should be bad reform.

• (5:30 p.m.)

Mr. Dinsdale: No.

Mr. Peters: The hon. member says no, and perhaps I exaggerate. I suppose they would agree that a few of the personal exemptions were good, but they have made a lot of noise about the reforms that were bad, reforms that seem to me to be only a small step in the direction of tax reform, just as the personal exemptions were only a small step in that direction. Members cannot have it both ways, of course.

I am surprised when they talk about socialists in terms of Carter being a socialist. I thought that Carter was a Conservative. Even a little further politically removed, he might have been a Liberal. However, I can assure hon. members that nothing that Carter has ever said has convinced me he is a socialist. Certainly the report of Carter and the members of his commission is not the socialist doctrine of the next century.

Many of us accept the proposals of Carter because they resulted from a comprehensive examination of our tax structures. What he decided, very simply, was that a buck is a buck. I agree that a buck is a buck. Money I receive by way of family allowance consists of bucks. If I make money on the stock exchange, that seems to me a buck too, which is just as easily spent as any other buck. It buys as much beer as my family allowance buck.

It seems to me that Carter's proposals represented a fairly fundamental change. If the Liberals were interested in change they would have paid some attention to these proposals. Although they might have lost some public support, they had the opportunity to make these changes. Not in the third year of their term of office—we have all seen the little pamphlet describing the first three years of the present government—but they could have made these changes in their first year. They did not have to go into all this "b.s." of the white paper. They did not have to have dialogue with the Canadian public; they do not listen to the general public anyway. All they needed to do was to find out which segments of the public vocally opposed certain sections of the report and then modify those sections.

If the Carter proposals have any merit at all, anyone who studies them will agree that that merit stems from the acceptance of all the propositions put forward as a total package, not the adoption of bits and pieces. No doubt some of the Carter proposals are detrimental to certain segments of the economy, there is no question about that, but on balance I think everyone would agree that the Carter proposals are true tax reform. They could have been implemented holus-bolus and Canada would have been the better for it; but adopted piecemeal, Canada is the worse for it.

I am wondering why propositions put forward by those I will call free enterprisers, for want of a better word, always assume that if their proposals are supported by industry or by mining companies then they are good proposals. I know many miners across the country who do not think their proposals are good. In the town of Kirkland Lake there are no mines being operated today. The mines have extracted about half of the wealth of a generation and shipped it to other parts of the world for the generation of wealth there, and at the same time have done absolutely nothing for the Kirkland Lake community. They did not even build the people a community hall. In a similar position is the town of Cobalt, the cradle of Canadian mining. The people of that town were provided over a period of years with a very substandard type of living.

Most of the mining operations of the present day have ceased and the employees have been laid off. The companies say they are waiting for something to happen. What I should like to see them make happen is to get the government to decide to build a smelter in Canada instead of sending our concentrates to Texas or St. Helena. These mining companies are being given a three-year write-off. The uranium industry has been given a total write-off on their expenditure over a ten-year period. A full profit is given on whatever money they spend, over a period of five years in this case. But these measures are not necessarily good for the people of Canada who are still paying a debt to Central Mortgage and Housing for expansion in this particular area.

Many miners have been unable to relocate when laid off. They have established for themselves a standard of living that they have not been able to duplicate and probably never will. It is not always wise to expand industry holus-bolus, because when industry does expand it is usually at the expense of somebody else. Let me give the House an example. Not long ago a gold mine in my region indicated it was going to close down. The company concerned is extensively connected with Panarctic, and I believe they are trying to get $11 million out of the treasury for investment in other developments being carried out by Panarctic. They do not care about the 300 or 400 employees that they had in the Kirkland Lake area; it has been decided that this money is required in order to make a profit somewhere else. The Canadian public is given no consideration.

I think the situation in Canada has now changed drastically as a result of the surtax imposed by the United States. The situation today is different from the situation six months ago. In addition, I think it is time our tax structure reflected a little more our national interest, to enable us to be economically independent of the United

States. Has it not surprised you, Mr. Speaker, that the representatives of ten countries are meeting in Europe now to decide what is the best way for the international monetary system to operate, and that Canada, one of the ten participating nations, will have but one vote to the nine votes of the United States? In other words, the United States is going to tell the rest of the world that everybody else is out of step but them.

This reminds me of the story of Mrs. Smith whose son joined the army. One day the army came to town and she, along with all the other people in the town, watched the army go marching by. As she did so she turned to the lady standing next to her and said, "My! The whole army is out of step except my son". This is similar to the attitude of the United States. They have told the world that they are not going to revalue their currency, that every other country of the world will have to revalue theirs. Although the United States says it may be going bankrupt, it wants every other country to get to the same state of bankruptcy so the United States will not suffer.

Not long ago President Nixon stated he was going to take the United States off the gold standard. That statement surprised me because I thought we came off the gold standard after the First World War. I have seen them come off the gold standard twice since then.

Mr. Francis: You mean the gold exchange standard.

Mr. Peters: I do not know what the gold exchange is. I do not know what the gold standard is. All I know is that the United States seems to have control of it. It is they who declare that gold is worth $35 U.S. an ounce and that the world will have to pay that price for it. That becomes the standard. Is it not time that this stupid government that we have and the Canadian public in general said to themselves and to the world that what we need is an international standard that reflects the true worth of a nation?

• (5:40 p.m.)

In my opinion the Canadian dollar is now worth $1.25 in United States currency. We are probably working hard to try to keep it down to par value. We do not owe any great amount of money as individuals in this country compared to citizens of the United States. The United States has told Japan that it must change the value of its currency in order to match U.S. currency. The United States has told Germany that it must revalue its currency, bringing it to favourable terms with the American dollar.

Is it not time that we sat down with representatives of the civilized nations of the world and agreed upon an honest value for an international unit that would be suitable and stable in every country? No matter how much money the United States needs, it finds a source. It accelerates spending as a result of the Viet Nam war. The United States makes a big name as a result of give-away programs. The United States is like a big-time gambler; it bets heavily and throws away its chips. When it finds it does not have enough money, it revalues its currency in relation to our currency and that of other countries. We must be absolutely stupid if we allow the United States to do this. This change in currency has taken place since the budget was presented. We are changing the Income Tax Act by this measure. This is a matter we should consider very seriously. It would not be difficult for me to balance my budget if I followed this course. It would be difficult for me to do so if the bank manager said he approved a big loan today, so my money is only worth half what it was worth yesterday, and did so in order to maintain the bank reserves. The bank could manage very well by suggesting that everyone's money was worth half as much and the bank's reserves remained the same. The banks can get away with this, but this would only happen once before I changed my bank and, hopefully, I would change before it happened.

We will not decide on a tax structure which affects individual businesses and people unless we know where our economy is going. We recently gave second reading to a bill to provide $80 million to one sector of our economy. The industries which will benefit are mainly controlled by foreign interests. We will in fact be saying to the United States that because of our unemployment we are going to take arbitrary steps and force these companies to operate whether it is economical to do so or not. We are going to provide the money to accomplish this end. This money will go to the United States in any event, but perhaps it will not do much in the way of assisting President Nixon's program. We are making a donation. Apparently we are not particularly worried about the unemployment problem because we did not provide $80 million last year to create new jobs; we did not make $80 million available in credit to industries.

Many interested people are attempting to redirect Canadian economics and are suggesting interventions in respect of foreign-owned companies in order to do something about our developing unemployment problem. It may be that we will have to subsidize certain industries. I am sure there is not a member in this House who would stand and say that if 40 men were laid off at a plant in his constituency they should not be compensated through existing measures or by special grants from Parliament. I am sure we would all be prepared to make part of the $80 million available for this purpose. These companies are not interested in making that kind of concession in order to enable United States parent companies with subsidiaries in Canada to operate in competition. These parent companies are not interested in making their Canadian subsidiaries competitive with their United States counterparts.

There are many aspects of this bill which will receive serious and conscientious consideration. One of the new proposals in the bill is that workers will be given the opportunity to write off $150 in expenses in respect of personal equipment. What can you buy for $150? Have any of you ever purchased sockets for use in mechanical work? Have any of you ever purchased meters for use in the electrical field? Have any of you ever bought dental equipment such as is used by a dental technician? We are not living back in the 1920s, we are living in an affluent society in which the tools and equipment required by workers are expensive. I was told by a bush worker the other day that he uses three chain saws per year and that they cost him about $300 each.

If I were the head of a corporation I might suggest that a meeting of salesmen be held in Hawaii during the Christmas holidays. This expense can be written off. I do not blame corporations for doing this, but I do not think it

is fair that corporations can arrange such sales conferences in plush surroundings while the average Canadian taxpayer is carrying the load. Every time I go to a restaurant I find that the cost of a meal has increased. While I sit in the restaurant I see people ordering full course meals. Many of them are being subsidized by the taxpayer. We are paying for many of these meals because they are being written off as expenses. The individual paying the tab is likely to be a salesman offering someone a proposition. The average worker is the guy who pays the income tax in this nation. This government suggests we should allow him $150 as a deduction for which he does not have to provide receipts.

When I worked in the mines I had to buy oilers, boots, gloves and equipment which was absolutely necessary but I was not allowed to deduct that cost as a legitimate expense on my income tax. If a large corporation today had to purchase special equipment there would be no argument about deducting its cost. There is no question in respect of a farmer writing off expenses. But when it comes to the individual worker who receives a T-4 slip, he cannot write off anything except these concessions made by the government.

The average individual will consider the $150 exemption as a concession of little or no value. That is about half the price of a chain saw, four or five replacement sockets or a good quality speed wrench. That is a big deal! This government should have made a decision to tax on a pro rata basis and not continue this stupid arrangement we have which discriminates against the worker in almost every area.

• (5:50 p.m.)

I cannot think of a case in which a worker has been given a break by the revenue department. I heard of a case the other day involving a young girl 17 years of age, who was with another family and did not think she had to make a declaration to customs. It turned out that she had $23 worth of goods. The goods were seized and a charge of $9 was levied against her, the car was also seized and there was a charge of $10 before it could be returned. That is a hell of a cheap way to get money. The man driving the car, her uncle, did not think he could make the exemption for her because she was a child. They nailed her for $9 or $10 in respect of goods worth $23. If some big businessman were smuggling—and I know of several cases—into Canada articles worth $5,000, $6,000 or $20,000, a deal would be made and he would pay maybe half the charge or one quarter, or perhaps he would promise not to do it again and would be given a break. But the worker, the little person, does not get a break. Surprisingly, it is the little people who have the largest say in an election but they are not capable of or are not willing to make the decision on their own behalf.

This is the kind of tax reform we are getting. It encourages the little fellow to vote against himself. Really no one will get hurt, despite the cries which members of the Conservative party are making at this time. I could relate some of the things which have been said about the amendment in terms of full employment. I believe full employment is a criterion. I think any Minister of Finance who would consider that less than full employment was the optimum would be at least very derelict in his duty. Those people who are on welfare today, who are receiving unemployment insurance, who are receiving disability pensions and those who are, shall we say, in the category which should at least have established for them a basic annual income which would provide them with a decent standard of living, are not, and should not be, paying income tax.

I am sure there will always be some people in this category. But when we see a situation such as there is in Cornwall where, as was reported the other night by the CBC, there is an average unemployment of 22 per cent, this certainly is not in the interest of the nation. In my opinion any unemployment is not in the interest of a nation. But when you have a segment of the population which is not paying tax, then obviously those who are paying it will have to pay more in order to keep those who are unable to find employment.

We have embarked on a scale of government-oriented unemployment such as this country has never known before. There have been times when the government decided to cut back on unemployment and did so as a matter of policy. However, in Canada I do not believe there has ever been an occasion when government policy decided that a large proportion of the public would be unemployed for the simple reason that there would be less spending power, less money circulating and fewer dollars chasing the goods, so that the government would be able to implement reform and solve inflation. Those who are of that opinion follow the Adam Smith theory. That type of thing is long gone.

It is interesting to note in the pattern of purchases of young people today, as well as many of those who are on assistance of various kinds, that the expenditures they make very often are not in the category which would eliminate inflation. Many of their purchases are in areas which increase inflationary and are causing much of the difficulty. One of these, of course, is housing which produces one of our most inflationary trends. It is inflationary simply because of the necessity for people to have housing and their willingness to pay exorbitant prices for it. This is one field, if we were interested in winter works programs or in other works programs, in which we would be able to expend a very small amount of money—it does not require very much money to get such a program started—reduce the interest rate and provide a guarantee to the lending institutions which have a surplus of money, in order to encourage them to move into the field of housing. If this would increase the supply of housing within the next year or so to the extent that it would meet the continuing growth of the nation and cut into the backlog of poor and inadequate housing such as we have had in this country for the last ten years, it would do a great deal to improve the employment picture of this nation.

It seems to me that anyone looking at tax reform must look at the various measures that are necessary to stabilize the economy of the nation, to relate the economy of the nation to the production and economy of the other nations of the world and to provide for employment in areas where there is a social need.

I would refer to the speech of the hon. member for Duvernay (Mr. Kierans) in which he suggested it must be a foolish government that is thinking about providing money to downgrade the industrial potential of industries

which a short while ago it provided money to develop. I think if we look at our economy in terms of the amendment we will come to the conclusion that we should accept the amendment, look at the economy again and then take steps to do something to improve it.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

APPENDIX "A"

FAMILY INCOME SECURITY

LETTER FROM QUEBEC PREMIER TO PRIME MINISTER

[*Translation*]

GOVERNMENT OF QUEBEC
THE PRIME MINISTER

September 2, 1971

Right Honourable Pierre Elliott Trudeau
Prime Minister of Canada
Parliament Buildings
Ottawa.

Mr. Prime Minister:

You have already stated your Government's intention to table, as soon as Parliament reconvenes this month, a bill involving far-reaching changes in family allowances and other youth allowances.

The Government of Quebec has also announced that it would table in the fall a bill amending the provincial legislation on family allowances, in accordance with the income security policy it put forward in January 1971.

While it has not been possible at the recent Victoria conference to reach an agreement on the constitutional aspect of the whole matter of income security and, consequently, family allowances, the Quebec Government feels it is essential at the present time to find a way of averting a conflict in this particular area of family allowances. To this end, the Quebec Government believes that it would be advisable to include in your proposed bill provisions to the effect that family allowances granted by the Government of Canada in a province must be granted in accordance with any existing terms, conditions and regulations of the family allowance legislation of that province, such as those concerning the recipients, the nature and the amount of the allowances, the decreasing scale of benefits, up to the total amount payable to the citizens of that province under federal legislation.

In our view, the inclusion of such provisions in the bill to be introduced by your Government would meet the provincial priorities and the social objectives which are involved. I therefore urge you to give this request your earnest consideration.

The Government of Quebec would also like to inform you that, in its opinion, there would be great advantages to using the same approach in dealing with both manpower centres and adult vocational training.

Yours truly,
Robert Bourassa

HOUSE OF COMMONS

Thursday, September 16, 1971

The House met at 2 p.m.

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-20, an Act to amend the Criminal Code (Jury Service for Women), to which the concurrence of this House is desired.

* * *

PRIVILEGE

MR. MCGRATH—FAILURE OF "HANSARD" TO SHOW THAT THERE IS A MINISTER OF FISHERIES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to raise a question of privilege. My question of privilege deals with the failure of the government to carry out the provisions of clause 3, subclause 3, of Bill C-207, the government reorganization bill, which was passed by the House earlier in the session. This clause provides:

The Minister of the Environment is the Minister of Fisheries for Canada.

I might add that that provision was consequential upon an amendment put forward by myself and moved in the House when the bill was before us.

On Tuesday, September 14, I directed a question to the Minister of Fisheries concerning a conservation conference. This question is reported at page 7790 of *Hansard* and *Hansard* makes reference not to the Minister of Fisheries but to the Minister of the Environment. When I brought this to the attention of *Hansard*, I was advised that they must work from a list of the ministry provided by the government and that this list does not contain a Minister of Fisheries. I also note that the list of ministers appended to *Hansard* for yesterday, Wednesday, also omitted the title of Minister of Fisheries.

• (2:10 p.m.)

I realize that this may not appear to be an important point to some, but considering that it took quite a long debate to bring this very important and useful amendment about I believe there is a continuing need in Canada for a Minister of Fisheries to give this important industry the continuing attention that it so justly needs at this time. Consequently I feel that the list of the ministers supplied to *Hansard* is not complete as it does not contain the Minister of Fisheries. Therefore I suggest respectfully that, in accordance with the provisions of Clause 3, subclause 3, of Bill C-207, in the future *Hansard* should record that there is, by the law of this country, a Minister of Fisheries.

Mr. Speaker: Hon. members will agree that the point raised by the hon. member for St. John's East is one of interest and importance. I have the impression that perhaps the point which he has raised is more a question of legal interpretation, although I am not sure. As I said, the matter is one of interest and I would like to look at it. In any event, at this point the hon. member has not thought it necessary to submit a motion for the consideration of the House and of the Chair. Therefore I will consider the matter as one which has been brought to my attention, look into it and communicate with the hon. member.

ROUTINE PROCEEDINGS

THE CANADIAN ECONOMY

GOVERNMENT POLICIES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I ask leave, under Standing Order 43, to present a motion which I believe should receive the immediate attention of the House of Commons. I therefore move, seconded by the hon. member for Vancouver East (Mr. Winch):

In view of the unprecedented combination of the highest number of unemployed on record for the month of August and the highest July-August price increase in ten years, this House expresses its want of confidence in the economic policies of the government.

Mr. Speaker: Hon. members realize that under Standing Order 43 this motion requires the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is some disagreement to the motion proposed by the hon. member and the motion cannot be put.

PROGRAMS TO ALLEVIATE PROBLEMS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I would like to move a motion under Standing Order 43. Because of the urgency and importance of the motion and the constructive suggestions contained in it I hope it will receive the unanimous support of all Canadian members of the House of Commons.

An hon. Member: What about the continentals?

Mr. Lundrigan: Fullblooded Canadians. The matter involves the August unemployment rates released today showing, in actual numbers, 455,000 Canadians unemployed, the highest number for the month of August since the beginning of the compilation of statistics by DBS in 1946. Because of the obvious urgency of this problem, coupled with other economic indicators which show dramatically the current critical state of the economy, I should like to move the following motion, seconded by the hon. member for Vegreville (Mr. Mazankowski):

This House directs the government to immediately launch a series of initiatives explicitly and purposely aimed at the amelioration of the domestic economic problems facing this nation, and that these initiatives include the preparation of a massive winter works program, and that the energies of all related government departments be directed toward this end in an effort to alleviate what will otherwise become the bleakest winter in recent Canadian history.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Gander-Twillingate. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

MEASURES TO STIMULATE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, under the provisions of Standing Order 43 I ask leave to present a motion of urgent and pressing necessity. Therefore I move, seconded by the hon. member for Selkirk (Mr. Rowland):

That in view of the dismal prospects for the coming winter, forewarned in the statistics released this morning, this House urges the government to bring forward immediately measures to stimulate the economy to prevent a repetition of the high levels of unemployment experienced last winter.

Mr. Speaker: Again this motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The motion cannot be put.

Mr. Howard (Skeena): Mr. Speaker, I rise on a point of order. The point of order I wish to raise with Your Honour is that the record should show that on each of the three motions sought to be moved under Standing Order 43 the Liberal members objected.

* * *

[*Translation*]

GOVERNMENT PUBLICATIONS

TABLING OF CANADA YEAR BOOK

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, in compliance with the practice adopted last year and the wishes you expressed in 1968—and, to me, your wishes are orders—in order to hasten the distribution of the Canada Year Book, I am pleased to table today, in both languages, under Standing Order 41 (2), two copies of the work in question.

* * *

[*English*]

CRIMINAL CODE

AMENDMENT PROVIDING FOR DISMISSAL OF CHARGES ONE YEAR AFTER STAY OF PROCEEDINGS DIRECTED

Mr. Andrew Brewin (Greenwood) moved for leave to introduce Bill C-266, to amend the Criminal Code (stay of proceedings).

Some hon. Members: Explain.

Mr. Brewin: Mr. Speaker, the purpose of this bill is to provide, where provincial Attorneys General direct a stay of proceedings in a criminal case, that after a year's lapse the charges shall be deemed to have been dismissed. The purpose is to remedy the situation revealed recently in the province of Quebec where the Attorney General of that province entered a stay of proceedings against 36 persons charged under the War Measures Act or the Public Order (Temporary Measures) Act, and it was claimed that the effect of this action was that the charges could be revived at any time and thus hung over the heads of the persons accused indefinitely without giving them a chance to prove their innocence. The proposed amendment, Mr. Speaker, was recommended a year ago by the Canadian Bar Association.

Motion agreed to, bill read the first time and ordered to be printed.

MOTION TO ADJOURN UNDER S.O. 26

THE CANADIAN ECONOMY

AUGUST UNEMPLOYMENT INCREASE AND JULY-AUGUST PRICE INCREASE

Mr. John Gilbert (Broadview): Mr. Speaker, I ask leave, seconded by the hon. member for Kootenay West (Mr. Harding), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the unprecedented combination of the highest number of unemployed on record for the month of August and the highest July-August price increase in ten years.

Mr. McGrath: Shame!

• (2:20 p.m.)

Mr. Speaker: The hon. member for Broadview has given the Chair the notice required under Standing Order 26. I recognize that the matter raised in this proposed motion is one of serious importance. However, the Chair has to take into account whether there is immediately before us an opportunity for debate of the matter proposed for consid-

eration under the terms of Standing Order 26. As hon. members will recognize, we are involved currently, even this afternoon, in a debate which comes very close to that proposed by the hon. member for Broadview. Indeed, the amendment proposed for the study and consideration of the House by the hon. member for Edmonton West substantially covers the field suggested in the proposed motion now before me. In the circumstances I would not think it would be in order for the Chair to put the motion.

* * *

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—FARMER'S ECONOMIC PLIGHT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, this is a proposed motion to adjourn the House. Pursuant to Standing Order 26 I ask leave to adjourn the House to discuss a specific and important matter requiring urgent consideration. The matter arises from the serious shortage of cash income of Canadian farmers, making it almost impossible for them to continue farming operations and make a living. The situation has been aggravated by a decrease in the price per bushel of wheat and the fact that the Canadian Wheat Board has not received certain payments from the consolidated revenue fund of Canada for the storage of grain for the crop years 1970-71 and 1971-72 to date. I therefore ask for the adjournment of the House and move:

That the House adjourn to discuss the serious cost squeeze and present economic plight of the farmer which has been further aggravated and their income seriously reduced by the failure of the Canadian Wheat Board to receive moneys for storage of grain for the crop years 1970-71 and 1971-72 to date from the consolidated revenue fund of Canada.

Mr. Speaker: The hon. member for Regina East has submitted for the consideration of the Chair a motion dealing with the same matter and essentially in the same terms. Perhaps it would be advisable to allow the hon. member to put his motion also and then a ruling can be made on both motions at the same time.

Mr. John Burton (Regina East): Mr. Speaker, I ask leave, seconded by the hon. member for Saskatoon-Biggar (Mr. Gleave), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the urgent need for the government to make the payments to the Canadian Wheat Board specified in the Temporary Wheat Reserves Act of 1956 so that an immediate improvement can be made in the economic position of western farmers.

Mr. Speaker: The hon. member for Calgary North and the hon. member for Regina East have both filed the notice required by Standing Order 26. Hon. members will not mind my reminding them again, as I have done on a number of occasions, that Standing Order 26 specifically states that the statement of the matter sought to be debated under the Standing Order should not be accompanied by argument. The thought behind the new rule is that, notice having been given to the Chair, it will be the Speaker's responsibility to consider all aspects of the matter and to give a ruling without presentation of argument either in support of or in opposition to the motion.

This having been said, it is obvious that the general matter referred to in the motions before us is of considerable importance and interest. This is evidenced by the many references made to it by a number of hon. members during the last few days. Indeed, a few motions have already been proposed under Standing Order 26 which were disallowed by the Chair. My main objection to the previous motions was that they were essentially censure motions or non-confidence motions which are not contemplated by the Standing Order. I took the opportunity yesterday to make this suggestion to the hon. member for Calgary North.

The motion proposed today refers, on the other hand, to the economic situation of western farmers as it relates to the payment or non-payment of certain sums to the Canadian Wheat Board. The Chair would find it difficult to question in any way the submissions contained in the statements in support of the motions. On the strength of these statements and in view of the suggestions made in the course of my ruling of yesterday, I would be inclined to favour the motions and to agree that this is the kind of situation contemplated by Standing Order 26.

I do not overlook the aspect of opportunity for debate at an early date. It may well be that this is the kind of situation which ought to have been debated on a supply motion. However, I have no indication as to when this opportunity might come. In view of these circumstances, having reflected very seriously on the matter and having given, as I say, very serious and the most sympathetic thought to the different aspects of this matter, I have reached the conclusion that hon. members would want to have an opportunity to consider this matter for a few hours. Therefore I suggest, if hon. members agree, that there be a debate on this subject later this evening.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNEMPLOYMENT INCREASE—SUGGESTED WINTER WORKS PROGRAM AND TAX CUTS—GOVERNMENT PROJECTIONS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of the disturbing increase in the seasonally adjusted figures for unemployment released this morning and the ominous outlook that this provides for the coming winter. Is the Prime Minister prepared to assure the House that, in view of these figures and the outlook, he is prepared to take immediate steps to initiate a new works program for this winter, with the prospect of providing some employment through that program?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the figures are so significantly impressive that the government as well as the opposition is concerned about the publication of those figures.

An hon. Member: That's a change.

Mr. Trudeau: I just submit that, before being able to answer the question of the Leader of the Opposition, we will have to look at them in a little greater depth. We only received them this morning and it is obvious from some questions which have been asked that various interpretations are possible. We know, for instance, that these figures reveal that there has been the biggest surge in the numbers of unemployed ever during the spring and summer—

Some hon. Members: Oh, oh!

Mr. Trudeau: —in the numbers of employed; I beg your pardon. There has been the biggest surge in job creation ever in the spring and summer months, and this has translated itself into a lowering of the unemployment figures for people 25 years old and over. Therefore the addition in the figures is caused essentially, I would say, only by the people in the 14 to 24 age group. This is obviously very serious, but the cause of it is not too well known. What we do know is that the rate of participation has increased; in other words, the number of people who at this time of year usually withdraw from the labour force have not withdrawn in that age group. We want to see the causes and reasons for that before being able to prescribe remedies.

Mr. Stanfield: In view of the fact that these figures which the Prime Minister cited just now support the position that the June budget presented by the government was based upon false premises, will the Prime Minister now commit the government to bring in some realistic tax cuts, with a view to giving our economy a real forward surge which has not developed as a result of the budget?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, I do not subscribe to the "realisticness" or otherwise of the premise concerning the budget. I just point out to the opposition and to the country that there is nothing easier or more enjoyable for a government than to cut taxes, especially in a year leading up to when there might be an election. It is not a matter of urging from the opposition to cut taxes. We would love to do that if it were the best thing to do but, as I said in my previous answer, we are trying to look for the most responsible answer for this serious economic situation.

Some hon. Members: Hear, hear!

Mr. Stanfield: I suggest that this is really a question of the complacency and indifference of the government. Since even the Minister of Manpower and Immigration has indicated that the purported downturn forecast by the government just is not fast enough, will the Prime Minister reveal to the House what the government's own projections are with regard to employment for the balance of the year? In particular, will the Prime Minister indicate whether he now expects the seasonally adjusted rate of unemployment will fall below 6 per cent as he and the Minister of Finance have been predicting all year?

• (2:30 p.m.)

Mr. Trudeau: Mr. Speaker, I have never made any prophecy on this. I think the Minister of Finance was indicating what he expected the figures to be from the general projections he could assemble. I certainly support the Minister of Finance.

[Mr. Trudeau.]

UNEMPLOYMENT INCREASE—REQUEST FOR NEW BUDGET WITH NEW ECONOMIC DIRECTION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. In view of the disturbing rate of unemployment and in view of the fact that all of the economic indicators are in the negative, will the government now consider bringing in a brand new budget setting out a new economic direction for this country?

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. Since the Prime Minister is not willing to answer that question, does that mean that the government is satisfied with the growing rate of unemployment?

UNEMPLOYMENT IN ATLANTIC PROVINCES—SUGGESTED TALKS WITH GOVERNMENTS ON JOINT STIMULATIVE MEASURES

Hon. J. A. MacLean (Malpeque): I have a supplementary question for the Prime Minister. In light of the fact that unemployment in the Atlantic provinces is chronic, for example, the seasonally adjusted unemployment figures for Prince Edward Island have been around 2,000 for over a year, will the government give consideration to holding talks with the governments of the Atlantic provinces with a view to embarking jointly on stimulative measures to reduce unemployment in the Atlantic provinces?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we do not see any reason for having talks with any particular province at this time of the year. The figures with which we are concerned apply to the total labour force and particularly, as I said, those in the age group from 14 to 24. We have regional programs. We have had regional meetings with regional groups of provinces, but I do not think there would be any justification at this time for meeting merely with the Atlantic provinces and not with any other province that wanted to discuss this subject.

Mr. MacLean: A supplementary question. Will the Prime Minister consider—

Mr. Speaker: Order, please. I notice that many hon. members are rising on supplementaries. They will be recognized in due course, but I doubt whether all of them can be given an opportunity to ask supplementaries in the 40 minutes we have available. However, I will do my best to keep the matter rolling as smoothly as possible. For the moment I recognize the hon. member for Malpeque.

Mr. MacLean: Will the Prime Minister give consideration to meeting jointly with all the provincial governments with a view to reducing the unemployment figures inasmuch as all levels of government have a keen interest in this matter?

Mr. Trudeau: Not only will I consider it, Mr. Speaker, but I have indeed acted on it. More than a month ago I wrote to every province suggesting a meeting of the provincial premiers and myself as early in the fall as possible, this time to discuss not constitutional but economic matters and others which might be of interest to them. Although up to this stage I have proposed three or four dates, I must say I have not yet been able to get agreement from the provinces to meet with the federal government at any time. I am still hoping to work out a date for such a meeting.

Mr. Forrestall: Have they no confidence—

Mr. Trudeau: What is your problem over there?

Mr. Forrestall: Have they no confidence in you?

Mr. Speaker: Order, please.

Mr. Trudeau: They cannot on the one hand suggest that I meet with them and then on the other suggest that they do not want to meet with me.

[*Translation*]

UNEMPLOYMENT INCREASE AMONG THOSE UNDER 24—STUDY OF REASONS

Mr. André Fortin (Lotbinière): Mr. Speaker, I should like to put a question to the Prime Minister.

He stated a moment ago that he was very upset by the fact that those who are especially affected by the high rate of unemployment in Canada were under 24 years of age. He also said that the causes of unemployment among those workers were being investigated.

Could the Prime Minister say whether those studies are under way. If not, what would they deal with?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would not have the hon. member conclude that very lengthy major studies are being carried out. I gave that reply to a question put to me a short while ago, i.e. that the figures had reached us this morning only and that we were analysing them. So the hon. member should not assume that this analysis will involve very long deep studies.

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

The right hon. Prime Minister's reply would seem to indicate that studies will not last very long, because the government possesses quite a lot of the information required. In that case, is the right hon. Prime Minister in a position to indicate whether concrete, positive action is to be taken in the light of information available to him concerning the unemployment of that group of workers?

Mr. Trudeau: Mr. Speaker, the problem is indeed quite simple. It is a matter of finding out why young people age 14 to 24 have, between the end of July and the beginning of August, left the labour force at a slower rate than in previous years. As the hon. member can see, the question is very simple. Perhaps he could come up with a very simple explanation as an answer? If so, he should provide us with it so that our studies would be all the shorter.

[*English*]

UNEMPLOYMENT—IMMEDIATE AMENDMENT OF CANADA ASSISTANCE PLAN TO HELP PROVINCES AND CITIES MEET WELFARE COSTS

Mr. S. Perry Ryan (Spadina): I have a supplementary question for the Prime Minister. As the unemployment burden will likely be at least as great as last year and in view of the fact that the new Unemployment Insurance Commission access reforms will not help this winter, at least for the majority of the winter, is the government going to introduce immediate reforms in the Canada Assistance Plan to help the poorer provinces and the larger cities finance their added welfare costs this winter?

Right Hon. P. E. Trudeau (Prime Minister): As I answered a previous question, Mr. Speaker, I have suggested meetings with all the provinces to discuss this whole situation. I cannot answer the member's question until I know what the point of view of the provinces is on this matter.

Mr. Ryan: Will the government bring in its family income security plan for second reading now instead of postponing it until perhaps next May?

Mr. Trudeau: Mr. Speaker, if the opposition will help us pass the taxation bill now, the government will be able to do that.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

Mr. Frank Howard (Skeena): I wish to direct a supplementary question to the Prime Minister with regard to the economy and the prospects this winter. Inasmuch as the Minister of Finance has been consistently wrong in his predictions about the economy and its growth, will the Prime Minister, in his quest for some ways and means of solving this situation, try doing this through another Minister of Finance?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

UNEMPLOYMENT INCREASE—ACTION TO ACCELERATE PAYMENT OF UNEMPLOYMENT INSURANCE BENEFITS

Mr. W. B. Nesbitt (Oxford): My supplementary is for the Minister of Labour. Will the minister use his good offices with the Unemployment Insurance Commission to try to persuade them to disentangle the increasing administrative mess that has existed there, particularly with the greater rate of unemployment of the past two months or so, so that those who are unemployed can at least get their unemployment insurance benefits without having to wait for months?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, if the hon. member has any specific cases in mind I would be very pleased to intervene personally. The latest statistics that I was given the other day by the Unemployment

Insurance Commission indicate that claims are being handled at approximately the same rate as this time last year.

Mr. Nesbitt: A supplementary question. I request the minister to use his good offices with the commission to see if they can provide him with more accurate information.

UNEMPLOYMENT INCREASE—REQUEST FOR RECONVENING OF FINANCE MINISTERS' CONFERENCE TO DEAL WITH PROSPECTIVE WINTER SITUATION

Mr. James A. McGrath (St. John's East): I have a supplementary question for the Prime Minister. In light of the fact that the statistics released today by Statistics Canada indicate that we are going to have a serious rate of unemployment this winter, as an immediate step will the Prime Minister consider reconvening the finance ministers' conference to deal with this situation?

• (2:40 p.m.)

Right Hon. P. E. Trudeau (Prime Minister): There are periodic meetings—I believe three or four times a year—of the finance ministers. There was one in the middle of the summer so there is probably another coming up soon. I do not see any need to reconvene one. I will inquire when the next meeting is to be. The suggestion was made by one of the hon. member's friends that I meet with the premiers, and I repeat that that is what I am working at now.

Mr. McGrath: A further supplementary—

Mr. Speaker: Order, please. The hon. member for St. John's East will probably recognize that there are still a number of hon. members who are anxious to ask questions on this subject. I would hope that each member individually would try to limit his supplementaries. I am sure hon. members will recognize that this might be helpful to all concerned.

Mr. McGrath: If there is to be a conference either of premiers or of finance ministers to deal with the critical unemployment situation, would the Prime Minister consider having placed on the agenda of such a meeting the question of a winter works program and a cost-sharing formula in connection therewith?

Mr. Trudeau: I am sure this idea will crop up somewhere without the subject being placed on the agenda. Only the general subjects are placed on the agenda; we do not try to detail all the brain children that spring from various parts of the country.

UNEMPLOYMENT INCREASE—REQUEST FOR STATEMENT ON ECONOMIC OUTLOOK, GOALS AND PROJECTIONS

Mr. J. P. Nowlan (Annapolis Valley): In order to help those who have been swamped by the surge in the economy and hopefully to restore some confidence in the economy, does the Prime Minister intend to make a full statement on the economic outlook and the government's goals and projections with regard to employment and inflation.

Right Hon. P. E. Trudeau (Prime Minister): Not at this time, Mr. Speaker.

[Mr. Mackasey.]

Mr. Nowlan: Does the government have any goals and projections regarding employment and inflation?

Mr. Trudeau: Yes, to part of the question, Mr. Speaker.

An hon. Member: What part?

UNEMPLOYMENT IN QUEBEC—SPECIFIC ACTION TO DEAL WITH PROBLEM THIS WINTER

Mr. Edward Broadbent (Oshawa-Whitby): In light of the forecast by the Minister of Finance of Quebec that unemployment in Quebec this coming winter will likely reach 13.5 per cent, a record high if I am not mistaken, outside of absolute depression, can the Prime Minister inform the House, given the political sensitivity of Quebec within confederation at this time, whether or not the government is taking a specific approach for the coming winter in terms of dealing with unemployment in that province?

Right Hon. P. E. Trudeau (Prime Minister): I am not sure what figures the hon. member is quoting. I believe he is referring to a figure which was given by the Quebec minister in the eventuality that the measures of the Nixon administration take their full effect, but as the hon. member knows there is legislation before the House through which we hope to prevent those measures having full effect on employment in Canada.

Mr. Broadbent: Is the Prime Minister seriously suggesting that $80 million spread throughout Canada—

Mr. Speaker: Order, please. I suggest to the hon. member that this is debate.

UNEMPLOYMENT—SPECIAL CABINET COMMITTEE TO DEVISE PROGRAM TO CREATE EMPLOYMENT THIS WINTER

Mr. John Lundrigan (Gander-Twillingate): I have a supplementary question for the Prime Minister. Has a new and special cabinet committee been charged with the specific responsibility of directing the efforts of government and its related departments toward a massive employment-creating program this winter?If so, who heads and co-ordinates the committee and what are its terms of reference?

Right Hon. P. E. Trudeau (Prime Minister): We do not usually communicate information relative to internal administrative changes within the government, but if it is helpful to the hon. member I can tell him there is no such special committee.

Mr. Lundrigan: On the basis of that answer I should like to ask the Prime Minister whether he has directed any government departments, such as Public Works, Regional Economic Expansion, Manpower and Immigration and Finance, to concentrate their energies on massive employment-creating programs this winter and, if so, can he indicate in a general way the nature of this direction?

Mr. Trudeau: Yes, I have so directed such ministers and a few others besides to find an answer to the problem about which both the hon. member and myself are concerned.

UNEMPLOYMENT—PROGRAMS TO ALLEVIATE HARDSHIP OF THOSE OUT OF WORK MORE THAN SIX MONTHS

Mr. John Lundrigan (Gander-Twillingate): In view of the fact that statistics released today show that 106,000 Canadians, or approximately 25 per cent of the total number unemployed, have been seeking work for more than six months, can the Prime Minister say whether he is contemplating any special programs or legislative changes designed to work effectively with the provinces and municipalities in order to alleviate the tremendous hardship presently being experienced by these Canadians and their families?

Right Hon. P. E. Trudeau (Prime Minister): I do not have the figures at my fingertips, but I believe the hon. member is referring to the hard-core unemployed and my understanding is that their number has decreased rather significantly in the past month.

Mr. Lundrigan: Further to that answer—

Mr. Speaker: Order, please. I suggest to the hon. member that we might go on to other hon. members who are seeking an opportunity to ask supplementaries on this subject.

Mr. Lundrigan: On a point of order—

Mr. Speaker: The hon. member rises on a point of order.

Mr. Lundrigan: On a point of order, I did not ask for a statistical breakdown by the Prime Minister. I asked whether he had any programs designed to alleviate the hardship of the 106,000 Canadians who have been out of work for more than six months. Could he address his energy for a few seconds to that very important question?

UNEMPLOYMENT INCREASE—CURTAILMENT OF SUBSIDIES AND TAX CONCESSIONS TO FOREIGN-CONTROLLED RESOURCE INDUSTRIES

Mr. Lorne Nystrom (Yorkton-Melville): In view of the unprecedented high level of unemployment these past weeks, can the Prime Minister say whether or not the government will now move to curtail the large subsidies and tax concessions given to foreign resource industries?

Right Hon. P. E. Trudeau (Prime Minister): The question might have been prefaced by a phrase which said exactly the contrary—in view of the unprecedentedly high number of people employed in the month of August, the highest ever. This just shows that statistics can be thrown out to prove exactly the contrary, one or the other.

Mr. Nystrom: May I ask, then, whether the government is contemplating any measures to stimulate manufacturing right here in this country and develop the processing of resources in Canada?

Mr. Trudeau: The minister responsible for industry has made several speeches on this subject—

An hon. Member: Speeches are not enough.

Mr. Trudeau: —and I am sure he will be glad to send copies to the hon. member to show the ways in which we do stimulate manufacturing industries.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Edmonton Centre and then I think, in fairness, call on the hon. member for Bellechasse.

UNEMPLOYMENT—REQUEST FOR TABLING OF BRIEF OF MAYOR OF CORNWALL

Mr. Steven E. Paproski (Edmonton Centre): My question is directed to the Prime Minister. Does the Prime Minister intend to table the brief on unemployment he received over the weekend from the mayor of Cornwall? I am sure it would be most helpful at this time.

Right Hon. P. E. Trudeau (Prime Minister): I know the brief is a public document. If the hon. member is interested in having a copy I will see he gets one. It is a three or four page brief. I see no precedent for tabling it in the House but I am sure Mr. Speaker would not object if it were the unanimous desire of hon. members to have it tabled.

* * *

• (2:50 p.m.)

[*Translation*]

INDUSTRY

TEXTILES—MEASURES TO CONTROL IMPORTATION AND DUMPING

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to put a question to the Minister of Industry, Trade and Commerce.

Since foreign competition is becoming increasingly keener in the sector of knitted texturized yarns, thus representing a serious threat to Canadian industries, will the government consider taking control measures with respect to these imports in order to protect Canadian industries?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, we have a policy on textile products and a number of sectors of the textile industry have been assigned to the board up to this point. We had a report from the cotton yarn board which lead to decisions which I think were important. The government is currently studying a report submitted by the shirt board. I hope to be in a position to make announcements on this very shortly.

Sweaters are another matter, and acrylic fibers a fourth one, now under study. The Textile and Clothing Board is therefore very active and it issues recommendations quite regularly.

If the sector mentioned by my hon. friend is one of those which require referral to the Board, we shall act accordingly.

Mr. Lambert (Bellechasse): I have a supplementary, Mr. Speaker.

Since textile manufacturers who used to export to the United States are now trying to sell more in Canada and since that might amount to dumping, will the government take effective measures to prevent this?

Mr. Pepin: Mr. Speaker, there is an anti-dumping tribunal available mostly to producers who feel they are affected by imports in any sector. I do not think the government needs to lead producers by the hand to the door of the anti-dumping tribunal. They are clever and aggressive enough to take those steps themselves.

Mr. André Fortin (Lotbinière): Mr. Speaker, I have a supplementary.

The Minister of Industry, Trade and Commerce is very funny, but on the occasion of a visit to Victoriaville this summer, he announced to textile manufacturers that the legislation on import controls would be more rigid. Is he now in a position to indicate whether a review of those legislative measures is under way and, if so, when will he announce it?

Mr. Pepin: Mr. Speaker, there are some things the hon. member did not understand. When I was talking in the Eastern Townships, I said that there were perfectly legal and justified means available to the producers to protect themselves before the antidumping court.

Pursuant to Section 26 of the Textile and Clothing Board Act, there is also a possibility for producers, in sectors other than textiles, for instance in the footwear sector, to obtain a decision from the anti-dumping tribunal by showing that injury is being done to their industry.

Therefore what I was saying then is that those instruments are there to be used, and I would encourage producers to use them.

* * *

[*English*]

THE CANADIAN ECONOMY

RESPONSE TO CANADIAN REQUEST FOR EXEMPTION FROM UNITED STATES IMPORT SURTAX—UNITED STATES VIEWS ON EMPLOYMENT SUPPORT BILL

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether the government has received a communication from the United States authorities giving an answer to the request of the government of Canada for an exemption from President Nixon's surcharge, and whether the government of Canada has received any communication from the United States authorities expressing any views of that government with regard to the legislation now before a committee to provide some help to the manufacturing export industries of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am informed by the Secretary of State for External Affairs that we have received no formal reply, but we do know that our representations are under study.

Mr. Stanfield: Mr. Speaker, the Prime Minister said he had received no formal reply. Has the government of Canada received either a formal or informal communication in respect of either of these subject matters?

Mr. Trudeau: Mr. Speaker, I imagine that when the ministers and the officials met they asked questions and got answers, but we have not received a reply to our representations.

[Mr. Lambert (Bellechasse).]

[*Translation*]

INCOME TAX

REPRESENTATIONS BY CAISSES POPULAIRES AGAINST PROVISIONS OF BILL

Mr. Raynald Guay (Lévis): Mr. Speaker, I should like to ask a question of the right hon. Prime Minister.

In view of the brief submitted by the Fédération des Caisses Populaires Desjardins regarding Bill C-259, does the government intend to amend the bill as a result of those recommendations.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Finance has informed me that he received such a brief and that he was carefully looking into it since the matter raised is important and since he also wants to add the views he will hear next Monday when he will meet other groups of the co-operative and credit union movements and that all these representations will be the object of a very serious study.

[*English*]

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my supplementary question is directed to the President of the Privy Council. In view of the minister's interest in the Antigonish movement as developed by Father Coady many years ago and which was one of the foundation stones in the development of co-operatives in Canada, will he use his great weight of office with his colleagues when this question is discussed?

Mr. Speaker: Order, please. The hon. member's question has to be considered as a representation or suggestion to the minister.

* * *

EXTERNAL AFFAIRS

EAST PAKISTAN FAMINE—CANADIAN RESPONSE TO APPEAL BY UNITED NATIONS SECRETARY GENERAL FOR FINANCIAL ASSISTANCE

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. Will he tell the House what response the Canadian government has made to the urgent appeal of the Secretary General of the United Nations for financial assistance to cover the cost of U.N. relief operations in East Pakistan where it is reported that some 25 million people are threatened with starvation?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Yes Mr. Speaker, I am pleased to advise the House that the government is providing a grant of $500,000 in response to this appeal to provide assistance toward the administrative costs being incurred by the United Nations. I understand that the United States is giving $1 million and the British are giving $1.2 million. This cash donation will be used to help finance approximately 180 technical and relief experts that the United Nations is presently sending to East Pakistan to identify relief priorities and enhance the efficiency of relief distribution.

Mr. Brewin: Mr. Speaker, would the minister indicate whether this grant is in addition to the $5 million in grain that was to be delivered to East Pakistan for the same purpose?

Mr. Sharp: Yes, Mr. Speaker, this is a special request made by the Secretary General for help in respect of the administrative costs, and I think we have responded very generously to this request.

PAKISTAN AND INDIA—PROVISION OF MOBILE HOSPITAL UNITS BY CANADA

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs. Some weeks ago I asked whether, in respect of the problem in Pakistan, we had made an offer to Pakistan and India of some of our mobile hospital units which are in mothballs in the Department of National Health and Welfare? Was this offer made and, if so, what were the results?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I should like to take notice of that question in order that I can give an accurate response.

* * *

THE CANADIAN ECONOMY

REQUEST FOR STATEMENT IN LIGHT OF UNITED STATES ECONOMIC MEASURES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I asked the Prime Minister a question the other day regarding the circumstances facing Canada as a result of the DISC program and the 10 per cent surcharge, now aggravated by the recently released unemployment figures. I was under the impression that my suggestion that an address on the state of the economy outlining the objectives and the targets determined by the government would be an excellent way of advising the people of Canada of the realistic situation. As a result of an answer given to the same type of question asked by the hon. member for Annapolis Valley, am I to understand—I am not being facetious in asking this—that the Prime Minister does not think the state of the economy is such that it merits a statement by him now or in the very near future?

Mr. Speaker: Order, please. I have very serious reservations in respect of the hon. member's question when he says "am I to understand" or "are we to understand" that the Prime Minister has reached such and such a decision or is of such and such an opinion. To my way of thinking that is not a proper way to ask a question. I hesitate to suggest to the hon. member that he might rephrase the question. Perhaps it might be easier to allow the Prime Minister to reply.

Mr. Alexander: In light of the preamble just uttered, Mr. Speaker, would the Prime Minister now give the House and the country the assurance that he will at the earliest opportunity make a statement on the economy, advising the people of Canada and the House as to the realistic state of the country in terms of the economy, the DISC program, the 10 per cent surcharge and the unemployment picture in order that we may be apprised of what the government has in the way of plans to reduce unemployment and increase productivity?

Mr. Speaker: Order, please. I hope this is not a second preamble. Again, the question having been asked I have no objection to the Prime Minister replying briefly to both questions.

Right Hon. P. E. Trudeau (Prime Minister): If I correctly followed both preambles, Mr. Speaker, the hon. member is asking for something in the nature of a budget speech. I must point out that budget speeches are normally made by the Minister of Finance, and it is not our intention to have him make one at the present time.

Mr. Alexander: Mr. Speaker, in light of the lack of confidence we in the opposition and the people of Canada have in the statements made by the minister and in view of the fact he has never been right, will the Prime Minister take it upon himself to give leadership in this regard so we will know they have nothing in common by making a statement to the people about what is taking place today in respect of government plans?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

* * *

• (3:00 p.m.)

IMMIGRATION

POSSIBLE BARRING OF UNITED STATES CITIZENS SEEKING TEMPORARY WORK IN CANADA

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, my question is to the Minister of Manpower and Immigration. In view of the increased unemployment contemplated as a result of the recent United States surtax move vis-à-vis our export market, has the government yet reached any decision regarding the amendment of Canadian immigration legislation or, on the other hand, tightening of the regulations that currently allow United States citizens to move relatively freely across the border for the purpose of temporary employment in Canada, while United States laws generally forbid equal access to Canadians who are seeking temporary work in the United States?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, no formal change has been made in the regulations in this regard at the present moment, though the matter is under active consideration.

* * *

INQUIRY OF THE MINISTRY

Mr. C. Terrence Murphy (Sault Ste. Marie): Mr. Speaker, my question is for the right hon. Prime Minister. Because I believe it is vital that all blatant examples of male socialist chauvinism should be bared to the public, would

the Prime Minister undertake to instruct the federal task force which is studying the recommendations of the Royal Commission on the Status of Women to investigate charges that a woman journalist was barred from a New Democratic Party press conference held yesterday in a sauna bath at Thunder Bay, Ontario?

Some hon. Members: Oh, oh!

* * *

DRUGS

INTERNATIONAL NARCOTICS CONTROL COMMISSION—CANADIAN POSITION AT SEPTEMBER MEETING RESPECTING ILLICIT TRAFFIC

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of National Health and Welfare. When the United Nations International Narcotics Control Commission meets in Europe at the end of September with a view to strengthening the international drugs treaty known as the "Single Convention of 1961", is it the intention of the Canadian government to support the United States authorities, who have been actively seeking Canadian assistance in recent days, in a joint effort to stiffen control and stamp out illicit drug traffic?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, my understanding of that particular meeting is that its aim is not to come to any firm conclusions but to have discussions between various nations that might eventually lead to an agreement.

Mr. Southam: I have a supplementary question which is based on the statement made by Dr. Ross Chapman, the special federal adviser who will represent this country at the meetings in Europe in September. In his statement on Friday Mr. Chapman said that the Canadian position had not yet been determined.

Mr. Munro: I do not think there is any inconsistency there with what I have said.

* * *

EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—POSSIBLE REFERENCE BY CANADA TO UNITED NATIONS OR INTERNATIONAL COURT

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to address a question to the Prime Minister regarding the massive nuclear test to be held at Amchtika which has still not been cancelled. Can the Prime Minister advise whether, in addition to or instead of going cap in hand to Washington, he or his government is giving consideration to having this very serious matter brought before the United Nations or referred to the International Court of Justice?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the United States has not accepted the jurisdiction of the court. In spite of the ignorance expressed in the ranks of the NDP, I do not think that the United States would in any way feel bound by a decision which they declare does not bind them.

[Mr. Murphy.]

Mr. Macquarrie: Mr. Speaker, I would remind the Prime Minister that the United States is a charter member of the United Nations, and I was asking what he was proposing to do in terms of making representations to that body.

Mr. Trudeau: The answer to that question, Mr. Speaker, is that we will be raising this general subject in connection with the debate on the nuclear test ban.

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ROYAL CANADIAN MOUNTED POLICE

KILLING OF CHIEF ED BIRD IN NORTHWEST TERRITORIES BY MEMBER OF FORCE—GOVERNMENT ACTION

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I direct a question to the Solicitor General. Has he instituted any inquiry under the provisions of the Royal Canadian Mounted Police Act into the killing of the Indian Chief Ed Bird in the Northwest Territories?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, as I indicated to the House on Tuesday, I think it would be better first of all to study the report of the coroner and, in my view, it is incumbent upon the Minister of Justice, who is Solicitor for the Northwest Territories, to answer this question.

[*English*]

Mr. Nielsen: Since the RCMP come under the minister's jurisdiction, and in view of the fact that the provisions of the Royal Canadian Mounted Police Act provide for such an inquiry, is any inquiry under the act being made?

[*Translation*]

Mr. Goyer: Mr. Speaker, there is something that prevails over the Royal Canadian Mounted Police Act, that is the normal process of courts and I believe that before launching an inquiry of any kind, it would be good to examine the report of the coroner who holds the first responsibility for inquiring into the matter.

[*English*]

Mr. Nielsen: Mr. Speaker, I have a further supplementary which I should like to address to the Minister of Justice. Since the coroner's inquest has been completed and his report is probably now in the hands of the minister's officials, can the minister tell the House whether any inquiry is being conducted into the killing of Chief Ed Bird by a member of the RCMP?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, the coroner's inquiry and the jury's verdict in the coroner's inquiry exonerated the officer of the Royal Canadian Mounted Police. I am advised by our office in Yellowknife that the transcript of the inquest will be available September 17 or 18. When I have received the transcript I will decide whether any further action should be taken.

[*Translation*]

CRIMINAL CODE

AMENDMENT RESPECTING FALSE FIRE ALARMS

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I would like to ask the Minister of Justice a question.

Could he tell the House whether he received a telegram from the Montreal firemen association asking him to amend section 393 of the Criminal Code which concerns people who make false fire alarms.

Mr. Speaker: I doubt whether that question is in order as it has been asked, because the hon. member is just asking whether a telegram has been received. In any case, the minister might answer briefly the question asked by the hon. member.

Hon. John N. Turner (Minister of Justice): Yes, Mr. Speaker, I have received that telegram and I will look seriously into the matter.

* * *

[*English*]

PUBLIC ACCOUNTS

AUDITOR GENERALS 1970 REPORT—INQUIRY AS TO REFERENCE TO COMMITTEE

Mr. A. D. Hales (Wellington): Mr. Speaker, I should like to address a question to the President of the Privy Council in his capacity as government House leader. Is it his intention to refer the Auditor General's 1970 report, tabled in the House on June 4, to the Public Accounts Committee and, if so, when may we expect it to be referred?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, on this subject I would be happy to have a word with the chairman of the committee and arrange to have a reference at the most convenient time.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT AMONG THOSE UNDER 24—NEW PROGRAMS TO DEAL WITH PROBLEM

Mr. David MacDonald (Egmont): Mr. Speaker, I have a question for the Prime Minister which relates to earlier questions dealing with the very high rate of unemployment among those in the 14 to 24 years age group and with the fact that there has been a significant decline in the projected number of enrolments at universities this year of some 75,000. In view of the close to one quarter of a million young people who are unemployed, and in view of the government's special program this past summer, may I ask the Prime Minister whether any plans are now going ahead to formulate new programs to deal with this exceptional problem, having regard both to its present impact on the economy and its long-term impact?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member refers to the exceptional figures with which we are faced, and I myself said the same thing when answering the Leader of the Opposition. It is because this withdrawal rate from the labour force of our young people at the present time is so exceptional that I cannot say at this time what response we are going to make to it. We are trying to understand the significance of it. Does it mean that our young people are less interested in furthering their education than in previous times, or is this just a temporary situation? Does it have to do with rejection of the work ethic or study ethic or acceptance of the work ethic? I am afraid that I am not in a position to give an answer to this question and, therefore, to pose a solution at this time.

Mr. MacDonald (Egmont): A supplementary question, Mr. Speaker.

Mr. Speaker: We have reached the end of the question period but perhaps the hon. member for Egmont might ask his supplementary before I call orders of the day.

Mr. MacDonald (Egmont): In view of the great importance of this question, as the Prime Minister has said, would he or one of his ministers be prepared within the next few days to outline to the House the methods whereby the whole question is being studied and the time frame within which some action is likely to be taken to deal with this problem?

Mr. Trudeau: I am afraid I cannot give that explanation within the next few days, Mr. Speaker.

• (3:10 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Wednesday, September 15, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (page 7763).

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, as Your Honour has indicated, the amendment to the bill proposing second reading of the income tax amendments does indeed give us a very fertile field to discuss the economic situation generally and of course more specifically the significance of figures that were released earlier today. Just as it seems almost impossible for the hon. member for York South (Mr. Lewis) or the hon. member for Hillsborough (Mr. Macquarrie) to mention anyone going to Washington without adding the tag "hat in hand", so I find it almost impossible to refer to hon. members opposite on the monthly unemployment statistics day without using the phrase "gloom and doom" early in my remarks. Having used it once, I will try not to do so again. The fact is that, just as it is true that unemployment was too high in mid-August, so it is true that the over-all message of our economic indicators

was a healthy expanding economy, an economy expanding at an accelerating rate. For the first half of 1971 the real increase in the gross national product was 6.2 per cent, almost double the growth rate for all of 1970.

An hon. Member: It was never so good.

Mr. Mahoney: The increase in the real gross national product for the second quarter at an annual rate of 8.9 per cent was the largest in two years. Demand for goods and services was advancing. The 4.3 per cent increase in consumer expenditures in the second quarter was the largest in many years. Combine that with low inventories and we see excellent prospects for the expansion of the manufacturing sector. The annual rate of housing starts, 225,000 in the second quarter, 243,000 in August, indicate a record will be achieved in 1971 as a whole.

Mr. McGrath: You do not even believe that yourself.

Mr. Mahoney: Total capital expenditure was up 5.7 per cent and business capital expenditure 6 per cent in the second quarter. The survey of investment intentions was revised upward by two points to 11 per cent at mid-year, and notwithstanding high increases in productivity, 245,000 new jobs have been created by the economy in the past 12 months—that is a seasonally adjusted figure.

Some hon. Members: Oh, oh.

Mr. Mahoney: —I should like to emphasize that neither the figures I used—

Mr. Speaker: Order, please. I have to interrupt the hon. member. The hon. member for St. John's East seeks the floor on a point of order.

Mr. McGrath: Yes, Mr. Speaker. I regret having to interrupt the hon. member, but surely it would be in the national interest if the hon. member were to make his speech after the market closes today.

Mr. Mahoney: I would like to emphasize that neither the figures I have used nor those I will use later reflect in any way decisions taken in the United States recently. The message is that we were doing very well until those measures were taken.

Some hon. Members: Oh, oh.

Mr. Mahoney: We performed relatively well during the current U.S. administration's period of fiscal conservatism; we performed relatively well during their period of inflation. We have proved that we do have room to pursue successfully some independent economic policies. Whether we can perform relatively well during their period of protectionism remains to be seen, but we will certainly try.

Some hon. Members: Oh, oh.

Mr. Mahoney: The two areas of concern raised today are unemployment and the cost of living.

An hon. Member: Oh, really?

Mr. Mahoney: As to the latter, prices are now rising more strongly. This is a grim warning to the government, to all politicians regardless of party and to Canadians generally—bearing in mind the fact of our current economic expansion—that the danger—

[Mr. Mahoney.]

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I bring to the attention of hon. members that there is some unfairness in not allowing an hon. member who has the floor to make a speech in such a way that he can be heard by the Chair. It is difficult for me, with all these interruptions coming from hon. members, to hear the hon. member, and I think that in fairness to him he should be given an opportunity to make his speech. At least, it would be fair to give the Chair an opportunity to hear what the hon. member has to say.

Mr. Mahoney: I could shout loudly because common courtesy is not something I have come to expect from over there.

Mr. Stanfield: Common sense is what we want.

Mr. Mahoney: I was speaking of the two areas of concern that have arisen as a result of today's announcement by Statistics Canada—the matter of unemployment and the cost of living. There is no question, so far as the cost of living is concerned, that prices are now rising more strongly, and this is a grim warning to the government, to all politicians regardless of party and to Canadians generally—bearing in mind the fact of our current economic expansion—that the danger is not that this expansion will proceed too slowly but rather that, fostered by inflation and prodded along by political pressures as an election approaches, the expansion will proceed too quickly.

Mr. Stanfield: Shame.

Mr. Mahoney: The main reason for the rise in the consumer price index is readily identifiable. It is the rebound in food prices from the chain store price war of last winter. The consumer price index is up seven-tenths of one per cent over July, but excluding the food index the increase is only three-tenths of one per cent.

The main unemployment problem is also identifiable. It is the tidal wave of young people as a result of the baby boom of the mid 1950's that has had such a great and varied impact on our society in recent years. This has manifested itself in numerous ways ranging from the vastly increased demands on primary school facilities in the early 1960's and secondary and post secondary facilities later to the more recent but all pervasive phenomenon known as the "youth cult".

The entire increase in seasonally adjusted unemployment from 6.3 per cent to 6.5 per cent from July to August occurred among teenagers 14 to 19 years of age. For the whole of the labour force other than teenagers, adjusted unemployment declined. This, of course, includes practically all heads of households.

On the actual rather than the seasonally adjusted basis, unemployment declined in all age groups, including teenagers. Actual unemployment declined to 5.1 per cent from 5.7 per cent in July. For the adult labour force, actual unemployment among men was 3.7 per cent and among women 2.7 per cent.

Earlier this afternoon it was suggested that on the seasonally adjusted basis at least, we experienced the highest August unemployment on record. I do not know about that, I imagine it is correct, but I have not checked it. But I do know that we do have the largest labour force in history and that in August there were more people working in Canada than ever before.

Some hon. Members: Hear, hear.

Mr. Mahoney: Random figures for the the number of employed will indicate the trend. In September 1969 there were 7,756,000 Canadians working. In September 1970 there were 7,898,000 working. In March of 1971 we crossed the eight million mark at 8,018,000, and in August of this year, last month, 8,517,000 were working. In other words, for the year from September 1969 to September 1970 the increase in the labour force in Canada was a little under 150,000.

Mr. Bell: But there are more people in the country.

Mr. Mahoney: For the five months from March to August of this year, the increase was just under one half million. During the current calendar year, January to August, the labour force has increased by 643,000 to over 9 million—9,160,000 to be more exact. With respect to employment, the number of Canadians working increased by 724,000 to the 8,517,000 figure I mentioned a moment ago. At the same time the number of unemployed fell by 83,000 to 455,000.

• (3:20 p.m.)

Clearly, Mr. Speaker, Canada's economy has been expanding at an accelerating rate throughout 1971 until August. There is a very real problem with the very large body of teenagers entering the labour force each year. They are entering an increasingly productive work force. Employment is increasing, increasing greatly, but not sufficiently to absorb this particular age group, and the problem of why the members of this age group—in addition to the sheer numbers that are coming along on this flood tide of young people—are staying in the labour force, why they are not going back to school or university, of course was alluded to by the Prime Minister (Mr. Trudeau) a few minutes ago. It is a very serious problem, a very genuine problem. Nobody denies that. The fact is that on the over-all basis, it is the problem. With respect to other segments of the work force, other age groups, and particularly heads of households, the employment situation is not really as difficult as the over-all picture would indicate, taking into account this phenomenal situation in the 14 to 19 year age group.

I would like to reiterate that nothing I have said is an assessment of what is likely to occur as a result of recent U.S. actions, because nothing that occurred to mid August reflects those actions. At the moment, I suppose the best we could say is that it is uncertain.

Turning to the tax bill before the House, Mr. Speaker, I have been listening with some considerable amusement to the invitations from across the way for my participation in this debate. My failure to respond earlier to those kind invitations is not to be construed as ingratitude. I appreciate the kind comments of the hon. member for Gander-Twillingate (Mr. Lundrigan) and certainly shall, if the Law Society permits, use his generous endorsement of my expertise in the tax field as and when I re-establish myself in private life. I regret that the hon. member for Edmonton East (Mr. Skoreyko) was unable to extend his brief and unusual visit to the House of Commons so that I could now thank him personally for his invitation. I must say that I found the speeches of both hon. members a refreshing change from the tedious reading into the record of the pedestrian offerings of the Tory research bureau.

I understand that during the past summer that organization found time to turn out about 20 speeches on the budget and Bill C-259, which were then circulated en masse to their employers with the suggestion that, "If you find one you like, it's yours". Evidently several hon. members opposite found ones they liked. It is an interesting use of the public funds provided to the Official Opposition for research purposes. It is regrettable, from a cosmetic point of view at least, that these speeches are so similar to each other as to be easily identified.

It may be, Mr. Speaker, that you and I are the only ones really paying attention to these speeches. After all, we are in the unenviable position of being paid to do so. Certainly, if the media are listening they are not giving any indication that they have heard, but I did think, in kindness, that I should let the hon. members of the Official Opposition who are using these bottom-of-the-line production models know that they are neither fooling nor impressing anyone who is listening.

In so far as the NDP is concerned nothing has changed over the summer. They are still on the tack that Bill C-259 does not constitute tax reform. That is a value judgment in which the government and the vast body of Canadians do not concur. I suppose that the corollary of a half truth is a half lie, but since the term "half lie" would be at least half unparliamentary I will stick to half truth. The NDP persists in telling half truths about the reformed dividend tax credit and the abolition of the federal estate and gift taxes.

Members of the NDP deal with estate and gift taxes in complete isolation from the institution of the capital gains tax. The capital gains tax is, in effect, a pay-as-you-go estate tax and, of course, a gift tax is a necessary adjunct to an estate tax. No fairminded Canadian honestly accepts that a tax system designed for equity, for continued economic growth, and to meet modern social needs could incorporate the double whammy of the estate tax together with a capital gains tax. I will leave it to others to decide whether the NDP is not fairminded or not honest on this subject, or perhaps neither fairminded nor honest, but there is not doubt, to be most charitable, that members of the NDP are deliberately dealing in a half truth when they divorce the institution of a capital gains tax from the abolition of the estate tax.

The other half truth is even more flagrant. In talking about the dividend tax credit they talk about the increase from 20 per cent to 33 1/3 per cent, but religiously never mention that the present 20 per cent dividend tax credit is tax free while the reformed 33 1/3 per cent dividend tax credit will be taxable. The present tax free credit is, of course, of more benefit to persons with high incomes than to those with low incomes, while the new system will in fact more closely reflect the recipient's own circumstances. In actual fact, assuming that the provinces con-

form their tax systems to the federal system, the new credit will be of the same benefit as the old to a taxpayer with a marginal tax rate of 40 per cent, that is, in the $12,000 taxable income range. It will be of less benefit to those with higher marginal rates. It will be of more benefit to a taxpayer with a lower taxable income.

Members of the NDP look upon the Carter Report as the epitome of reform. I wonder if one of them will stand in his place and say that his party endorses Carter's proposed treatment of dividend income. In case they have forgotten that, as well as some other details of the report, permit me to remind them that the combined effect of Carter's recommendations of a flat corporation tax rate of about 50 per cent and a top marginal personal rate of 50 per cent, together with a gross-up and credit system with a refund where the credit exceeded the tax liability, would result in few, if any, resident shareholders paying any tax at all on dividend income, and almost certainly in most of them receiving a credit against other tax liability, if not indeed a refund cheque.

Now, Mr. Speaker, the purpose of the government in seeking the all party agreement that led to the detailed ways and means motion, which has given Your Honour some problems, was to permit all hon. members to have just as much precise information as possible before them during the budget debate. The Minister of Finance also made clear that he expected interested persons and organizations to take advantage of the summer recess to make further representations in connection with the bill. This invitation would, of course, not have been very meaningful if the government did not intend to pay attention to, and to act upon, these recommendations where they had merit. Well, it was a meaningful invitation, and the government has decided to act upon a number of the representations, and is still considering many others. I would not like to specify any of these at this time if for no other reason than that they cannot all be mentioned. It would be wrong to leave the impression that any not mentioned have necessarily been rejected. In addition, Your Honour will appreciate that government amendments to a tax bill will fall under the general constraint of budgetary secrecy.

Accordingly, I can only assure all persons and organizations who have made known their views on Bill C-259 that those views have or are being very seriously considered and that numerous amendments—my own personal guess is that there will be upwards of 100—will be offered by the government during committee of the whole. I suppose I should apologize in advance to Your Honour, and perhaps more particularly to the chairman and deputy chairman of the committee for the procedural price we may pay for the government's admirable flexibility and continued responsiveness to informed and responsible comment.

It is evident from the speeches made during this week that there has been no fundamental change during the summer since public acceptance of the budget and the tax reform package was made so manifest. Nor has there been any change in the position of the opposition parties. There have been concerns expressed about particular matters. These have or are being considered by the government. They have obviously been communicated to members on all sides of the House. They cannot be dealt with during this stage of the proceedings but must await committee of the whole.

[Mr. Mahoney.]

• (3:30 p.m.)

Accordingly, I would appeal to the members opposite to stop rehashing their budget debate speeches and let us get on to committee so that we may consider particular items of concern, improve the bill by appropriate amendment and give Canada and Canadians the benefit of the work of a decade. And Mr. Speaker, I hope all members will agree that the business community could not care less about the niceties of parliamentary procedure but it does want to know for certain, just as soon as possible, the tax framework within which it will be operating starting next year. Bourinot, May and Beauchesne may mean something to a lance corporal's guard of individual taxpayers but, for the remaining millions, increased tax exemptions, moving and employment expense allowances, child care deductions and lower taxes are the name of the game. Again, I appeal to all hon. members, let us get on with the job of giving Canada a reformed tax system, a better tax system and, for the great majority of Canadians, lower income taxes.

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, it was a sheer delight to listen to the hon. member for Calgary South (Mr. Mahoney), the Parliamentary Secretary to the Minister of Finance, who has just taken his seat. He alluded to the fact that in his opinion some of the speeches from this side of the House had perhaps been prepared by members of the research staff. I admit that from time to time it is necessary for us to consult with those learned men in connection with specific points in a speech. Listening to the offering of the hon. member, no one could accuse him of using a ghost writer or any research whatsoever. As a man known for his ridiculous presentations to the House, he rose to the ultimate today. The jumbled presentation of statistics, listed in a manner which would serve the government's purpose, leads one to some very strange conclusions.

For instance, he assured the House that even viewing all these serious situations that Canada finds itself in today, in fact Canadians have never had it so good. If we are not prepared to believe this, he left the door open because he said there are some extenuating circumstances. We never had it so good and all indications were that things were going to be better until our neighbour to the south introduced the surcharge.Then for the benefit of those people who could not give any credibility in that statement, he said, "A lot of the unemployment today is attributable to too many babies just after the war". If anyone listening to this speech could pinpoint his birthday in that era, Mr. Speaker, there would be some credibility in that statement.

Mr. Bell: You can't blame Nixon for that.

Mr. Danforth: The decision by our party to propose the amendment we have before us was not taken lightly or facetiously, but was taken after careful consideration of the welfare of Canada and the economic climate which is so important to each and every one of us. This is a tremendous tax measure before us. It is an entire change under the guise of reform in our taxation system. The task of

revising our tax system has beset Parliament for a number of years and now the government has brought forth this bill.

Our party is concerned by the fact that this is a long-term program, as shown by the introduction of the white paper. We have asked that this bill not be read a second time because it is primarily based on the recommendations and policies of the government as enunciated in the white paper. We are dealing with a premise, a policy, a blueprint laid down months and even years ago during the consideration of this matter. We have seen tremendous changes in the economy of Canada, not only in the last few years but in the last few months. In studying these tax measures, and knowing the basic policies laid down in the white paper, we are well aware that the concept of tax reform presented by the government has led to this major piece of legislation, the main thrust of which is intended to offset the economic indicators we face today. We are well aware that in this context it will not be effective in dealing with the major problems facing us.

There is nothing in this tax bill that will counteract the tremendous climb in unemployment in this country. Members on all sides of the House are concerned about people who cannot find jobs. In this particular measure that we are seized with, and there is no doubt that we will be seized with it for some time because of its complexity, there is no solution to this basic problem. Tied in with the problem of unemployment is the problem of inflation which has reared its ugly head again after assurances from the right hon. gentleman opposite that it was licked, but there is nothing in this bill to deal with it specifically and quickly. That is why we are asking the government to reconsider and, if possible, to incorporate into the bill specific clauses and principles directed immediately to these major problems.

I could mention other problems that could be covered in this bill such as, for instance, the rapid expansion not only of major industries but of minor industries. We do not find the emphasis on that. We do not find the emphasis on the development of our mining industries or national resources. We do not find specific measures designed to increase our secondary industries and to retain in Canada the processing of many of our raw materials before export. We do not find, either, a policy to develop incentives for Canadians to provide jobs. Today in this country we need a policy to provide jobs.

Some hon. Members: Hear, hear.

Mr. Mahoney: We have it.

Mr. Danforth: The hon. member for Calgary South (Mr. Mahoney) says we have it. That is what worries me, Mr. Speaker. The policy we have cannot, is not and will not work.

Mr. Mahoney: It is working.

Mr. Danforth: That is why something needs to be done.

Mr. Stanfield: Let us not see a breakdown if that policy is working.

• (3:40 p.m.)

Mr. Danforth: Mr. Speaker, in my deliberations this afternoon, I do not propose to get into specifics on the measure before us but to deal with the principles set out in the amendment. The ordinary taxpayer, and I am proud to be one of them, today is mainly interested in knowing how much money various levels of government will extract from him. Taxpayers are concerned about how much money they will have to spend on what they consider to be their living expenses, and how much of their earnings will be left after deductions? That is what the ordinary man is concerned about, as well as the ordinary lady who goes to the supermarket to do her shopping. They ask, "How much have I left, and how much will my money buy?" In addition, the ordinary man or woman is worried about inflation and higher costs.

How many thousands of Canadians, Mr. Speaker, are worried by the terrible thought that, "perhaps next week I shall not have a job"? The emphasis today seems to be on people who have no jobs. Yet far too many families face the terrible anxiety that, just over the horizon, may lie the loss of a job, especially when they see productivity in an industry slowing down, when they see small neighbourhood businesses closing down and when they see other, companion industries in which other members of the family are engaged, going out of business. Potential loss of a job is a tremendous hardship and worry facing thousands of Canadians, and that is why there is not the buoyant spirit and confidence in Canada at present that there was a few years ago.

Everyone in Canada, without exception, favoured tax reform; yet the interpretation of tax reform in the mind of the ordinary citizen is far different from the concept in the mind of the government. Tax reform legislation for the ordinary citizen meant a measure to uncomplicate a very complicated system of extracting money from pay cheques. They wanted the system made simpler. Also, everyone believed that if there were equity in taxation, if everyone paid his fair share, there would be no necessity for the constant pressure of increasing taxes at all levels. That is why everyone supported the idea of tax reform.

Let me say why this measure is troubling Canadians today. Even while contemplating tax reform this government, since coming to office, has imposed tax after tax and increase after increase. I am not saying the same thing would not have happened if others had sat on the government side of the House. The fact remains, however, that in the past few years this government has been directly responsible for imposing six different types of taxes. It brought them in even before introducing any so-called tax reform. Perhaps I could list these additional taxes for your convenience, Mr. Speaker.

It will be recalled that shortly after this government took office, they increased the rate of the old age supplement. No one in the House opposed that, Mr. Speaker. There was much discussion about the degree to which the old age supplement should be raised, but no one objected to the principle. As with all measures of this type, some one has to pay. There was an increase in personal income taxes. The increase went directly to pay the increase in the old age supplement. After that another tax was imposed, Mr. Speaker. It was felt that if more money could be taken out of the economy, a brake would be placed on inflationary trends. The government introduced the withholding tax relating to corporations. A certain portion of a corporation's income would be retained by

the government, to be paid back at a slack time at the convenience of the government. This was another tax.

A third tax was imposed. The Canada Pension Plan was introduced. No one objected; yet the actual concept and workings of the Canada Pension Plan really meant that it would be compulsory saving; that is, all those who work must pay into this compulsory savings plan or Canada Pension Plan. It is true that it may benefit people to some degree in their later years. I certainly hope the plan does that. However, in itself, it is a tax on the daily income of the ordinary individual.

Then, another tax was imposed, a tax which is still the subject today of tremendous controversy. I am talking about the 11 per cent tax on building materials and repair components. This was serious because, immediately, it affected the entire construction industry. Costs increased by 10 per cent for a home, 10 per cent for the factory, 10 per cent for a garage and 10 per cent for a school. This was a tremendous increase in costs. We were told the tax would probably be temporary. However, years afterwards, even after we had demonstrated to the government the way in which removal of the tax would immediately create jobs, inspire the economy and give impetus to the construction industry, the government stubbornly refused to remove the tax. That was another tax the government introduced. These "progressive steps" were a charge on everyone and took some portion of the ordinary man's income. Every tax, whether it was of 1 per cent, 3 per cent or 11 per cent, meant less take home pay for the ordinary individual.

In addition, we face an added tax, a terrible, creeping tax that the ordinary citizen objects to but can do little about, the terrible tax of inflation. Week by week and almost day by day, the ordinary householder pays more for everything he uses. The increase may be part of a percentage point, a whole percentage point or two or three percentage points. Today, the cost of living is much higher than it was even three years ago. These are all taxes, Mr. Speaker.

Now, we face this tremendous volume of tax changes known as tax reform. Mr. Speaker, I have contemplated very closely the impact of this measure. It will determine whether or not an individual or family can retain a business and whether or not individuals will find jobs in the immediate future. Once this tax measure passes it will determine whether or not people will be able to afford their own homes or pass on their estates from one generation to another. Realizing the implications of this measure, I am absolutely impatient with members on the government side who, one after another, have said, "Pass this measure, pass this measure". Mr. Speaker, they accuse the opposition of holding up measures in this House.

Mr. Greene: Hear, hear!

Mr. Danforth: They accuse us of filibustering.

Mr. Greene: Hear, hear!

Mr. Danforth: If you look back through the records of this session alone, you will find that whenever two or three members of the opposition rose to speak on a government measure, government members immediately said, "This is a filibuster; we cannot get our measures through the House because the opposition will not let us."

Mr. Greene: You are irresponsible.

Mr. Danforth: It is the government that is irresponsible. There are 120 members on this side of the House, everyone of them representing a very substantial segment of the citizens of this country. Every member has the right to express whatever opinion he wishes on every single measure the government proposes to bring into the House.

Mr. Boulanger: Who is stopping the hon. member?

• (3:50 p.m.)

Mr. Danforth: I have no patience with that type of attitude in the Canadian Parliament. There was a time when the members on that side of the House were men who were really interested in the welfare of the Canadian people. Because of the magnitude of these changes, Mr. Speaker, it is going to be necessary for us to deal with them very seriously on a clause by clause basis because the ordinary man on the street does not have time to do this. He is so busy trying to earn a livelihood or find a job that he does not even have time to read the newspapers or follow the day by day deliberations of this august House. It is impossible. He relies on us, his representatives, to bring about the very best tax reform measure for Canadians.

What bothers me is the devious manner in which this government in past months has approached this entire proposition. I have absolutely no confidence in the pronouncements of the Minister of Finance (Mr. Benson) or his parliamentary secretary. I respect them as individuals. I am not castigating them personally, but the manner in which they discharge their duties in this House is very suspect.

I remember sitting in this chamber for most of my Christmas holidays debating a government measure whereby the amount on which the estate tax was to be imposed would be lowered from $60,000 to $20,000. This bill was introduced just before Christmas. Your Honour will recall that members opposite asked us to please pass it. We were told that if we wanted to get home for Christmas, all we had to do was pass that measure and we would be home free. What a joyous occasion that would have been if we had gone home for Christmas knowing what countless thousands of Canadian taxpayers would have had to pay. It would have been a mighty poor Christmas for thousands of families if we had yielded to that type of threat. We finally reached a compromise with the government that it be reduced from $60,000 to $50,000 instead of the $20,000 proposed by the government. We did our best. We went home the day before Christmas satisfied that we had acted correctly, promptly and justly on behalf of the Canadian people.

When we returned, the Minister of Finance indicated with glee to this House exactly what had happened. It was true that he had agreed to drop the amount on which the tax would be imposed from $60,000 to $50,000, but he did not tell us that under the regulations the tax on amounts over $50,000, instead of being calculated on the excess over $50,000, was based on a rate beginning at $20,000. This might have been considered a clever move by the

government, but on behalf of the Canadian people who have to pay such bills I say it was a most devious action by government members. Through experience we have learned to constantly watch for this type of action.

Any tax consultant, tax expert or anyone who has made a life study of the tax system in Canada can only reach one conclusion from viewing this tremendous volume before us. It is not tax reform; it is simply a change in the basis of taxation. Although the Parliamentary Secretary to the Minister of Finance very carefully pointed out the fringe benefits, namely that some individuals in Canada will immediately have an apparent abatement of taxes, the whole thrust of this tax measure is to again increase to a tremendous degree the actual taxes paid by Canadian taxpayers.

Mr. Mahoney: Nonsense.

Mr. Danforth: The parliamentary secretary says "nonsense". This is another indication of his responsibility in office, but the Canadian taxpayers will learn to their sorrow that there is an increase in taxes. As far as the ordinary man is concerned, there are, as pointed out by the hon. member to my left, very beautiful concessions to the upper end of the scale, those earning $200,000 and more, but the working man will have to pay for these concessions. It is all right for the minister and his parliamentary secretary to say that millions of taxpayers will be taken off the roll with the increase in exemption, but I challenge the minister to state in this House that those same millions of taxpayers will not be back on the roll after January 1. I do this for two reasons. First, unemployment insurance is to become part of the taxable income. Second, the rate of taxation on the first $1,000 of taxable income will be such that I wager the result of the change of the basis of taxation will be that the government will make money, perhaps to the extent of $30 million. That is not a tax concession, Mr. Speaker, it is a deliberate tax increase.

When we see that this is the policy of the government in every facet we look at, we have to be cautious. We cannot do as the government says and merely let this bill go to committee in order to get on with the business of the nation. If the economy of the nation continues to be guided by these policies, there will be no point in getting this bill through because there will not be any business in this nation. All small businesses today are faced with near bankruptcy. The matter of the United States surcharge is just an added straw on the back of the camel. It is utterly ridiculous for the parliamentary secretary to stand in his place and say that the economy was booming before the surcharge came into effect. It is equally ridiculous for the parliamentary secretary to state that the unemployment figures were decreasing before this United States surcharge.

The unemployment figures decreased because this government tried to buy that decrease. The government spent $67 million to take the students off the streets so that they would not register as being unemployed. They did not want these students to be looking for jobs and registering in the unemployment offices. If that happened, they would be included in the statistics that would hurt this government. The government would rather use the taxpayers' money for a short-term effort to remove these names from the unemployment insurance roll, but the inevitable has now happened.

Today the Prime Minister (Mr. Trudeau) expressed grave concern and anxiety over the fact that enrolments are down this year instead of up. He said that the government is going to look into the reason for this. The answer to why young students are not enrolling in colleges today is simple. They do not have the money because jobs were not available. It is as simple as that.

Some hon. Members: Hear, hear!

Mr. Danforth: To suggest there is a trend indicating that young Canadians do not want an education to the same degree they did one year ago is sheer nonsense. These young people know the value of an education, and that is why hundreds of thousands of them are attending school. The fact that enrolment is down is another reflection of what is actually happening under the economic policies of this government. That is why I am impatient when those in the government ranks ask us to rush through legislation, say we are impeding progress and holding up the exemption these people may get. If we honestly believed that this government wanted people to have exemptions and that this tax reform would be such that they would have less taxes to pay, it would be in our interest as a political party to rush this measure through the House. For them to tell us that we would lose favour with the electorate if we dare oppose their will to drive this measure through the House is nothing but arrogance, to use a word which has been justifiably applied to them over the years. There is no other word for it. This explains their attitude, their policy, their day to day program. This is why they constantly talk about filibuster. If there ever has been a word which is overworked by members on the other side of the House, it is the word "filibuster".

• (4:00 p.m.)

Mr. Nielsen: Bring in the exemptions alone and we will pass them.

Mr. Danforth: That is true. As my hon. friend says, if the government will bring in the exemptions separately we shall be delighted to pass them; there would be no hold up in this House. We have asked the government time and time again to reduce the taxes levied on corporations and individuals, burdens which are tying this country in an economic knot. People talk about Canada being subservient in economic terms to Japan, the United States and the European Common Market. For Heaven's sake, turn the Canadian economy loose so that we can go in and produce jobs instead of binding our hands by policies which have proved to be wrong, policies which cannot work. This is all we ask. This is why we have brought in the amendment which is now before the House, not to impede but to plead with the government to change its policies so as to be in favour of the people of Canada who members opposite profess to serve.

Some hon. Members: Hear, Hear!

Mr. Lorne Nystrom (Yorkton-Melville): The Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) made a few comments earlier this afternoon on the bill before us and I was somewhat provoked by one or two of

the remarks he made. He said, in the course of his speech, that we might well be greatly concerned, now that inflation has come back again, about the fact that expansion might return too quickly to the economy. I should like to hear him say this to some of the unemployed or to some of those who are in receipt of welfare. It surprises me that the parliamentary secretary should say such a thing.

An hon. Member: Perhaps because there is an election coming up.

Mr. Nystrom: Yes, it was probably because an election is coming up. In addition, the hon. member said we could blame a certain amount of the present high unemployment on the surtax imposed by the United States. Again, he might have said that because there is an election forthcoming—

Mr. Mahoney: On a point of order, Mr. Speaker, I was explicit in saying that the figures for August were not affected one way or another by the United States surcharge. I do not think the hon. member can properly put the interpretation he did on anything I may have said.

Mr. Nystrom: I am glad the hon. member has clarified that point. I think most hon. members gathered from his remarks the same implication as I did. Unemployment figures are structural and the surtax had nothing to do with the figures for August. When one looks at the industrial index for July one finds that the index figure has declined. Shipments of manufactured goods were down by .3 per cent for Canada and for Ontario they were down by 19.1 per cent. This, to some degree, explains the increase in unemployment during August.

Before us today is the huge bill amending the income tax laws. An hon. member who preceded me a few days ago contended that these proposals would not really inform the tax system. About the only people for whom the bill would provide jobs or incentives would be the printers or pulp manufacturers because this 700-page bill, is one of the largest ever presented to the House.

The history of tax reform in this country goes back to the time when the right hon. member for Prince Albert (Mr. Diefenbaker) was prime minister in 1962. He appointed a royal commission to study the taxation system, and heading that commission was Mr. Kenneth Carter, a chartered accountant and former director of the Canadian Tax Foundation. After a great deal of study, the commission produced an elaborate and extensive report. It said the taxation system in Canada was among the most unfair in the world. It said that hundreds of millions of dollars reaped in profits was escaping taxation; that certain industries such as mining industries were paying scarcely any taxes at all under the existing tax arrangements. The Minister of Energy, Mines and Resources (Mr. Greene) made reference to this situation when he spoke in Calgary some months ago. About two years ago a white paper on taxation was brought down. This embodied some of the recommendations made by the Carter Commission, though they had been watered down to a large extent. Later, hearings were held by the Finance Committee of the House and representations were made to that committee by various interested groups. Today we have before us Bill C-259, an act to amend the Income Tax Act.

[Mr. Nystrom.]

The first question I ask myself when I consider a measure such as this is: will it have any effect to redistribute income and wealth in this country? In this case, the answer is, obviously, no. It will not in any substantial way redistribute income and wealth so that the ordinary people, the ordinary farmers, workers and small businessmen will have any better chance. Contrary to what the parliamentary secretary has said, this is not a bill which will result in tax equity. This is one of the first things which becomes evident to us. We have now completed the circle and find ourselves back where we were before the Carter Commission was appointed to study taxation.

I think it was my hon. friend from Oshawa-Whitby who commented that the best thing he could say about the bill was that the average person would be no worse off as a result of its provisions than he was before it was introduced. I find myself asking the following questions: where is the great innovator who was elected in 1968? What has happened to this great innovator who talked about a just society and participatory democracy? Where is there evidence of these great changes based on equity? We were supposed to see these changes, but more than three years have gone by and there is evidence of very little change in our society of fundamental importance to the average person. Instead we are faced with the highest unemployment rate of any industrial country in the world. The inflationary trend has resumed, more people are living on welfare, the housing problem is still with us and the gap between the rich and the poor is just as wide as it was 20 years ago. For reasons of this kind, I am very much opposed to the type of bill now being presented.

• (4:10 p.m.)

I often wonder what the Prime Minister (Mr. Trudeau) had in mind when he talked about the just society. Did he have in mind a society which was just for the rich? This is what he might have meant, because almost every piece of legislation brought down before the House is of greater benefit to those who have it made than to the person who is unemployed. When they talk about participatory democracy what do they have in mind? We were told at a meeting of the Committee on Finance that about two-thirds of the people who made representations were from the industrial or commercial sectors of our economy. Are these people the ones who can participate because they have power and wealth in this country? It is much easier for these people to participate because of their expense accounts and huge bank rolls than it is for the poor guy who is on welfare living on skid row. These are things they forget about when they throw around that beautiful Liberal rhetoric and talk about participatory democracy.

In answer to a question today the Prime Minister asked whether I had not read the speech of the Minister of Industry, Trade and Commerce (Mr. Pepin) during which he referred to the matter I had in mind. I am not after that kind of rhetoric, I am looking for answers right here and now. In this bill we still find some lip service being paid to the concepts about which the Prime Minister has talked. This has been mentioned already by members of my party and those members of other parties who have spoken.

We note that the exemption of personal income tax has risen from $1,000 to $1,500 a year for single people and from $2,000 to $2,850 per year for a married couple. This is

one of the tokens or perhaps bribes the minister has thrown in to make this look even more attractive than it is. If we look at the basic things such as these, we find that once again they help the wealthy in the country more than they help the average person or working man. This increased exemption will probably save the average working man not more than $100, $200 or $300. If a man is making $100,000 a year, which I suggest is not really a poverty wage, we note that the increased exemption brought about in this bill will save him approximately $5,400 per year. Once again it is the wealthy person who gains the most by this type of an amendment.

We should be talking instead about tax credits under which a person receiving a middle or lower income would benefit even more than this bill suggests he should. Another little goody that has been thrown in is that item which allows a working man to deduct $150 a year as expenses. This is good, but again we see there is a ceiling for the working man. That ceiling does not apply to those who are directors of corporations or banks. There is no ceiling of $150 for people such as that. Again, we have the same double standard which our society has had ever since Confederation in Canada.

When this bill was brought in some people expressed a great deal of shock that it did not contain an amendment which would really change anything, and that there were no innovations. I am not surprised or shocked at all. I did not think this Parliament or that political party on the other side would do anything really serious to change the status quo in this country. I am not surprised because they just do not dare tinker with the system as it is in Canada.

The Carter commission report and the white paper on taxation created a lot of panic throughout the business communities of this country. It spread a great deal of panic and concern among the corporate leaders and the many people who are directing and managing large multinational corporations in Canada. As soon as these people expressed concern, a lot of the members stood in this House and defended them. The Leader of the Opposition and members of his party were there almost as certain as day follows night, and very shortly after we found the backbenchers on the Liberal side criticizing the Carter commission report and the white paper as well. They said we are taxing the big boys too much and we will destroy their initiative. This was the type of approach they took.

I am not surprised at all that we have a bill before us today which really does not change anything at all but keeps the status quo. It does not change anything of any importance to anybody in Canada. One of the concerns when the Carter commission report was made public was that if we acted on some of its recommendations, such as taxing the mining companies, those in the extractive industries and putting on a capital gains tax, we would destroy the initiative and the incentive of these people to develop the country. What kind of incentive or initiative do the unemployed or poor people have today when they have to carry the tax burden and are forced to foot the bill? We seem to be so concerned about protecting the huge financial institutions and the big boys in Canada, but we forget about the 80 per cent or 90 per cent of Canadian people who do not make a living or income from investment but have to work for a living.

We have in Canada what you might call a system of socialism for the rich and free enterprise for the poor. We have many protections in our society for those who are wealthy, but still we say to those who are not that they should get out, work hard and be successful. I am not surprised at all that the bill before us today is one that does not really change anything and does not challenge any of the fundamental beliefs our society has held sacred for so many years. In my position as a Member of Parliament from Saskatchewan and a member of the NDP, I owe nothing at all to the industrial or corporate sector, so I do not hesitate to rise in my place and ask that it be treated like ordinary Canadians and pay its own fair share. Most of the people in my constituency feel the same way about this. They feel it is about time we did put some fair tax on the mining industries and adopt a full capital gains tax. They feel it is time we did many of these things to lift the tax burden from the ordinary Canadian, thereby encouraging him to get more involved in the society and economy of this country. We do not seem to be doing that. We need some fundamental changes, but these changes do not seem to be forthcoming from this government or this Parliament.

In Canada we have from one-quarter to one-third of our population living in absolute poverty. What are we doing about this? We are now worried again about inflation and the Secretary of State (Mr. Pelletier) says we have to make sure our economy does not expand too rapidly. What are we doing about those people who do not have jobs? We must consider their families and the tremendous effect it has on them. It is very easy for us in this Parliament to get up and throw around statistics and facts in respect of how well we are doing. It is easy for us to say we have increased our productivity a little bit over the last two years and we are going to expand, but we seem to forget about the real world outside and the people now living in poverty. Perhaps this is because Parliament is not really representative of the Canadian people. The people in this House are much wealthier by far than the average person in the country. As a result perhaps we do have a different perspective, different sensitivities and different ideas about solving the problems of the country. Perhaps it is all too easy for us to shrug off the problems of high unemployment and poverty in Canada.

We have literally millions and millions of people in Canada living in a state of absolute poverty. In the report written by the four staff members who left the Senate Committee on Poverty it is stated that the gap between the rich and the poor in Canada has not changed over the last 20 years. If we are to provide any real opportunities for these people who are among the poor in Canada we must begin by bringing in some real tax reforms. These people would really then have some opportunity.

The top 20 per cent of income earners in this country earn nearly 40 per cent of the total income. The bottom 20 per cent earn slightly less than 7 per cent. This, in itself, paints a very vivid picture of who is reaping the benefits of the society in which we live. It is not only the poor people who are suffering, but the whole country, because of the type of policies we consciously pursue in Canada. The Economic Council of Canada has suggested we have lost billions of dollars because we do not have full employment in this country and because we are not providing

opportunity for those people who would go to work if they were able to find jobs. The Economic Council of Canada has stated that we lost about $3 billion last year. Let me remind the House that if these people were working a great deal of that money would have found its way back to the treasuries of government, federal, provincial and municipal, in which case we could have initiated some plans, social and economic, of the kind all of us would like to see. But we seem to follow blindly the same old policies year in and year out.

• (4:20 p.m.)

There are many other things that could be said about the tax system that we have in this country which, as I have said, is one not based on equity but on inequity. Unless we do something soon, a lot of the people in this country are going to lose faith with the governmental system we have at the present time. For years we have been talking about the poor people, how sorry we are for them and how much our hearts bleed for them, yet we never seem to be able to do anything for them or to change this society that creates the conditions in which they have to live.

I was quite impressed by a speech made by Doris Power of the Just Society in Toronto to the Senate Committee on Poverty, and I should just like to quote a sentence or two. She said:

—the poor have been studied all too well, but nobody has yet told them why they were poor. We demand that the committee study the nature of oppression in this country, not the oppressed.

I think this statement is a very relevant one and illustrates how we should set about tackling some of the problems plaguing us in Canada. We can sympathize all we want with the unemployed, we can quote all the figures we want, but all to no avail; what we must do is change the society that has deliberately brought about unemployment and forced the poor to live the way they do.

There are a number of other matters with which I should like to deal, and one has to do with the way the legislation treats the resource industries of Canada. I am concerned, as are members on both sides of the House, about the favoured status that we give the resource industries of Canada. I suggest all of us should take note of the speech made in the House last week by the hon. member for Duvernay (Mr. Kierans), who expressed a great deal of concern about the government's economic policies and how they were favouring the resource and extractive industries of Canada over the manufacturing industries. We must make changes in our taxing policy so that special incentives and tax concessions are withdrawn from the mining industry and other industries that today are reaping the benefits to the exclusion of the Canadian people. We should also implement a capital gains tax in the same way as income is taxed in Canada. Why go only half way? Let us have a capital gains tax on 100 per cent of the gain rather than on 50 per cent. Why does the government make the value judgment that income earned from investment or capital gain is more important than income earned from toiling in a factory or teaching at school? Yet this is the kind of value judgment that is made, capital gains being taxed at 50 per cent rather than at 100 per cent.

[Mr. Nystrom.]

May I deal with one other matter before resuming my seat? I should like to add my voice to others who have already expressed concern over the affect the provisions of this bill will leave on co-operatives, credit unions and wheat pools in Canada. As most hon. members know, I come from Saskatchewan where the co-operative movement has played a very important part in our history and in the development of the province. People from all walks of life and political persuasion have involved themselves in the co-operative movement in Saskatchewan. The co-operative movement is important to these people because through it they are helping themselves. They are doing something to better themselves. I think that the co-operative movement has served a useful purpose not only to the members of the co-op but to communities in rural Saskatchewan. Therefore, I join with others in urging the government to reconsider its taxing proposals in regard to credit unions and co-operatives.

Once again, may I reiterate that this legislation is not tax reform. The bill before us does nothing except tinker with a few small changes, like raising exemptions and widening allowances for expense accounts. I say it is about time we stopped fooling around and playing games with each other and really got down to the business of changing our tax system, basing it on equity for everyone, regardless of how they earn their income, whether through investments, capital gain, or by working in a factory. Our tax system today is based on inequity. It is based on the premise that people are more valuable if they are rich, if they make their money from investments. Indeed, they are rewarded for doing so. This assumption is a wrong one, one that has to be changed if we are to do something meaningful for the ordinary citizens of this country. These are the people I am worried about, the average worker, farmer and small businessman. I have no concern at all for the millionaire, for directors of huge corporations or mining companies. It is about time that those boys started to pay their fair share. If they were to do so, the entire country would be better off. The ordinary citizen would then have a chance to reap some benefit from this country rather than just the selected few. It is about time that we discarded socialism for the rich and free enterprise for the poor and began to return to our senses.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, according to the information given in the speech made by the Minister of National Revenue (Mr. Gray) on behalf of the Minister of Finance (Mr. Benson) at the outset of the debate on Bill C-259, one realizes that it took 10 years to prepare this reform.

Preliminary studies and research started as early as in the late 50s. Governments even changed during this period of reflection. The Carter Commission was instituted, hearings were held by this commission, debates took place, white papers and reports were published, which explains to some extent this voluminous bill of 710 pages. One regrets that a less complicated bill could not have been drafted. Most Canadian taxpayers, besides having to hand part of their earnings over to the Minister of National Revenue, will require the services of accountants, and

that at rather high expense, to learn that they must cede to the "taxers" part of their income.

If at least a realistic personal exemption of $1,500 for single persons and $2,850 for married couples had been established. As soon as it is recognized that an income of at least $3,000 for a single person and $5,000 for married couples is necessary to live decently, why take part of their income before they have earned what is considered absolutely necessary to live? That is sheer nonsense.

• (4:30 p.m.)

Here is what a Professor of Economics at the University of Montreal and former researcher for the Carter Commission on Taxation wrote in Montreal's daily *La Presse* on June 4, 1969, and I quote:

—the average Canadian, whether he is single, married or has dependants, whose annual income varies between $8,000 and $25,000, pays up to 36.6 per cent more income tax than the American resident in similar circumstances.

Paradoxically, income tax represents a smaller portion of the Canadian government's aggregate revenues, due to a lower per capita income, and because indirect taxes represent a larger part of the revenue than in the United States, the professor added—

He also said that "if we do not examine federal expenditures with a very critical eye, there is little which can be done to relieve the relatively excessive tax burden on the Canadian taxpayer."

A few days ago, several politicians were panicky as a result of an American decision to levy a 10 per cent surcharge to protect the American dollar. Some cartoonists even suggested—as in *Le Devoir* of September 7, 1971—that the usual smile of our Minister of Industry, Trade and Commerce (Mr. Pepin) had been slightly depreciated. I hope that the same minister who is responsible for the publication of "Canada 1971" will find enough space in the next edition to show the doubtful efficiency of the proposed remedy which will cost $80 million to the Canadian taxpayers, to reduce the effects of the American surcharge instead of approving the mistakes of inexperienced writers who try to disparage political movements under development.

As for Bill C-259, even if it has 710 pages, those who advocate the taxation system did not find the necessary space to include a provision aimed at lessening the burden of Canadian labourers working in the United States, especially Quebec lumberjacks who are compelled to file three income tax returns, one to the United States, one to Ottawa and another to Quebec. These workers travel several miles twice a week to reach their job in the forests of various American states and are allowed no deduction for travelling expenses, purchase of machinery such as chain saws and other expensive equipment. There is no provision in bill C-259, despite its 700-odd pages, for incentives to forest workers who earn a difficult living in different logging camps of Canada and the United States.

In January 1972, Canadians working in U.S. territory were to obtain unemployment benefits. However, here again the tax people have provided in the legislation that contributions may be deducted while benefits are taxable. They do not seem to have foreseen that tax officials will demand proof of amounts of contributions paid. There will be further complications in this field and, as usual, the worker will remain a victim of an over-sophisticated tax system.

Incidentally, let me point out that the government should definitely take into account that lumberjacks crossing the border to work in American logging camps contribute to lowering the rate of unemployment in Canada. Unfortunately, those who had a hand in drafting Bill C-259 were rather inclined to protect the "fund". Obviously, nobody likes to pay taxes. It is regrettable that most people accept them as a necessary evil in the present system. However, the government should try to alleviate part of the bad effects of the system.

As far as the co-operative movement is concerned, it clearly stated its position in briefs submitted earlier.

The provisions of Bill C-259 are unfair to co-operatives because they are not consistent with their judicial structure, their principles or their operating procedure.

The capital provided by a member to his co-op is not for a direct return on capital.

If this legislation was passed without any amendment, its effect would be to stop the normal growth of co-ops, and the Department of National Revenue would be deprived in the future of the sources of revenue that it seeks through taxation.

The savings of a credit union member are refundable at his request. The rate of return on these savings must therefore be competitive, in proportion to that of other financial institutions. The application of the principle of capital employed, so as to provide a return on capital, has no reason to be, where as the market on which the credit union is dealing requires a competitive return, itself taxable, to the member. Upholding the principle of capital employed cannot but result in administrative problems, without any predictable tax profitability.

The champions of the "just society" should not give us the evidence that they are changing it to the "punitive society".

I know very well that the supporters of the system could give us proof that the origin of taxation goes back a very long way. In England, during the feudal system, the collector who could levy the most taxes was allowed to use any means that seemed appropriate to him. This system resulted in abuses of all kinds to the point where some tax collectors became richer than the king.

The incomprehension demonstrated in tax collection caused the French and the American revolutions. In 1776, Adam Smith established the principles of taxation. He summed it up by saying:

The tax legislation must be clear, simple and fair in its incidence.

Taxes must be of general application and known to those who pay them. In other words, one must know how, when, why and how much he pays.

In our times, the tax collector performs under the present law a task which undoubtedly requires much specialization. His field of action involves direct and indirect taxation. In Canada, there are over 25 regional income tax offices and around 350 customs and excise offices. The Department of National Revenue has about 13,000 employees. I admit that most of them are dedicated to their country; but they are a team of well-paid men who are enforcing a bad law.

For a very long time now provincial and federal officials have been meeting to discover new tax fields instead of seeking means of distributing the real wealth of Canada. In order to point out the difficulties caused by an upside down system I would like to quote the view of a professor of constitutional law, Mr. Justice Maurice Allard, a former member of the House of Commons. About the various tax systems he made the following remarks:

Somewhat disturbing is the fact that before 1949 the Privy Council in London allowed in carefully prepared rulings essentially indirect taxes to be considered as direct taxes. The pretext invoked is that instead of being included in the bill linking the manufacturer with the retailer that indirect tax is being charged to the consumer who pays it. Thus that indirect levy becomes a direct tax. The sales tax is a typical example. But with such fiscal definitions and moods how can we know in Canada who is entitled to levy the indirect taxes, the direct taxes and the indirect taxes which became direct taxes through a fiction of the law?

This is a complex system.

In the report of the 1941 federal-provincial conference, Mr. Aberhart stated, and I quote:

We are here to make it possible at some near future date to formulate for Canadians a series of decisions which will give them security in old age and the right to enjoy, according to their needs, the abundance of food and clothing and the comforts of adequate and sanitary shelter which the limitless resources of this great dominion can provide.

• (4:40 p.m.)

We are here, I assert, to establish a heritage of education for those who seek to learn; of health for those who suffer pain or disease; of security and deliverance from debt for those who have builded homes in their prime of life and who may face eviction and the loss of their sacred firesides when the lean years descend.

We are here, I believe, to draft a scheme of things for the Canada of the future, a scheme of things which will bring to that Canada a standard of justice which shall place human values above dollar values, a scheme of things that will provide for our fighting heroes when they return a standard of national.

Unfortunately, the wise advice of Alberta's premier was ignored then. And we are still grappling with a tax, strike, debt and even revolution producing system.

There are even newspapermen who believe that they are well informed and write fairly perplexing editorials in *LE DROIT*, of which I have a copy here.

The title used for an editorial reads "Blessed debts". The editorialist would like the readers to believe that the interest payment on the debt means that money going back into circulation in Canada accelerates trade in this country and that if that money is reinvested in federal or provincial government or industrial bonds, it gives a new impulse to the national economy.

That the greatest part of the charges or service on the public debt serves to enrich the taxpayers seems a paradox to me. It would be quite a task to convince people like that of the benefits of creating money without debt.

To complete the picture, an article was published in the March 9, 1971 issue of *La Presse* under the title "Canadian Indebtedness is Increasing": five per cent more in 1970. It is reported that total consumer credit in 1970 stood at $11.3 billion.

With all the advertising that goes on and the example set by the government, which spurs them to get into debt, a large percentage of the Canadian people can indulge in any extravagances, on credit.

On March 16, 1971, in an article written by Mr. Claude Beauchamp, and bearing a title appropriate to our time: "Flying Beggars",—we summarized the steps taken by some politicians seeking loans from the United States.

Another article, entitled: *Taxes on Genius*, under the signature of Maurice Huot and published in the newspaper *Montréal-Matin*, on December 14, 1970, referred to the fact that the former governor of the Bank of Canada, Mr. Graham Towers, stated in 1962 that the tax burden placed on the Canadian people by all levels of government was too heavy. The author had this to say:

Among the means to reduce unemployment, one that is evident, and all experts say so, is to induce the establishment of secondary industries creating employment. However, unless they enjoy a set of exemptions, industrialists are not inclined to initiate and develop industries whose profits taxes will eat up, leaving only the bones.

Jobs can derive only from an economy where profit is promoted in proportion to investments and risks. Nobody will work for the sole pleasure of paying more taxes to the country. When governments as a solution to all economic problems, resort to heavier and heavier taxes, they show little imagination and little know-how. But to stimulate the economy without additional burden would indicate that talent, if not genius, has come to Parliament; that is what we should expect from our leaders. Some of them seem convinced that words and speeches can be a substitute for action.

In our superstructured societies, one seems to endow economists with almost absolute infallibility. Many of them hold positions in the public service, take part here and there in a committee or an agency and are favourably looked upon by government. People listen to them. Some of them, though unfortunately very few to date, have begun to realize that order should prevail in the financial system.

Those who claim that planning—whether indicative or imperative—will put an end to all evils do nevertheless face the basic arithmetic problem that one plus one makes two. One cannot escape from it whatever theory is advanced, be it nationalism, marxism, socialism, planning or controlled economy. We are too much aware of administrative failures in other countries to forget arithmetic.

In conclusion, I will quote some excerpts from an editorial of *La Presse* of March 22, 1971:

False economic theories

—in the face of the extensive problems which inflation and unemployment have created lately, some specialists are now beginning to ask questions. Do economists deserve the reputation of infallibility attributed to them? Do their theories conform with reality? Is it not time to question some of their tenets?

These are not statements made by Creditistes! It is an editorial written by Mr. Jean Pellerin and published in *La Presse*.

I proceed with the quotation:

Mr. André Piettre, a French economist, a professor at the Paris Faculty of Law and Economic Sciences and a specialist of the economic theories expounded by the German school, has taken the liberty of initiating in the weekly edition of *Le Monde* of 4-10 March last, a serious review of the Anglo-Saxon school's economic doctrines. The following remarks are based on this review.

According to the Anglo-American school of economists, inflation has a beneficial aspect. It stimulates economic development. This, according to Mr. Piettre, is a pernicious and baseless theory

once it is known that "recession coupled with inflation" can happen, in other words a slackening of business activity, increased unemployment and high prices. This is what Great Britain, the United States and Canada are experiencing at the moment.

Another current theory is that of relationship between wages and unemployment. If unemployment goes up, say reputedly serious economists, the demand for higher wages goes down. The facts contradict that principle. The working class, which is not blind after all, demands bigger wages as prices go up, and this never ending pursuit between prices and salaries is cutting down the possibilities of increasing productivity. Consequently, profits decline, business slows down, factories close their doors, other quickly resort to automation, and unemployment goes up.

Another theory is that, in order to reach full employment there is no reason why the currencies should not go on the chopping block. That does not make sense, say some. The proof is that the devaluation of the pound sterling in 1967 brought no remedy to unemployment in Great Britain.

The editorialist goes on to say:

There are other barren theories that were refuted by Piettre and that only served in the final analysis to send the governments—

That is interesting. Look out, for this piece of advice should be well noted. And I continue:

—on the wrong tracks forcing them to improvise on an immediate basis rather than taking action with their eyes turned to the future.

Unemployment is a striking example. Quebec and Ottawa are quite naturally trying to fight unemployment but they are reduced to the point of resorting to public works—highways, subway, airports—to reach that goal. With a view to really fighting this plague, the authorities should temporarily forget the quite challengeable theories of their economists and consider in all humility the initiatives to be taken for the development of new structures likely to provide permanent jobs to the greatest possible number of Canadians. Obviously, the economic theories applicable at the frontier time are obsolete in our highly urbanized society. We must think in terms of a completely new social texture. Our theories are wrong.

• (4:50 p.m.)

So, taking this situation into account and on the strength of our findings coupled with the many proofs which demonstrate that our current system is at fault and that our problems are due to a financial system in permanent disagreement with our current economic realities, it would be normal that the Creditiste suggestions and proposals submitted to the House on several occasions be considered more seriously if we truly want to eliminate this ridiculous social disorder which permits poverty to exist in the midst of affluence.

• (4:50 p.m.)

[*English*]

Mr. James A. McGrath (St. John's East): One cannot help feeling that this debate has an air of fantasy about it, Mr. Speaker, a feeling which was confirmed by the outstanding speech of my hon. friend the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney), the hon. member for Calgary South. We could hardly believe our ears. Knowing the hon. member as I do, I am sure that he would have great difficulty in believing a lot of the material he placed on the record today. I am sure he was not convinced and still is not convinced. It was, nevertheless, an effort on the part of the hon. member having some responsibility and being on the periphery of government as Parliamentary Secretary to the Minister of Finance, to try to justify the mess we are in today as a consequence of policies pursued by his minister and his government.

We are discussing inside this House the complex problems of the tax bill, while without the country suffers from industrial stagnation, plant lay-offs and an unemployment situation which can only be described as a prelude to an economic disaster of the first magnitude. Inflation is still with us, inflation which continues despite the policy of the government to erode the purchasing power of our dollar, to erode the consumer purchasing power where it hurts most. I need only refer to the cost of living index released today by Statistics Canada.

I say fantasy because in terms of the economic situation in this country we are not discussing meaningful tax reforms; we are discussing a measure introduced by this government which is as deceptive in style as it is in content. The position of this party is clear, Mr. Speaker. We believe this deceptive legislation will not in any way serve as one of the economic catalysts this nation so badly needs at this particular time. As the motion before us states, this government has reacted to Canada's serious economic plight with a tax program which does not provide sufficient tax cuts and incentives, nor does it contain, as the motion stresses, adequate tax exemptions to ensure a healthy growth of Canada's economy. This is deceptive legislation, Mr. Speaker. I say it is about time that the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Benson) stopped evading their responsibilities and admitted that the unemployment and anti-inflationary strategies of this government are not only useless but in fact are harmful. If proof of that statement were needed one would have to look at the figures released today by Statistics Canada showing the rate of seasonally adjusted unemployment in this country, the highest rate of unemployment since records were kept, going back to 1946. As if this situation were not bad enough, coupled with it are the figures released on the consumer cost of living index in Canada. As one journalist has put it, Mr. Speaker, it is a bad day for the government.

Some hon. Members: Hear, hear!

Mr. McGrath: If the government persists in its present policies there will be worse days ahead. Let us look at the cost of living index which has jumped to a record level of 135, a rise of .7 per cent in one month. In real terms that figure represents hardship to the consumers of this country. Even the hon. member for Calgary South, the Parliamentary Secretary to the Minister of Finance, is a consumer and even he must be feeling this increase in the cost of living. I think it is about time that the government of this country lived up to its responsibilities, to the onerous responsibility it has to the people of Canada. Here is a rise of .7 per cent in the cost of living. Inflation is still with us, Mr. Speaker, and not only do we have continuing inflation but we have the double jeopardy of continuing inflation and continuing unemployment, rising inflation and rising unemployment. Something is wrong. In other words, Mr. Speaker, according to the present strategy of the government, if you can call it that, inflation was to be curbed by placing a halter on the economy. They were going to slow down the economy and as a consequence deliberately create unemployment because that was necessary to cure inflation.

May I call it five o'clock, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please. In view of the fact that the House will proceed to another item of business at eight o'clock tonight I think it would be appropriate at this time to put a motion to adjourn the debate. I wonder if the hon. member for St. John's East (Mr. McGrath) would put the motion for adjournment of the debate.

Mr. McGrath: Yes, Mr. Speaker. I move the adjournment of the debate.

Motion agreed to and debate adjourned.

The Acting Speaker (Mr. Laniel): It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely private bills.

PRIVATE BILLS

MIC MAC OILS (1963) LTD.

Mr. Tom H. Goode (for Mr. Sulatycky) moved:

That Bill S-16, respecting Mic Mac Oils (1963) Ltd. be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. Peters: On a point of order, Mr. Speaker, could I inquire if the mover of this bill has the consent of the sponsor?

• (5:00 p.m.)

The Acting Speaker (Mr. Laniel): The Chair might ask the hon. member concerned at this time if he has permission from the hon. member for Rocky Mountain (Mr. Sulatycky) to move this motion for him. Under the rules of this House we have to take the word of an hon. member. The motion having been put, I will call on the hon. member.

Mr. Tom H. Goode (Burnaby-Richmond-Delta): Mr. Speaker, if another hon. member would like to make the speech, I will be pleased to let him. The hon. member for Rocky Mountain (Mr. Sulatycky) has been called away on urgent government business.

Some hon. Members: Oh, oh.

Mr. Goode: Consequently, the honour of carrying Bill S-16 in this House falls on my shoulders. The purpose of the bill is to authorize the Minister of Consumer and Corporate Affairs (Mr. Basford) to issue letters patent continuing Mic Mac Oils (1963) Ltd. as a company under the Canada Corporations Act, thus shifting the company from Alberta to the federal jurisdiction. When this has been done, it will be possible to merge or amalgamate Mic Mac Oils (1963) Ltd. with Hudson's Bay Oil and Gas Company Limited under the provisions of the Canada Corporations Act.

Mic Mac Oils (1963) Ltd. is presently incorporated under the Alberta Companies Act and is a wholly-owned subsidiary of Hudson's Bay Oil and Gas Company Limited of Calgary. It has an authorized capital of $15 million divided into 1,500,000 shares having par value of $10 each, and 1,496,473 shares have been issued and are outstanding. Hudson's Bay Oil and Gas Company Limited, the parent, is a federal company incorporated by letters patent under the Canada Corporations Act. The parent company, together with two wholly-owned subsidiaries, one of which is Mic Mac Oils (1963) Ltd., holds varying interests in petroleum, natural gas and other mineral rights in Nova Scotia, Prince Edward Island, Manitoba, Saskatchewan, Alberta, British Columbia and the Northwest Territories. The companies are primarily engaged in the exploration for and production of petroleum and natural gas in Canada, with their operations at present being largely carried on in Saskatchewan, Alberta, British Columbia and the Northwest Territories, and off the east coast of Canada.

The parent and its subsidiary companies have largely integrated their operations and it is desirable to complete this integration by an amalgamation. However, as Mic Mac Oils (1963) Ltd. is at present an Alberta Company, and the parent and other subsidiary companies are federal companies, such an amalgamation cannot now be effected. Section 158 of the Alberta Companies Act authorized an Alberta company, if authorized by a special resolution and by the laws of Canada, to become a federal company, and the purpose of the present bill is to authorize the Minister of Consumer and Corporate Affairs to issue the necessary letters patent under the federal statute to bring this about. Once Mic Mac Oils (1963) Ltd. has become a federal company, it can amalgamate with its parent and the other subsidiary pursuant to the provisions of Section 128A of the Canada Corporations Act.

Hudson's Bay Oil and Gas was incorporated by letters patent in 1926. Hudson's Bay Oil and Gas has outstanding 18,294,044 common shares with a par value of $2.50 each; 54.9 per cent of the outstanding shares are beneficially owned by Continental Oil Company of New York, and 21.9 per cent of the outstanding shares are beneficially owned by Hudson's Bay Company investments Limited of Winnipeg, a wholly-owned subsidiary of Hudson's Bay Company. The balance of the outstanding shares are held by the general public.

By way of comparison, last fall Continental held roughly 67 per cent of the Hudson's Bay Oil and Gas outstanding shares. That has been reduced to 54.9 per cent and Hudson's Bay Oil is now listed on the Montreal Stock Exchange, which hon. members I am sure will be pleased to learn. In addition to the common shares, there are 600,000 preferred shares outstanding which may be converted to 720,000 common shares. These preferred shares are 97 per cent Canadian in ownership. The President, D. C. Jones, is a Canadian.

The purpose of this bill should be kept in mind. Mic Mac is an Alberta company. It is subject to the Alberta Companies Act. That act allows Mic Mac—that is, gives Mic Mac permission— to broaden its place of operations by moving to the federal field. But the Alberta act only allows the company to go into a jurisdiction which is willing to accept control over the company. The words of Section 158 of the Alberta Corporations Act are. "—if authorized—by the laws of (the) other jurisdiction".

What this bill would do is create that authorization. The company would then be able to apply to the Minister of Consumer and Corporate Affairs for letters patent for continuing the company under federal jurisdiction and under the control of the Canada Corporations Act. The bill would enable this House to take the reins of control out of the hands of Alberta.

Unlike the Central-Del Rio bill, Bill S-16 does not ask the House for permission to allow an amalgamation. Although an eventual amalgamation is presently contemplated, it will take some time to complete. In the event of an amalgamation, it would be under the control of the Canada Corporations Act. This bill simply allows the company to move under federal jurisdiction. Possible amalgamation under that jurisdiction is only one aspect of the company's operations over which the federal government will gain control.

It should also be stressed that this bill only enables an application to continue under letters patent. A discretion with respect to that application remains with the minister who works within the guidelines of the Canada Corporations Act.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, it seems strange that the sponsor of the bill should at this time suffer from the same difficulties he suffered from when the bill was considered by the Senate Banking Committee. When the committee was called to order, it was suggested that somebody else should submit the bill to the committee. Counsel for Mic Mac Oils (1963) Ltd. suggested that the sponsor of the bill was somewhere between his riding and this House. The chairman could not see why the sponsor was not present to introduce the bill. Possibly there is some reason for his absence today.

We have heard considerable debate in this House in the last while about surtaxes, foreign ownership and the employment within Canada of men working for foreign-owned corporations. The President of the United States has said that he would lift the tax load from corporations operating in the United States and enable them to increase their exports. Naturally, we realize that this move can do nothing but harm employment in Canada. This is the main reason that bills such as this should be given thorough consideration. Questions must be asked and answered. Unfortunately, the hon. member speaking for the sponsor did not suggest that this company would be prepared to abide by the amendment we have proposed to another bill pertaining to the Bank Act. That amendment, if accepted, would mean that Canadian ownership of companies would be retained.

I was pleased to hear the hon. member speaking for the sponsor suggest that the shares outstanding of this company are Canadian owned. The fact that the company at present is a Canadian company is not good enough, so far as I am concerned. I can only refer to another situation. We have tried to introduce an amendment to another bill, the effect of which would be that a clause relating to Canadian ownership would be included in every bill of this type that comes before the House. Unfortunately, as one of the witnesses before the committee said, there is no way of making sure that shares will remain in Canadians hands if they go on the stock market. That is the situation. If the hon. member can say that he has had an indication from the people sponsoring this bill that they will adhere to the suggested provisions in the Bank Act amendment, I shall not object to passage of this bill. If the hon. member could say that, he could save a lot of discussion at this time.

• (5:10 p.m.)

If one looks at the background of the company one will see that Mic Mac Oils (1963) Ltd. was formed on a merger of Consolidated Mic Mac Oils Ltd., Mac Oils Ltd., Mayfair Oil & Gas (1961) Ltd., Mic Mac Oils (1963) Ltd. and Twining Pipeline Ltd. We must ask ourselves whether mergers of this type are in the best interest of Canada, since they do away with the competitive spirit we have seen in the past. I need only refer to the recent increase in the cost of living index, particularly as it pertains to food. When the shopping centres were involved in a price war, the cost of food to the consumer went down. As an analogy to the bill before us, I suggest that if there are too many mergers you can expect the cost to the consumer to increase. There is no competition. This argument is borne out by what happened to food prices after the supermarkets agreed to discontinue the price war. Yesterday we saw the reports indicating what happened as far as food, other than fruits, was concerned. If we are concerned about the so-called protection to the consumer, protection to people dependent on food processing or, in this case, the results of the various consolidations of the companies we see before us, we must take this area into consideration.

When we look at the various aspects of the bill before us, we see that there is not too much to it. On checking the records, we find that there will be an increase in the holdings of Hudson's Bay Oil and Gas Limited. We must look at the situation to determine exactly what has happened in the past and why these companies merged. I do not suggest that certain mergers are not in the interests of the Canadian public. However, if these mergers result in control of the product being in the hands of a few large corporations, then we must write into this bill some protection for the Canadian consumer. We must somehow bring about a Canadian type of ownership.

We have recently read many observations, heard many debates in this House and listened to professors talk about Canadian ownership as well as the debate now going on with regard to the tax act. We realize more and more people are concerned about the ownership of those areas that should be Canadian controlled. Unfortunately, some members are not really concerned about what may happen to Canadian industry. In fact, this subject came up in a recent committee meeting. I quote:

> On the point of order, first of all there is no government policy, no Canadian policy about foreign ownership as yet, and therefore I think Mr. Skoberg is out of order. He cannot force them to go into anything, or promise anything in that direction, unless there is some sort of a policy adopted by Parliament, and there is not such a thing yet.

Surely, the members of this House will not disagree with the idea of including in bills before us a provision that there be a majority Canadian ownership of any industry within our jurisdiction. There is considerable debate throughout the country as to whether we should insist on complete ownership of industry or whether regulations under the act will be sufficient. I suggest that this Parliament could pass those regulations. The companies

that would be affected by the passing of such regulations would be quite prepared to live within the bounds of the directions given by this House.

I saw a situation in a commonwealth African nation in which no company disagreed when that country took over the controlling interest in the copper mines in their area. They took over 51 per cent of the shares of the copper mines, and paid for these shares out of the profits from the sale of copper. When I visited there, I found that the company officials were happy to remain in that country and invest in it in spite of those regulations. We call those the developing nations, but they have developed much more quickly than Canada within the last decade.

The time has come to make some type of token offering to the generation who will be coming after us. We must ensure that ownership will remain in Canadian hands, even if it is only 51 per cent ownership. We will be at least somewhat relieved that it is still a Canadian owned corporation, even to that extent. There is a provision in the Bank Act that could be included in this particular bill which should be acceptable to any company coming before us to be federally incorporated. Sections 52 to 56 of the Bank Act could be applicable to this bill. With that application, there should be no need to worry about whether in the future Hudson's Bay Oil and Gas will be passing out of Canadian hands into the hands of some other country, whether it be our friends to the south or some other country.

The time has come to realize that we must have regulations. It is not good enough to say that there is a certain ownership today. We must be concerned about tomorrow. For those who come before us and say that everything will be balanced out and everything will be looked after in the future, we must tell them that we are concerned about future generations and cannot buy their arguments. We learn from the *Financial Post* survey on oils in 1971 that Mic Mac Oils are going to merge with Hudson's Bay Oil and Gas. It will become part of Hudson's Bay Oil and Gas because it wants to be federally incorporated.

Hudson's Bay Oil and Gas has quite a history in this country. Morgan Guaranty Trust Company in New York is involved in this situation. It has investments in various provinces of Canada. This company is involved with other carriers serving eastern and western Canada as well as portions of the United States. This fact indicates the kind of processing and where the gas processing plants are. This company also has certain investments in Alaska and, of course, across the border. We should look at the entire area and try to determine the desire behind the incorporation of this company with Hudson's Bay Oil and Gas. The information brought before the Senate Standing Committee on Banking, Trade and Commerce seems strange. The introduction by the counsel for Mic Mac Oil followed directly upon that of Central Del-Rio Limited, which company we are also asking to go along with an amendment to their bill to include 51 per cent Canadian ownership under the Bank Act.

• (5:20 p.m.)

In the examination of this bill by the committee of the other place, they determined that Mic Mac holds petroleum interests in Nova Scotia, Prince Edward Island, Saskatchewan, Alberta, British Columbia and the North-

[Mr. Skoberg.]

west Territories. I understand from the member who introduced this bill today that one of the reasons the company is asking for an act of incorporation is that it will, in effect, bring it within the realm and under the umbrella of Hudson's Bay Oil and Gas. In the testimony before the Senate Committee, certain areas were covered which should be covered in this House. If policy with respect to Canadian ownership is to be revised it should be initiated when bills of this kind are introduced in the other place. If this is not done it is further indication of a lack of concern for ownership of a type about which we have heard so much lately. My own opinion is that new regulations should be introduced which would allow the machinery of the Combines Investigation Act to apply to areas such as this, giving us an assurance that companies of the type in question are Canadian-owned. As long as we sit in this House and allow bills to go through unaccompanied by restrictions of the kind made pursuant to the Bank Act, no progress can be expected. If we are to do our duty in the House of Commons the least we can do is to introduce amendments in committee to bills such as the one before us, amendments which would be acceptable to all concerned, particularly to Canadians generally whose interests we are supposed to be safeguarding.

In the case of the other bill which was mentioned a short while ago, every effort was made to get the sponsor of the bill to tell us whether he was prepared to accept a condition requiring Canadian ownership. Unfortunately, the committee did not see fit to allow that gentleman to answer the question. I, myself, felt it was quite proper to ask whether or not the sponsor would object to the inclusion of a provision of that type in the bill, which could then have been accepted unanimously by the committee. But it appears that too many people in this House are more concerned with trying to pass bills than they are about the principles contained in those bills. If anything is to be done to bring about legislation to protect the interests of Canadians, this is where it should be done, in this House. It cannot be done in committee if witnesses are denied the right to answer questions put to them by committee members. In the case to which I am referring, it would appear that the value of committees is absolutely nil. It is a matter of regret when it is suggested that questions asked and remarks made with reference to a bill such as this are ruled out of order. It makes one wonder whether the committee system under which members of the House of Commons are called in to study bills in depth is of any use. It appears as though these discussions must increasingly take place on the floor of the House of Commons should members of the committee be denied the right to ask questions in cases when the witness himself does not object to the question being asked of him. I should point out that it was not the chairman who objected, it was the committee itself which took exception to the question though the witness was prepared, I believe, to accept an amendment providing for Canadian ownership.

Looking at the bill before us and going back into history a little we note that Mic Mac Oils was incorporated on September 22, 1951. It became Mac Oils and then in April 1963 it became Mic Mac Oils Limited. Then we reach the present stage at which application is made for incorporation under a federal charter. The head office of Mayfair

Oil and Gas is in Edmonton. When one tries to find out who really owns Mayfair Oil and Gas Limited, who controls the shares, it becomes difficult to sort out the corporate structure behind the scenes. The same applies to Consolidated Mic Mac Oils Limited. A lot of the exploration done by this company was carried out in western Canada, which is all to the good as long as a reasonable royalty is levied in respect of that exploration and its results. We all know that Canada receives the lowest payment from royalties of any country in the world today. Yet we sit back with our heads in our hands and cry about being hurt by some other country. We believe that if there were a greater degree of regulation the companies themselves would not object, and the Canadian people would benefit, but as long as we sit back and do absolutely nothing, the companies concerned will take the bull by the horns and behave as they darned well please as far as the Canadian economy is concerned.

As I understand some of the observations made by hon. members, they are not concerned about the question of regulations. I believe that by enforcing certain regulations we could bring into being a much better economic picture and improve employment opportunities considerably. I am sure that some of the companies concerned would be only too pleased to reinvest in this country on a scale which would lead to the creation of employment in secondary industries. Our whole approach to this bill should be whether or not it is likely to be in the best interests of the people. After all, it is the Canadian people who, in a sense, make up the economy, and they would stand to gain a great deal if we did not give everything away. In the bill before us, for example, there is nothing which spells out the need for any type of regulation which would keep ownership in Canada. If the sponsor or any other member opposite could give us some assurance that ownership would be retained here and a provision to that effect inserted in the bill if and when it goes to committee, I am sure no further debate would be necessary. But as I look opposite I cannot help feeling that the sponsor today is probably not in a position to give such an assurance.

However, if this were possible it seems to me there would be no question about the proposal going through and I am sure there would be no debate in committee. I suggest that if this does go to a committee this will be the situation we must consider. We will have to move amendments in committee to in fact guarantee there will be Canadian ownership for ever and a day. Unless we have that guarantee there will be no use considering this type of bill in the House of Commons, because companies will be able to do exactly what they want and no one will be able to protest the passage of special bills.

• (5:30 p.m.)

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but I must do so to advise him that his time has expired.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, many hon. members will be confused about this bill, and I sympathize with them, having looked at some of the financial statements concerned. Many people connected with this company, including shareholders, trust agents and others must also be very confused because the company has had a very tortuous journey during its relatively short life.

I should like to congratulate the hon. member who accepted the responsibility of sponsoring this bill today. He did a very good job of explaining what was being asked for and I hope he gets at least twice what the original sponsor would have received had he been here. I should like to ask whether he really considered this matter, or did he accept this just as a "Joe" job.

If you look at the *Financial Post* survey you will find this corporation was called the Consolidated Mic Mac Oil Company and it listed its address as Edmonton, Alberta. The survey indicates it held interests in 228 oil wells and 36 gas wells in Alberta, Saskatchewan, British Columbia and in other acreages in western Canada. I do not know how they can refer to acreages in Alberta, Saskatchewan and British Columbia and then to acreages in western Canada; however, they do. It goes on to suggest they also have acreages in Montana and Alaska.

This is not really a Canadian company. It is a fairly large holding company. The report goes on to say this company was formed in 1953 as the result of a merge of Mic Mac Oil Ltd., Skyline Oil Ltd. and the Banner Petroleum Corporation. One share of Consolidated Mic Mac was exchanged for each of the following: four shares of Mic Mac, six shares of Skyline and 5½ shares of Banner. In 1961 the shareholders approved the takeover by the company of Mayfair Oil and Gas Ltd. Mic Mac then took over 900,000 shares of Mayfair which transferred its assets and liabilities to a wholly-owned subsidiary of Mic Mac. Mayfair surrendered its charter and distributed Mic Mac shares to its shareholders. Because Mic Mac owned 350,000 shares of Mayfair, the net amount of Mic Mac shares to be issued was 715,000. The exchange basis was 65 Mic Mac shares for 100 Mayfair shares. This tells us what happened some time ago. This company also was involved with very large acreages in western Canada, the United States and Alaska. It then merged with Mayfair, which is also a very large company with acreages in a number of areas. It amalgamated with Consolidated Mic Mac, with Skyline and with Banner.

I did not look at all the financial statements but I looked at them for this year and found that Mayfair, which was established in 1957, also had under its control a number of other companies. At Hilda, Alberta, it had a pooling agreement with Consolidated Mic Mac, Mayfair and Britalta Petroleum Limited. Mayfair did not disappear because of the previous consolidation, it just changed its purpose and continued to exist. The company then made arrangements to negotiate the sale of gas to Trans-Canada Pipe Lines. Through all of these companies under this consortium it controlled 29,276 acres.

If we did our job as Members of Parliament, which obviously we are not doing in this field because it involves big business, we would find out where the ownership of each of these companies lies; we would look at Mayfair and discover its connections.

Both Mayfair and Mic Mac were associated in Medicine Hat, Alberta, with the Richfield Oil Corporation. Richfield is, of course, a United States-owned corporation. It was also related to United Producing Company. The United-Mic Mac-Mayfair group was in the Deer Mountain-Swan

Hill area. It was connected with Texaco (Canada) Limited, which probably is not Canadian-owned. It operated there in 1961 with four wells, of which three were in production. The Texcan-Mic Mac-Mayfair group at this point formed a relationship under the Mayfair holding interest.

If you go over the list you will see it refers to holdings in the Queen Charlottes, and in each case these were mixed up with other very large oil companies, including Penfield and Richfield, many of which were United States companies. What bothers me is that in looking at the financial statements of these companies I find this is not a company in the true sense of the word but is, rather, a stock promotion operation. We have the Mic Mac operation as a holding company and Mic Mac is involved with other companies. You find it is a wholly-owned subsidiary of Hudson Bay Oil and Gas. That company holds a number of other companies with which we have been concerned. It wholly-owned Mic Mac Oil in 1963 as a subsidiary which was formed by the merger of Consolidated Mic Mac, Mic Mac and Mayfair Oil and Gas.

In 1963 Mic Mac owned Blue Flame Propane Limited, Rangeland Pipe Line Company and Aurora Pipe Line Company. Aurora Pipe Line Company was a very interesting development by some of the buccaneers in the oil industry. Hon. members will remember that a few years ago representatives of Aurora Pipe Line came before Parliament and received a very rough passage over two or three years. That pipeline was only half a mile in length. It joins the Canadian pipeline systems to the U.S. pipeline systems to handle condensates. Condensates are developed industrially from the raw products of gas and oil.

• (5:40 p.m.)

Why did Aurora Pipe Line connect it? It put all the industrial-potential products of the oil industry into the Chicago market rather than leaving them in Canada where we would have developed a highly integrated petroleum derivatives industry. These derivatives were piling up as partially processed products. They have to be disposed of as soon as possible because the longer they are held, the less use can be made of them and, obviously, the lower their price. Inevitably, Canada would have developed the condensates and the wealthy end of the oil industry or the United States would have set up a company in Canada to develop the condensates. In both cases the employment would have stayed in Canada. A great deal of pressure was applied to Members of Parliament and finally the House passed the bill. As a result, Chicago now has 10,000 to 15,000 jobs which went with the condensates industry.

Hudson Bay has been a very valuable company to Canada and has helped exploit it beneficially. It has made it possible for us to ensure we sell our oil. We have a larger trade balance with the United States as a result of selling this oil to them. But we have not done much for Canadians generally, particularly in those instances where the only people who gained, other than those at the industrial and financial end of the operation, were those directly connected with the drilling operations and production of gas and oil in western Canada. The Canadian public in general has received very little gain, and very little employment is being created by an industry that probably has a greater potential for employment than any other industry or natural resource in the world.

There is a great similarity between Canada and the Arab countries. We have all seen the sheiks riding around in their air-conditioned Cadillacs, with a harem full of beauties, in the oil-rich states. Not long ago another bill was brought before this House and because of the sheik-like attitude of one of the heads of the companies concerned the government was reluctant to commit itself. The sheiks of the Near East have been copied by the sheiks of western Canada, and the peasants of both countries have not derived much benefit from the oil industry.

The oil industry produces, through its coal tar derivatives, a large number of byproducts. It produces paints, plastics, aspirins, all kinds of drugs, even soft drinks. An unlimited amount of byproducts are obtained from the petroleum industry. This company operates in every province in western Canada. In their submission to the Senate committee they bragged they had a company in each of the maritime provinces, both through Hudson Bay, their holding company, and through Mic Mac itself. But do we see aspirin factories here, paint factories there, and plastics factories somewhere else? We see very few factories in western Canada which produce these thousands and thousands of byproducts, from clothing material to dyes and all sorts of other products.

I suggest we do not owe any obligation to companies of this sort. Yet this company has come to Parliament and asked to extend its charter and become a federally chartered company. The reason for wanting this extension is so the company can merge with another. It seems to me rather like marriage between a mother and her son. Hudson Bay already owns Mic Mac, so why does it want to merge? The House sees that there is this kind of relationship.

Mr. Gilbert: An incestuous one.

Mr. Peters: Yes, and the shareholders will soon realize that. This kind of arrangement has no legitimate basis. If it had, when we passed the Canada Corporations Act we would have passed regulations to allow this kind of incestuous merger. But we did not.

Another company that came to Parliament with the same request was Central-Del Rio. In this case we are being asked to allow this company to do something which, although they do not state it, will obviously affect Canada and the government very seriously, because it will be related to Panarctic Oil and any investment it makes in that company.

There is a company in my area which has forsaken the people of the community who made it possible for them to accumulate a great deal of wealth. This company is deserting the area, as I am sure both Hudson Bay and Mic Mac will desert their communities, for the sake of expansion into new developments both through Panarctic and in the Arctic area itself.

If the purposes of this company were pure, it would have made an application under the new Companies Act, had it approved and gone about its business in the normal manner. But it has not done so, Mr. Speaker, and I think one of the reasons is this. I may not understand it, but those who are interested in this "shyster" business of

merges, amalgamations and other manipulations on the stock market will. This company wants to establish itself with a Canadian charter rather than a provincial charter as if that had been the fact prior to the time we passed the law which prohibited such action.

I do not know just what this does to the situation. I am not well versed in high finance and diddling your neighbour on the stock exchange, but obviously there is a reason behind it. If not, why would this company go to the expense and bother of coming to Parliament and asking this House and the Senate to pass a measure which most of us know is shady? Why would it ask us to make an exception in their case? Why would it ask Members of Parliament to sponsor a bill, or members of the Senate? They must take some responsibility in the matter. There must have been something to gain that could not have been gained in the normal course of business. These companies are not foolish. They have been able to make some wild mergers in the past. They have merged companies which held very large acreages of land without, in my opinion, any real shareholder participation.

In many cases there have been mergers by establishing companies which had no shareholder control at all. In many cases the shareholder was a holding company which they had established. But they have been able to establish Mic Mac (1963), Consolidated Mic Mac, United Mic Mac Limited and Texcan Mic Mac. They have changed the name, and they go in and out of business and operate very well.

I am sure that a little guy like you or me, Mr. Speaker, who went into the stock market would remember them because we would not be party to the success they have had from this type of manipulation. Now they come to Parliament and they ask us to legitimize their actions, which obviously cannot be legitimized in any other way.

• (5:50 p.m.)

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, whether or not, as the previous speaker suggested, this is an incestuous act I am not entirely sure; it depends on one's definition of the term. But it is a very clear example of the attitude of government members when Liberal legislation is brought before the House. We have in the House 13 members of the government party, including the members in the rump, either taking notes, yawning or reading the newspaper but not in the least paying attention to the measure that is being discussed, the subject matter of which has rather important implications.

Mr. Francis: Why should we listen?

Mr. Broadbent: There, again, is a typical Liberal comment. One of the members from the Ottawa area asked, "Why should we listen?"—and this is their attitude at a time when Canada is experiencing the highest level of unemployment in a decade. I will let the people of the country judge the significance of that question.

This measure is about a small concern which will be merged with a large concern. But although the bill only involves one company taking on a new form, it is very important in terms of its significance. At no time in the House in the past three years have we had a serious debate on the whole question of industrial development with specific reference to the resource industry: we have not had such a debate since the government was formed in June of 1968.

During this period we have seen a continual sell-out of our resources, predominantly to Americans, a completely unthinking continuation of policies begun a number of years ago by the Liberal Party in Canada, one consequence of which we saw in the middle of August of this year when the president of the U.S., for his own very legitimate interests and reasons, took a specific action which profoundly affected the economy of this country in a way that it affected no other country in the world. It did so precisely because of the almost full integration of our two economies. Such integration with the U.S. means, of course, pretty full control of our economy residing south of the border.

One would have hoped, following the events of this summer—events which we have discussed in the question period almost every day since the opening of the House last week—that there would be some policy announcement on the matter of resource development, with specific reference to the petroleum industry. Some time ago the government said they were going to look into the announced intention of Supertest to sell out to British Petroleum. Supertest, as hon. members may know, is the last remaining Canadian-owned oil firm. It is now in the process of being sold. The Liberal Party, the government and the Minister of Energy, Mines and Resources (Mr. Greene), say they will look into it. The minister said that he will report back on what the government plans to do. But we have heard nothing yet.

Recently a book was published in the United States, called "The Greening of America". What we are witnessing in this country is the "Greening" of Canada coming from the minister responsible for resource policy, Mr. Greene. The "Greening" of Canada really means the complete takeover of this country by financial interests which reside south of the border. Rather than supporting the present legislation I would like us first to have a debate on the whole question of resource development. If that is too much to ask of the government, at least let us have a debate on the petroleum industry; let us restrict it to one industry.

roWhy continue with the present merger policy? We have to ask and receive answers to these questions: Who has control of the industry or the particular firm? Who gets the profits? Who benefits in terms of jobs? Will more jobs be created by such a merger in Canada, or will they be created outside this country? I suggest that if we receive an answer to each of these questions we will find, first of all, that control resides outside of Canada, second, profits go outside of Canada and, third, most of the jobs created are outside of Canada.

One industry in this country which we should seriously consider bringing within public ownership is the petroleum industry. It is an industry in a modern economy that has amazing potential for growth, not only in the normal gasoline products area but in the whole petroleum field, the whole plastics industry that is emerging. Right now jobs in secondary industry in this field, which come from research and development, are outside of Canada.

They are not here because Shell, B.P. and Esso carry out their research and development in the United States, in France or in Great Britain and they develop their secondary industry in those countries.

All the jobs—and there are thousands of them—that are accruing in this industry do not benefit Canada at all but, rather, benefit other countries which have gained control of our industry. Therefore, if we began to move in a significant direction in regaining control of the petroleum industry, using public capital to get perhaps 50 per cent plus one of the shares, we could do three things simultaneously: first, we could stop the export of profits outside our country and thereby improve our balance of payments situation; second, we could put Canadian scientists to work doing research and development in Canada and, third, get the spin-off products in the petrochemical field which would lead to secondary industry being created here instead of outside the country. Thus we would improve our employment situation. Simultaneously, three worth while objectives could be achieved for Canadians.

Obviously, I do not have time to elaborate on each of these points, but I suggest that this kind of issue, this kind of general situation, should be receiving serious discussion when we have a bill of this nature before the House. May I call it six o'clock, Mr. Speaker?

Mr. Deputy Speaker: Order, please. The hour appointed for the consideration of private members' business having expired, I do now leave the Chair, to resume same at eight o'clock p.m. May I remind hon. members that at that time a motion to adjourn the House will be presented, pursuant to section 9 of Standing Order 26.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

MOTION TO ADJOURN UNDER S.O. 26

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—FARMERS' ECONOMIC PLIGHT

The Acting Speaker (Mr. Laniel): Order. Pursuant to Standing Order 26, the hon. member for Calgary North (Mr. Woolliams) seconded by the hon. member for Vegreville (Mr. Mazankowski) moves:

That this House do now adjourn.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, as the first speaker tonight I should like to put on record the motion I moved earlier today. As you will appreciate, Mr. Speaker, this was a motion for adjournment under Standing Order 26, where the Chair has sole jurisdiction in determining the importance of the debate in question.

[Mr. Broadbent.]

The question we are now debating arises from the serious shortage of cash and income of the Canadian farmer, making it almost impossible for him, not only in western Canada but elsewhere, to continue farming operations and to make a living from farming. This situation has been aggravated by a decrease in the price per bushel of grain, caused by the failure of the Canadian Wheat Board to receive from the Consolidated Revenue Fund of Canada, which is the treasury, cash for the storage of grain for the crop year 1970-71 and that portion of the crop year 1971-72 to date.

As I have said, earlier today I moved:

That the House adjourn to discuss the serious cost squeeze and present economic plight of the farmer which has been further aggravated, and their income seriously reduced by the failure of the Canadian Wheat Board to receive moneys for storage of grain for the crop years 1970-71 and 1971-72 to date from the Consolidated Revenue Fund of Canada.

At the outset I might say that is not solely a debate on the fact that the Minister of Finance (Mr. Benson) has broken the law of Canada, that the minister in charge of the Wheat Board (Mr. Lang) has acquiesced in the breaking of the law, plus the fact that the Minister of Justice (Mr. Turner) has even failed to print in the Revised Statutes of Canada the statute which spells out the law.

This debate has even more serious ramifications. I am sure that even the farmers who are concerned about their livelihood will appreciate that the debate centres around a more serious problem than the mere materialism involved in the storage of grain. This debate poses the rhetorical question: Is this institution of Parliament, which includes the House of Commons, the Senate and all the law-making processes, to be one that will be controlled by the executive? In brief, shall there be a law that shall apply to some and shall not apply to others? Shall the laws be obeyed by some of the people some of the time, or shall there be laws that will not be obeyed by some of the people all of the time—and here I mean the executive of the country?

Coming to the meat of what we are about to discuss, I wish to refer briefly to the Temporary Wheat Reserves Act, a statute of Canada passed by Parliament, the supreme law-making power in this country. It is an act which was passed in 1956 by a Liberal government. It has now been flaunted and the government of the day refuses to obey it. Here is what the act provides:

Where, after the 31st day of July, 1955, the stocks of wheat of the board exceed one hundred and seventy-eight million bushels at the commencement of a crop year, the Minister of Finance shall—

Not "may"

—out of the Consolidated Revenue Fund, pay to the board for each day in that crop year an amount equal to the portion of the said stocks that exceeds one hundred and seventy-eight million bushels at the commencement of that crop year, multiplied by the carrying charge rate paid by the board at the end of the immediately preceding crop year.

What is that all about? There are two kinds of wheat storage. First there is wheat stored on the farm. In that case the storage is paid by the farmer. But when wheat is finally purchased by the Canadian Wheat Board it is stored in the country elevators which dot the landscape of western Canada, at the Great Lakes which is the shipping centre for sending wheat down the St. Lawrence waterway to Europe, at Vancouver from where it is sent to Asia,

or at Churchill from where it is sent both to Europe and Asia. The act provides that where the quantity of wheat stored in this manner exceeds 178 million bushels, the Minister of Finance shall pay out of the treasury so much money to the Canadian Wheat Board for that storage.

That is the law of Canada, which has not been repealed. That was the law which was made by this institution, approved by the Senate and received royal assent. That law is being flaunted today by none other than the Minister of Finance, acquiesced in by the minister in charge of the Wheat Board. That is what the debate is about.

The Minister of Finance is not here. I am not making anything of that because we know he is attending an international meeting. The minister in charge of the Wheat Board was dean of the law school of the university from which I graduated in Saskatchewan. That university was founded in 1905. My father saw the brush cleared in Saskatoon and the foundations laid for that institution. This minister, a native son of western Canada, rose to his position because he is a Rhodes scholar. I have students in my own office whom he must have taught that the ethics of law is to understand and obey the law. I am astounded that the dean of that university would come into this institution, with all its traditions, and acquiesce in breaking the law of Canada in respect of the sum of $100 million, more or less.

Some hon. Members: Shame!

Mr. Woolliams: It is hard to grasp the significance of that action. If it had been the Minister of Agriculture (Mr. Olson), who is merely a water boy to the Prime Minister (Mr. Trudeau) or a water boy to the minister in charge of the Wheat Board, I would understand and probably put it down to ignorance of the law, although that is no defence. But when it is a schooled and trained man who does not and will not accept the seriousness of obedience to the law, how can he ask the citizens of this country to obey the law? There is one law for some who obey and one law for some who do not obey, and I am afraid I have to put the minister in charge of the Wheat Board in the latter category.

We are not only debating tonight whether western Canada has been discriminated against or whether the minister has failed to carry out the terms and conditions of the law but, what is more important, whether this place will be supreme for the people of Canada, whether this place will always be supreme for the freedom of the people of Canada, and whether this place will remain supreme as the law-making institution in Canada and, above all—particularly with this government—whether this place will remain supreme against oppression. We might also ask whether this place will be supreme against law breakers, including the minister and the executive. When I mention the Minister of Finance and the minister in charge of the Wheat Board I might include, in passing, the Minister of Justice.

Tonight I say to the news media of Canada, check the new Statutes of Canada. Go through them. The Minister of Justice has an obligation to print in the Revised Statutes of Canada, 1970, the statutes passed by this institution. Search as you will, you will not find an act called the Temporary Wheat Reserves Act. You will have to refer to the old statutes, just as if the act had been repealed. I must say it is as if they had *mens rea*—the feeling that they were going to break the law—in the first place, because they would not even print the law.

An hon. Member: Premeditated.

Mr. Woolliams: I would remind him, through you, Mr. Speaker, that Mackenzie King made a great speech in which he said that the law should be such in Canada that Canadians should know it. A Canadian should be able to find it as he walks, runs, lies in bed or as he reads. How are Canadians to determine the law of this nation when it is hidden, when it is not even in the new statutes? To me that is even more important than what has been done to western Canada.

It will be interesting to see how the minister, a former dean of the law school of Saskatoon, a Rhodes scholar, a man who is supposed to be steeped—I should have said "stooped", because he stooped to break the law—in the law and jurisprudence, defends himself. There is no defence. Members from all over have stood in their place seeking answers. In particular, the hon. member for Vegreville (Mr. Mazankowski) has been most tenacious in trying to get answers. Let me put on the record the question he put to the minister after encountering some difficulty:

> Mr. Speaker, will the minister advise the House why the federal government has refrained from making payments under the Temporary Wheat Reserves Act which is now on the statute books as Canadian law under which the payment of $61 million was to be made to Canadian farmers?

Here is the only answer we could get from the minister after days of probing by the hon. member for Vegreville. This member had moved motions similar to mine day after day, and finally the Speaker in his wisdom granted my motion so that we could have this debate as the people's representatives. The minister replied:

> Thank you, Mr. Speaker. As was indicated to the House last October, it was the belief of the government it was a much better form to make payments directly to farmers of the $100 million rather than make payments under the Temporary Wheat Reserves Act—

In other words he said, "Look, I belong to the cabinet. I never sat as a backbencher. When I came here I was like the bishop, I had a laying on of hands and I became the minister. In that position I do not care about the law; I supersede the law with my own knowledge." What the minister wants, and the new jurisprudence he has developed for Canada shows, is that Canada should be governed by the rule of people and not the rule of law. That must be the jurisprudence he wants; but if he taught it at the law school from which I graduated, it must have been after I left. I do not recall any professor teaching me that the executive rules the country. I do recall what the Nazis did in Germany. They burned down the Reichstag because they did not want a parliament.

If you are going to carry on this way you might as well lock the door, because you are treating us like children in a play-pen dancing to your tunes; you are a puppet of the Prime Minister.

Some hon. Members: Hear, hear!

Mr. Woolliams: I do not do this lightly, Mr. Speaker, but tonight I call for the resignation of the minister from

Saskatoon-Humboldt, a native son of western Canada, for his disobedience of the law and for running slipshod over this institution.

Some hon. Members: Hear, hear!

Mr. Woolliams: Maybe he had better take the Minister of Finance with him, Mr. Speaker. In reference to the white paper I once called him a small town bookkeeper. Perhaps he had better go too, because under the act it says that he shall pay. I leave the Minister of Justice to worry. He is a young man, well educated, steeped in jurisprudence and ambitious for the chair. I will allow him to sit with his own conscience tonight because if his ambition is what I think it is, the people will take a second look at him as Minister of Justice of this country because he will not even see his own ministers fulfil the law.

Some hon. Members: Hear, hear!

Mr. Woolliams: The Progressive Conservative party can be proud of the legislation it has put on the statute books for western Canada and the western farmers. We were responsible for the Canadian Wheat Board under the premiership of Mr. Bennett. We introduced ARDA, the Farm Credit Corporation, the Prairie Grain Advance Payments Act and, above all, the agricultural stabilization legislation which provided that the price of certain commodities should never fall below a ten-year average. These particular statutes, approved by Parliament, are the very foundation of the economics of the farm community of western Canada. They are the birthright of the farmers of western Canada, together with the Crowsnest Pass freight rates. That is what this party has done and we are proud of our record in that regard.

• (8:20 p.m.)

What is this government trying to do? They are trying to abolish storage payments. Not only are they trying to abolish the storage paid on grain in the amount I mentioned in my opening remarks, but they want to abolish or repeal the Prairie Farm Assistance Act which is basically a crop insurance measure. Actually, they want to abolish everything that may help the average man to remain on the family farm in western Canada. They have broken the law and, I repeat, that shows they are discriminating against western Canada.

I ask the minister, through you, Mr. Speaker, what he has against farmers. What has this government against the farmers of western Canada? Rural Canada may be disappearing because of urbanization, yet within the rural areas of Canada the heartbeat is strong. The pioneering spirit is there. The spirit of freedom moves, and it will move again when the votes are counted after the next election. I predict that the minister who is head of the Wheat Board and who represents part of the city of Saskatoon, a city which relies on the agricultural industry, will not be among those re-elected to this institution over which he has run so slipshod.

An hon. Member: Resign.

An hon. Member: Otto, go.

Mr. Woolliams: The amount of wheat in storage in the 1965 crop year was $33.5 million; in 1966 it was $36,802,000; in 1967 it was about $46 million and in 1968 it was about $79 million. We are the only wheat exporting nation in the world that does not subsidize this industry. At present we are considering the only small subsidy that is paid by the taxpayers of Canada for the storage of grain. It does not apply to grain on farms that is owned by farmers; it applies to grain that the Canadian Wheat Board buys. In addition to supporting the supremacy of Parliament and the principle of the supremacy of freedom, the government ought to obey the law relating to farmers. Never before in the history of Canada, not even in the depression, have the farmers of western Canada been so hard pressed to pay their bills.

May I conclude my speech—

An hon. Member: Hear, hear!

Mr. Woolliams: —by referring to what the Prime Minister once said. I knew the hon. member over there would applaud. The Prime Minister said, "Go and sell your own wheat." He well knew that the Wheat Board, under the law, has the power to sell wheat, and that if the government does not act in co-operation and liaison with the Canadian Wheat Board wheat cannot be sold. Men have been fined and sent to jail in western Canada because they dared transport a bushel of wheat from one province to another and sell it.

Surely, if the law applies to the farmers of this nation, it should apply to the ministers of this nation. Perhaps the legal beagles of this nation should take a look at the situation and consider what the order of the courts might be. I read three authorities this afternoon which I am sure are familiar to the dean: I am sure he has read them carefully. One is "High's Extraordinary Legal Remedies"; another is on special remedies, "Mandamus and Prohibition", by Short; and the third is "Extraordinary Legal Remedies", by Ferris. These three—

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member, but I must inform him that his time has expired.

Some hon. Members: Continue.

The Acting Speaker (Mr. Laniel): The hon. member may continue only if he has the unanimous consent of the House. Does the House give unanimous consent to the hon. member?

Some hon. Members: Agreed.

Mr. Woolliams: Mr. Speaker, I will not abuse my privilege; many hon. members wish to speak. May I say that when a minister of the Crown refuses to carry out the law, you can obtain an old remedy and get an order of mandamus forcing the minister or ministers to carry out the law. Perhaps the farmers of this nation should look at the law with legal counsel to see if they cannot get a writ of mandamus to force the Minister of Justice, the Prime Minister, and the minister in charge of the Wheat Board to carry out the law of Canada, before this institution disappears.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I was interested in the remarks of the previous speaker. He said that we should proceed in law to demand that a minister

or ministers of the Crown in this Parliament discharge the responsibilities which have been laid on them by Parliament and which go back as far as 1956.

During the summer recess I met farmers in my constituency who were concerned about this matter. They wired the minister responsible for the Wheat Board (Mr. Lang) and the Minister of Finance (Mr. Benson), asking for action in this matter. They did not receive satisfaction. So it has become necessary in this House to seek a remedy for the abuse of privilege which the government has exercised. The hon. member for Regina East (Mr. Burton), seconded by myself, moved the adjournment of the House in order that the government might make—

—the payments to the Canadian Wheat Board specified in the Temporary Wheat Reserves Act of 1956, so that an immediate improvement can be made in the economic position of western farmers.

In seeking justice under this act we seek justice for the western farmer. That justice must be sought in this House by members of the House no matter what party they represent. I say to hon. members: If you fail to carry out the provisions of a piece of legislation which has been enacted in this House you will provide the basis for another segment of society to do the same thing tomorrow.

We could raise all sorts of arguments as to why these payments should be made to the Canadian Wheat Board, and from there to the western wheat farmer. A few days ago in this House I quoted figures put out by the president of the Alberta Wheat Pool, to show that the income of the western farmer has declined by 44 per cent and that the western farmer is lagging far behind in income and standard of living. Apart from the legal aspects of government action, or lack of action, the figures show that there is a callous disregard of the income situation which faces western farmers at this juncture of our history. It is within the context of the situation facing the western farmer that the enormity of the action of the federal government ought to be judged.

• (8:30 p.m.)

If the government were looking at an industry that was booming and wealthy, maybe then they could find some justification for the action they have taken. However, this is not what the government is looking at. They are looking at an industry that is in difficult circumstances. They have worked out a program that they hope will get them off the hook. In order to get them off the hook completely they are going to make it retroactive to 1970 so that they can save some money which legitimately they should have paid. According to the evidence given to the Standing Committee on Agriculture, this amounts to approximately $60 million. The figure, based on the payment to the farmers out of the last pool, would have been somewhere between 9 and 10 cents a bushel.

The government persisted in this approach despite the fact that the surcharge the United States put on certain products entering that country from Canada will aggravate an already difficult situation. They persist in this approach at a time when we are going to face increasingly tough competition overseas. The government is persisting in reducing the support which the western farmer now needs for entering export markets.

According to an article in the September 9 edition of the *Western Producer*, with the exception of wheat all grains which we are selling on export markets have declined compared to this time last year. Rapeseed is $2.22½ compared to $2.29½ a year ago, rye is 88-7/8 cents compared to $1.09-1/4 a year ago, flax is $2.30-5/8 compared to $2.71-3/4 a year ago, barley is $1.03-3/4 compared to $1.19-3/8 a year ago, oats are 66-3/8 cents compared to 88-7/8 cents a year ago. The price of wheat is slightly higher, $1.73-5/8 compared to $1.70-5/8 a year ago.

It is in these circumstances that the minister and the government have persisted in their attitude toward the western farmer. It is in these circumstances that the government finds $85 million to assist industry in central Canada. Primarily, that assistance will go to central Canada. The government has set up a program and a pattern which, like the law of the Medes and the Persians, cannot be altered; it is sacrosanct.

The best advice that can be given this evening to the minister responsible for the Wheat Board is that he reconsider Bill C-224. He should consider a real program for the grains industry in Canada that will enable it to survive and be a viable industry. But no, I expect he will defend what is essentially an indefensible bill and continue to say that we must repeal, retroactively, the Temporary Wheat Reserves Act and save the government the money it should have paid to the farmers under that act. I expect the minister to say that the government will repeal the PFAA, which has been of considerable assistance to farmers, so they can slough off western farmers every day of every year.

If the minister had come into this House with a program to replace or improve the Temporary Wheat Reserves Act, it would have been examined. It could have been seriously considered by this House. But no, he wants to dump the total cost of the storage on the farmer and give him no assistance this year, despite the fact that the grain in that pipeline not only benefits the farmer but those who haul and load it. It benefits the whole economy of western Canada.

When the stabilization bill was questioned, the minister accused those on this side of the House of filibustering it. This first occurred in May when the bill had barely come to the floor of this House. The other day I asked him a question about this matter and he again said that those who chose to question him were filibustering the bill.

The minister brought in a bill of such doubtful value that all the farm organizations in western Canada which appeared before the standing committee called the bill into question and condemned it. We questioned representatives of the Canadian Wheat Board and the Canada Grains Council. We asked questions about how this bill would work. We asked what these payments were based upon, and figures were put before the committee to show how they were arrived at. We asked representatives of the grain co-operatives whether we could operate effectively without adequate amounts of grain in storage. The answer was no, we could not. In spite of all this, the minister plowed ahead. We asked him how the stabilization aspects of the bill would apply to co-operatives, partnerships and corporations which are now becoming common among farmers in western Canada. He did not have the answers, Mr. Speaker. Then he has the gall to

accuse those who question the effectiveness of his brainchild, of filibustering and obstruction.

• (8:40 p.m.)

The late C. D. Howe was not, perhaps, regarded as a great sugar-daddy in western Canada but he did appreciate the necessity of giving assistance in carrying the amount of grain which has to be carried if we are to market it effectively. The late Jimmy Gardiner saw the necessity for PFAA and put it into effect to meet the circumstances of the time.

This is all to be scrapped and in its place we are presented with the stabilization bill which will guarantee farmers the level of gross income of the last five years, a level which the president of the Alberta Wheat Pool says has dropped 44 per cent since 1967. We are to be guaranteed this level and we are to put up 2 per cent of the gross income of the western farmer to guarantee it: this is the trade-off.

The previous speaker discussed the legal aspects of what is now being done. I am talking also about the moral and economic aspects of these proposals. The Prime Minister (Mr. Trudeau) when he came to power talked of a just society—and this is the just society, a society in which they violate the moral and legal procedures of this country, a society in which they violate the moral economics of a large sector of this country!

At a time when there is a serious decline in income in part of the country they propose to remove the assistance which existed, and they do not propose to replace it. We have a Minister of Agriculture (Mr. Olson) who stands in this House when we are asking what is the program for western farmers, or for all the farmers of Canada so far as that is concerned. When we ask what provision has been made for the producers of food as against the provision made for those who manufacture and process in this country, the Minister of Agriculture says this matter will be dealt with commodity by commodity.

He should listen to the radio or read the letters I am getting from producers of potatoes, of hogs, of apples. They are in a desperate situation because of the surcharge which the United States has placed on many of their commodities. The Minister of Agriculture says this question be dealt with commodity by commodity, but with regard to what single commodity has he come into the House and said, since the surcharge was imposed, "On this particular commodity we are going to act". This is the just society!

An hon. Member: Just for Grits.

Mr. Gleave: Yes, just for Grits. If the government and the minister wanted to do something they would withdraw the stabilization bill. But even if the minister does not want to do that he should allow the payments which should have been made under the Temporary Wheat Reserves Act and distribute that money among the farmers. He has sent out a lovely lot of chits, little bits of paper, to all the farmers in western Canada. I have one. He said, in effects, "If I had paid you, you would have got so much money". Some of the farmers there took him seriously. Some of them said to me, "When do we get it?" I replied, "I don't know when you will get it; and if you do get it, it will cost you more than the amount of the cheque that you receive. It will be a bad deal". But the minister and the government persist in their refusal to carry out the law of the land, first; and, second, to carry out their moral obligations to the farmers of western Canada. In order to get a debate in the House—

The Acting Speaker (Mr. Laniel): Order. I regret to interrupt the hon. member, but the time allotted to him has expired unless he receives the unanimous consent of hon. members to continue. Does the House give unanimous consent to the hon. member to resume his remarks?

Some hon. Members: Agreed.

Mr. Gleave: Thank you, Mr. Speaker, and members of the House. I have almost completed my remarks. I merely want to say that in order to get a forum in which this matter could be debated, the House had to accept a motion under Standing Order 26 and receive a favourable ruling from the Speaker. We had to do this before we could bring before the people of Canada the injustice which is being visited upon western farmers.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, if the motion now under consideration is quite important for the western farming community, it is also for all Canadian farmers.

I would like to point out in the first place that both members, who moved the adjournment of the House in accordance with Standing Order 26, should be congratulated.

• (8:50 p.m.)

Mr. Speaker, the reason I am rising in this debate is that I want to show the solidarity which we should feel all across the country. In short, in view of the seriousness of this problem, we ought to make our contribution and urge the government to carry out these measures which have been voted by Parliament.

The Chair allowed this debate to take place because it recognized the seriousness of this problem, and this is the reason why tonight we have the opportunity to examine the situation which prevails in western Canada.

It will be remembered that Parliament passed an act intended to provide western grain producers with a guaranteed income, and that several million dollars were voted for that purpose. However, what is happening now? As a matter of fact the government is blamed for not carrying out that act, for not giving to the farmers, to the wheat producers of the Prairies the opportunity to benefit from that act. That is precisely the reason why the opposition has moved that motion in order to draw the attention of the government and of the public to the seriousness of that problem.

It seems more and more obvious to me that the farmers of the Prairie suffer from the fact that this act is not carried out. Indeed in a speech made on January 28, 1970

in Winnipeg at the annual meeting of the Canadian Federation of Agriculture the minister responsible for the Wheat Board announced a bright future for the western wheat growers.

At that time, if my memory does not fail me, the Canadian government had proposed acreage reductions in order to set up a quota system ensuring better control of the grain production in the West, and guaranteeing to grain producers not only decent prices but also incomes in relation with the amount of work they must spend on the operation of their farm.

At that time, this is what the minister told us:

> The future prosperity of our grain producers in western Canada requires a significant reduction of our present wheat surplus and the only way of achieving this objective is to carry out acreage reductions, and while reducing our wheat surplus we must also make sure we do not have surpluses of other crops.

Mr. Speaker, all of us felt that this policy could be beneficial, at a certain time, but we have had to realize that it was not so for the western grain producers or the eastern milk producers, nor for the swine breeders or poultry farmers or egg producers. At present, the situation is tragic. I believe the federal cabinet as well as those who are concerned with agricultural problems, are in a position to find that the situation is the same in eastern Canada, in the Maritimes, in Quebec and in Ontario.

In fact, many hog farmers lose money producing pork meat or breeding piglets because of transportation problems while cereals are sold in the east at impossible prices, with the result that production costs increase in the eastern part of the country without at the same time and in a normal way favouring western cereal producers.

This means that eastern farmers do not get the share of the national income to which their activity entitles them while grain farmers in the west are also the victims of a situation detrimental to their interests.

That is why we must work hand in hand to make the situation known to the government and ask it to apply the policy in which it believes since it made the Canadian Parliament vote those bills by showing that Bill C-239 aimed at ensuring some stability in the income of western grain producers.

Now, Mr. Speaker, Bill C-244 brought before Parliament in 1970 contained the following provisions:

> His Excellency the Governor General has recommended to the House of Commons the present measure respecting the stabilization of prairie grain sale proceeds; to provide for the calculation, authorization and rate of stabilization payments to actual producers resident in Canada; to establish the Prairie Grain Stabilization Account in the Consolidated Revenue Fund; to provide for a levy to be deducted from all grain sale proceeds; to provide for refunds of over-payments of levy and for the payment of the amount of any deficit including interest of the Canadian Wheat Board relating to the grain and pool period that closed or closes on or after July 31, 1970;...

Now, under the provisions of this bill introduced in the House as a prodigious means of assuring to western grain producers some guarantee of stability, we have deemed appropriate, as parliamentarians and after having received the proper explanations, to give it our agreement and, today, it is the producers themselves who complain about its non application.

Another legislation, Bill C-239, entitled "An Act to amend the Prairie Grain Advance Payments Act" was passed by this House, and I believe that it is the failure to implement this act which has incited the western grain producers to show their dissatisfaction with the situation, and with reason. In fact, the ministers concerned by the motion are directly responsible for this situation, and it is up to Parliament to seriously consider this problem so as to enlighten this government on this situation, so that a profitable solution be brought as soon as possible.

When there are farming problems concerning the western grain producers or the farmers in the Maritimes, in Quebec or Ontario—be it a matter of dairy products, egg production, fowl meat or pork—one would think that the Canadian government does not want to bother with it, and that is regrettable.

• (9:00 p.m.)

Mr. Speaker, we have recently seen conditions which could affect part of the Canadian people. I refer indeed to the American surcharge on Canadian imports. Now, the government immediately sought the advice of its legal advisers and of all its experts in order to develop a policy which would lessen the disastrous effects of that tax policy on Canadian imports.

I agree with the government that in such circumstances we must take very quick decisions and it is probably why the government introduced in the House the bill which we studied last week to ensure the stability of employment in Canada, as mentioned in the bill.

I agree with all that, but we must not neglect at the same time another form of economic activity in Canada, that is agriculture which not only affects the grain producers themselves, but also the organized trade, our cooperatives, our western and eastern beef producers as well as all other spheres of production in eastern Canada. In short, this policy could prove disastrous for the whole country if income security is not ensured all classes of our society.

I feel that in this debate, we should prove our sense of responsibility, and I trust that tomorrow perhaps the government will take the necessary steps to implement this measure and see to it that the western grain producers receive their due without delay.

Mr. Speaker, we live in a vast country, in which there are ten provinces, where various tongues are spoken. In eastern Canada, when Parliament passes measures favouring the western producers, we meet people who, perhaps for political reasons, take advantage of this situation and tell Quebecers or New Brunswickers: "All your tax money is going out to western Canada". And today, we see that western farmers make representations in this House and say to the government: "We have not received what we were entitled to under the law".

Western farmers are dissatisfied and at the same time eastern farmers are displeased because they were told that all the money is going to the west. Enough is enough, Mr. Speaker. We have to lay our cards on the

table and prove to Canadians that we in Parliament are assuming our responsibilities towards both eastern and western Canada, and that we are trying to be wise, honest and fair towards all provinces. That is how we will achieve the unity which must prevail in Canada.

I for one, as a producer of eastern Canada and as a member, felt it my duty to support the demands contained in the motion and to associate myself with the hon. members who are willing to describe a disastrous situation for the producers of western Canada, without blaming nobody in that part of the country, but trying at the same time to make the government understand that there are also in eastern Canada problems which are generated by the prevailing situation in Western Canada.

• (9:10 p.m.)

Only last week I received representations from mill owners and co-op representatives who are unable to find supplies in a normal way and at competitive prices because of those that are set today on the international market. The result of this is increased production costs for eastern producers who in turn will have to turn to the federal government and ask for special legislation in order to get the protection that will allow them to derive reasonable income from their farm or herd operations.

If we all make a serious attempt here in Parliament to find the proper solutions to our agricultural problems, and this without discriminating against any area of this country, we will be known as men of responsibilities, and this is sure to be felt among the population. This will enable us to continue building a better country in which to live and where all social classes, the farmers included, will get their fair share of the national income.

For this reason I support the motion and I ask the government to take the necessary steps to bring justice to our grain producers in western Canada.

[*English*]

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker this debate began with a motion which re-cited, in the first place, a serious income problem among farmers in western Canada. There is no doubt at all about the seriousness of that problem. It is for that reason that I witness here tonight, with particular regret, a continuation of the attempt by hon. members opposite, particularly the prairie members among the Conservatives and NDP, to make political capital out of the plight of the western farmer.

Some hon. Members: Oh, oh!

Mr. Lang: They attempt in this House to block and filibuster every measure that is brought forward to help the prairie farmer, and in committee they do the same. Then out on the prairies they take credit, on the one hand, for stopping some imaginary plan of the government's and, on the other hand, they blame the government for not acting on and proceeding with the very legislation which they block in this House and prevent from going through. Prairie members among the Conservatives and NDP also make it a full-time occupation to go among the farmers and spread gloom and doom in every way they know. The problems of the prairie farmer are very real in a world of low grain prices, subsidized competition and rising costs, without the doom and gloom spreaders working among the farmers to create additional feelings of despair.

I have nothing but contempt for those who, having heard the government time and time again say in this House that it is going to do everything it can to make the agricultural industry as efficient and as effective as possible for as many prairie farmers as possible, then go to the prairie regions and talk about some government plan for taking farmers off the farms. As I said, I have nothing but contempt for that kind of doom and gloom, this spreading of despair and deceit.

One of the things which caused the greatest difficulty for the prairie farmer was that over the years government after government had been afraid to tackle problems relating to agriculture. They had been afraid because they worked on a simple political maxim which was far too simple, namely, that doing nothing is far safer than trying to do something to correct a difficult problem.

Since my association with this government and my connection with this particular problem I have been determined—and my colleagues were ready, fully, to join with me in this—to try to tackle the problem and solve it, so that when we had finished the attempt the situation would be better than before, so that in legislating there might be left in years to come some improvements, whether in the quota system, the system of stabilization or the Market Development Fund, which would be permanent. What we want to do is to put the acreage of the prairies to better use.

The hon. member for Calgary North (Mr. Woolliams) went through a litany of what the Conservatives had done for the prairie farmer over their many years in office. He found two items: the Wheat Board and cash advances. He did not remember to say that the Conservatives in their day had indeed set up the Wheat Board but had left it as a mere puff without power until the Liberal government gave it some power and gave it the ability to sell farmers' grain.

Some hon. Members: Hear, hear.

Mr. Lang: I quite agree with him about the merits of the cash advance system. In fact, the one thing that I can find in the Conservative record which remained to help the prairie farmer more than a year or so after it had been legislated and put into existence is the cash advance measure. Of course, in the case of the cash advance we found it and we doubled it.

Some hon. Members: Hear, hear.

Mr. Lang: Members of the opposition in recent weeks have been reacting with surprise to the fact that it is the intention of this government to repeal the Temporary Wheat Reserves Act as of July 31, 1970. We indicated our

general approach to prairie farmers in October, 1970. The bill containing the formal proposal appeared in this House for first reading on April 29. The hon. member for Calgary North, who learned his law at a great law school, recited the statutes but he did not have the fairness to admit that the moment Bill C-244 is enacted into law, the Temporary Wheat Reserves Act is repealed effective July 31, 1970 and $100 million can be paid out to the farmers. Farmers would then be far better off than if anything else had been done in this area for them.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lang: Hon. members opposite saw before this House three important pieces of legislation directly related to grain appearing for first reading, for second reading and for further processing during the course of April and May of last year. What did they do? In the case of the cash advance legislation, they spoke for something like three days of House time, valuable as it is, saying one after another that they agreed with the bill, but saying it for three days. That is the kind of approach that they take to House time in terms of delaying. They knew they were delaying the bill which was to come next, which was Bill C-244. Look at the record on Bill C-244—once again meandering speeches not dealing with the merits of the bill but dealing with the agricultural situation generally and going on for days. Then, in committee, we witnessed delaying tactics such as one had never seen before.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. The hon. member for Vegreville wishes to rise on a point of order.

Mr. Mazankowski: I wonder if the minister would agree to point out to hon. members that a mere 12 hours was spent on Bill C-244 in the House and something like—

Mr. Deputy Speaker: Order, please.

Mr. Lang: I can only gather—

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. Is the hon. member for Battle River rising on a point of order?

Mr. Downey: Thank you, Mr. Speaker. I am wondering, Sir, if it is not within your power to protect the members of this House from this distortion of fact and this inconsequential drivel.

Some hon. Members: Hear hear!

Mr. Deputy Speaker: Order please. With respect I might indicate to the hon. members who have risen on points of order that they are really questions of debate.

Some hon. Members: Hear, hear!

Mr. Lang: I think you must agree, Mr. Speaker, that this shows the hon. member for Vegreville (Mr. Mazankowski) is not in the House often enough because he does not know how many days 12 hours makes.

An hon. Member: Shame.

Mr. Mazankowski: Mr. Speaker—

Mr. Deputy Speaker: Order please. Will the hon. member resume his seat, please.

Mr. Mazankowski: Mr. Speaker, I wish to rise on a point of privilege. The dates are recorded here. I have them before me if the House would permit me to read the dates—

Mr. Deputy Speaker: Order please. I think we are embarking on a debate on points of debate, and I know that the hon. member for Vegreville will have an opportunity to speak shortly. I now recognize the minister.

Mr. Lang: I know that hon. members will agree that sometimes when speaking about the problems of the prairie farmer I get carried away and excite a certain amount of reaction from the other side of the House. I apologize for doing that, although the cause deserves every bit of vigour that it can be given.

When Bill C-244 finally got through committee after having been held up, particularly by members of the NDP—not those from Saskatchewan who were busy campaigning but several others who remained here from other parts of the country to block the bill we tried to move it forward in every way we knew. A technical objection by an NDP member prevented it from coming on for first and second reading in its ordinary course. Then, when we finally got to the bill on June 22, unfortunately the night before a provincial election, we moved for an extension of time, and hon. members opposite, who say they are so concerned about prairie agriculture, stood and refused to allow an extension of time that night. They refused to let the bill be debated.

Some hon. Members: Shame.

Mr. Lang: Hon. members opposite have not said yet, and I am waiting to hear from them, whether they would prefer the Temporary Wheat Reserves Act payment instead of the $100 million payment under Bill C-244 because the Temporary Wheat Reserves Act payment, at a cost of $60 million to the treasury, would have meant the transfer to the farmers of $40 million in June of this year.

Some hon. Members: Oh, oh!

An hon. Member: Put your feet on the floor and your head over the clouds.

• (9:20 p.m.)

Mr. Lang: The stabilization bill will mean a transfer of $100 million. The only farmers who would be better off by the payment of the $40 million which they would have received under the Temporary Wheat Reserves Act instead of the $100 million they will get under Bill C-244 when it becomes law are those farmers who delivered in 1969-70 over 10,000 bushels of wheat. Only those with the

very largest farms, with whom members opposite often refuse to have anything to do, would have benefited. Those with smaller farms will get something like two to three times as much money under Bill C-244. I hope that we will soon again be dealing with Bill C-244 in this House. I only ask that hon. members allow the issues therein to come to a vote. It has been their tactic to avoid this happening, and this should not be allowed to happen again. The money can be paid out as soon as that bill becomes law.

As the minister responsible for the Canadian Wheat Board, I have been trying to do many things.

Some hon. Members: Pay up.

Mr. Lang: I have been unwilling to stand pat. I have been unwilling to leave things alone for fear of the political consequences to me. Hon. members opposite regularly have been saying that in the next election I will be defeated.

Some hon. Members: Hear, hear!

Mr. Lang: They are now saying, under the leadership of the hon. member for Peace River (Mr. Baldwin), who would have made a fine house leader for Machiavelli, that I should be in jail. Well, Mr. Speaker, let me tell you that I am going to go on fighting for the western prairie farmer, trying to do things I know will help him.

Some hon. Members: Hear, hear!

Mr. Lang: I am going to fight for his causes every way I know how. I am going to try to do things quickly, and sometimes take short cuts to do them instead of being held up in a legal morass. And, Mr. Speaker, hon. members opposite cannot prevent me from doing everything that I know how to help the prairie farmer by frightening me with threats of jail or defeat.

Some hon. Members: Hear, hear!

Mr. Lang: Indeed, Mr. Speaker, I would gladly go to jail in the cause of the prairie farmer.

Some hon. Members: Hear, hear!

Some hon. Members: Carried.

Mr. Lang: Mr. Speaker, what hon. members opposite will not refer to, what hon. members opposite are trying to cloud over is the fact that improvements are being made, and that last year we did accomplish a year of record grain exports from the prairie region.

Some hon. Members: Hear, hear!

Mr. Lang: Against their gloom and doom, I say that there are real problems which we must face and which we must tackle. I say that we must expand sales in every way we know how.

I am happy to say that to this point this year exports of Canadian grain are running ahead of the levels of last year, even though last year we set a record.

Some hon. Members: Hear, hear!

[Mr. Lang.]

Mr. Lang: Mr. Speaker, on March 15, when I introduced the final statement for the year, which was the basis for the stabilization bill, I indicated to the House that in my view while we were taking vigorous action to promote sales, while we were doing a variety of specific things to put treasury money into the hands of the prairie farmers, notwithstanding all that, we must continually examine the question of whether the prairie farmers' income at that point in time at the end of any program is adequate. I believe that examination must go on, and I will fight for that examination to take place. I will fight for steps to be taken to help the prairie farmer in every case that this can be done.

Some hon. Members: Hear, hear!

Mr. Lang: Mr. Speaker, members of t' Conservative party from the Prairies met not long ago in Saskatoon and unanimously endorsed their support for the Canadian Wheat Board. But having done that, they moved a resolution which really effectively suggested that it have its legs and arms cut off, and that it go about the world as a eunuch.

Some hon. Members: Oh, oh!

Mr. Lang: They said, "We want the Canadian Wheat Board, but take away all its powers. Let us retain the Canadian Wheat Board, but let it only deal with the quotas and the transportation system," which is the equivalent of saying, "Let it stop being a seller of Canadian wheat, let it go as a protector of the farmer in the orderly marketing of wheat."

Mr. Deputy Speaker: Order. I regret to interrupt the minister but I do so to advise him that his time has expired.

Some hon. Members: Carry on.

Mr. Deputy Speaker: Order, please. The minister may, of course, continue if there is unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Mr. Lang: Thank you very much, Mr. Speaker. I much appreciate the indulgence of hon. members. I should very much like to review in full the many things we have done for the prairie farmer, but I will only touch briefly on some of the highlights. Hon. members opposite are not mentioning the fact that we have record sales.

The Conservative party does not mention the fact that last year's record compares with totals in the range or averaging just over the 400 million bushel sales they had during their years in office from 1957 to 1963. Last year, the figure was 696 million bushels, compared with their average of just above 400 million bushels, a fantastic difference.

Some hon. Members: Hear hear.

Mr. Lang: In the years when they had something to do with the government we saw, with respect to barley sales, our entry into the world feed grain market gradu-

ally dwindle into insignificance until, in the final year 1962-63, only 15 million bushels of barley were exported. Yet these are the people who say that we should be aggressive sellers. Mr. Speaker, the first thing we did was to say to the Canadian Wheat Board, "We will guarantee you credit as you sell grain throughout the world. We will assist you with a partial payment of interest if you have to reduce interest rates when you are selling to developing countries."

With that kind of help they moved into markets like Syria and Egypt, where they had never been previously, and back into Brazil, the Phillipines, and Peru where they had not been for years. That is the kind of action that contributed to record sales last year.

Some hon. Members: Hear hear.

Mr. Lang: We were also being told by some observers, some of the experts, that there was no real place for Canadian feed grain in the markets of the world. We said that need not be so. We said to the Canadian Wheat Board, "You go out with all the vigour you can, and look for a barley market." They have gone after that market. In the very first year of doing so our exports went up to 84 million bushels, and last year moved up to 172 million bushels.

Some hon. Members: Hear hear.

Mr. Lang: We need to be in the feed grain markets of the world, and we expect to assist in the additional research necessary to improve that grain or to develop other grains in order to keep ourselves in the forefront of those markets. For this reason, there was recently announced the establishment of the Crop Research Institute at the University of Saskatchewan in Saskatoon to augment, as a result of fundamental support from the National Research Council, research into the kind of grain which can be grown for better markets in the world. At the same time, we set up the market development fund as a sales weapon leading to a flexible approach to selling which will allow us to support Canadian businesses wanting to go into flour milling or rapeseed milling abroad. By doing that, perhaps they can assure a better access to the market for Canadian grain and lead to a future of greater sales.

• (9:30 p.m.)

Mr. Lambert (Edmonton West): What about wheat and the law? That is the question.

Mr. Lang: In the case of the handling and transportation system, we have launched a vigorous series of studies into the changes that may be necessary. We refused to sit still and say that it is a dangerous question to touch. I say that if there is a way to say to the prairie farmer that he can save a significant amount of money, I want to get at the facts even if the gloom and doom sayers over there will spread threats and notions of disaster from the very fact that we are trying to do something to make it possible for the prairie grain farmer to market his grain at lower cost. What we have said in connection with the studies, how this present handling system works and how alternatives can work—alternatives like cleaning more grain on the Prairies and shipping it to the coast by unit train—we have said in connection with those studies, and the government has taken the policy decision, that any change which could be made in that direction should be made only with the full support of the producers. We have also said that when such change is made the bulk of benefit must be allowed to go back to the producers. We said that in favour of the prairie farmer in terms of his grain deliveries—

Mr. Lambert (Edmonton West): This is all irrelevant to the question.

Mr. Lang: Mr. Speaker, Bill C-244 will shortly be before the House again. When it is, I ask hon. members opposite to look at it fairly and to allow us full time to pass that bill and get the $100 million into the hands of the farmers.

Some hon. Members: Hear hear!

Mr. Lang: There is no doubt, and there never has been any doubt, about the fact that what we have been doing with Bill C-244 was, in terms of 1970-71, attempting to take the $60 million which the Treasury might otherwise have spent under the Temporary Wheat Reserves Act, to add $40 million new money, and pay the total to the grain producers as $100 million instead of $60 million. As far as the rest of the program is concerned, it meant the assurance of a contribution by the Treasury of more money through the stabilization fund than would have been available to the farmer under the Temporary Wheat Reserves Act in future years.

Mr. Peters: That is not true; you know it is not true.

Mr. Lang: It is certainly true.

Mr. Peters: It is not. The maximum would be $40 million.

Mr. Deputy Speaker: Order please. The hon. minister has the floor.

Mr. Lang: I am sorry, Mr. Speaker. The hon. member for Timiskaming (Mr. Peters), who was so busy blocking things in committee, obviously never found out that there is no limit to the government's contribution.

Some hon. Members: Hear, hear!

Mr. Peters: There is a limit, and you know that.

Mr. Lang: Mr. Speaker, if exports could be brought up to the one billion bushel level, which I think we have to start taking as our target before long, and if sales can amount to the $2 billion level, under the bill the government of Canada is committed to pay 4 per cent of 90 per cent of those marketings into the fund, however high that rises. In addition, if at any time the stabilization fund does not have enough money to bring the producers' income up to the previous five year average, under the bill the government of Canada is committed to lend to the fund, interest free, whatever amount of money is required to make that kind of payment. The Temporary

Wheat Reserves Act was going to become far less important to the farmer in the future because we were not going to allow wheat to block the elevator system to the extent that grain could not effectively be moved to market. Moving the grain to market is the prime function of the handling system, not being blocked with grain. That is why—

Mr. Deputy Speaker: Order, please. The hon. member for Yorkton-Melville (Mr. Nystrom).

Mr. Nystrom: I wonder if the hon. Minister would answer a question at this time, Mr. Speaker.

Mr. Lang: Mr. Speaker, I have some confidence that at the rate I am going I will answer all his questions before I am finished.

Mr. Knowles (Winnipeg North Centre): Is that a commitment?

Mr. Lang: It is because of our belief that the handling and transportation system must be allowed to get grain to market that we must be prepared for a maximum year. We cannot afford to have one bushel of grain standing in the way of the rapid movement of grain. Because of that, for the first time in a long period farmers in the prairie region found this year that they were able to deliver a little bit of grain once again from their combines to the elevators at harvest time instead of finding the system plugged with grain on August 1. I would like to explain to members from other parts of Canada what a nonsensical system that was. We used to find the elevators plugged with grain on August 1. Farmers would have a great crop ready to be harvested in the month of September and the elevator system would be plugged so that not an additional bushel of grain could be added. We said that there had to be some sensible approach to inventory. In saying that, in the Lift program we added $60 million to the income of the prairie farmer to help him make an adjustment to his inventory.

That was not an easy program, Mr. Speaker, and my advisers told me to take another year or two before doing that. I said that we could not wait, that we had to get our handling system into shape and supplies of grain into the proper place as rapidly as possible because of the tremendous need to get additional income into the hands of the prairie farmer. I told my advisers that there are only two places where the prairie farmer who sells his grain is going to get his income; one is from his sales and the other is from the Treasury. I said that try as any of us might, there is a finite and very real limit to what can be obtained for the prairie farmer from the Treasury at any time and that, therefore, the tremendous drive must be to sell more grain, to get our grain out into the world.

I am sorry to take so long, Mr. Speaker, and I pray the indulgence of all hon. members, but I should like to say a few words about why the Temporary Wheat Reserves Act was therefore going to be worth so much less. Just by getting a little reduction of wheat in the system, a little space in the system, just by making a little room for rapeseed which was becoming a very important crop and just by making a little room for barley which we said we had to market into the world, this year the Temporary Wheat Reserves Act would have dropped in value to only $26 million and by next year the amount would have been very insignificant indeed. Against that we built in these commitments without limit—a commitment, I say to the hon. member for Timiskaming without limit—to 4 per cent of the 90 per cent of the crops marketed by the prairie farmer, into the stabilization fund to be paid out to the farmer in those years when he has his greatest difficulty. With regard to the bill that has been in the House and before the committee, I find that I owe a tremendous debt—

• (9:40 p.m.)

Some hon. Members: Hear, hear.

An hon. Member: Pay up, Otto, pay up.

Some hon. Members: Oh, oh.

Mr. Lang: —of gratitude to my colleagues on the Liberal side of the House who represent constituencies in the Maritimes, Ontario, Quebec, British Columbia as well as members from the prairie provinces. I am thinking particularly of those members from parts of the country other than the prairies, who sat through the irrelevancies of hon. members opposite in the House and in committee and who helped to get this bill to its present stage, the report stage. I thank them on behalf of the prairie farmers. I want to say to them that I will try to inform the prairie farmer of the efforts made on his behalf, of the attitude they have expressed towards his problem and of the growing understanding that they are helping to bring across this country regarding the real problems of the prairie farmer.

Some hon. Members: Hear, hear.

Mr. Deputy Speaker: Order please. The hon. member for Wellington has risen, I think, to ask a question. Other hon. members wish to be recognized. I will recognize first the hon. member. May I remind all hon. members in the chamber that the minister, of course, will have to indicate whether or not he is prepared to answer questions. That being so, I will recognize the hon. member for Wellington.

Mr. Hales: Mr. Speaker, I wish to ask the minister a question, if he will answer. Is he agreeable?

Mr. Lang: Yes.

Mr. Hales: I am not a prairie farmer but I wish to ask the minister this question. Does he not agree that legislation passed by this House and on the statute books of Canada should be enforced until such time as it is amended or repealed by other legislation?

Mr. Lambert (Edmonton West): That is the question.

Mr. Lang: Mr. Speaker, that is an easy, general question to answer in the affirmative. In this particular case, having announced the government's policy of repealing the Temporary Wheat Reserves Act effective July 31,

1970, and substituting therefor the $100 million payment under the stabilization bill for that same crop year, we could fairly easily have in fact made the payment to the Wheat Board.

An hon. Member: Why did you not do it?

Mr. Lang: We could have done that with the intention that upon the enactment of the bill, the amount indicated would have to be repaid by the Wheat Board to the government of Canada, in which case the Wheat Board would have had to carry that in the contingency fund. If I had done that, I think some hon. members opposite might have dragged the Wheat Board into partisan political debate and I thought it might be better to have that partisan political debate aimed at myself rather than at the Wheat Board. I believe, above all that, with the hidden enemies of the Wheat Board which are located over there in this House—

Some hon. Members: Oh, oh.

Mr. Lang: —that the Wheat Board should be protected.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please.

Mr. Lambert (Edmonton West): The minister wears the halo of a confused martyr with all that rectitude.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the minister in charge of the Wheat Board. Can he tell the House by what legal authority, order in council, minute of the Treasury Board, or what have you, the government has refrained from paying the money set out in the Temporary Reserves Wheat Act and, in particular, since he has referred to the fact that Bill C-244 was introduced on April 29, 1971, by what authority were those payments not made between August 1, 1970, and April, 1971, when they were required to be made on a monthly basis under the provisions of Chapter 2 of the statutes of 1956?

Mr. Lang: Mr. Speaker, when this House speaks in enacting Bill C-244, as it will presumably if the opposition will allow that to happen and as the government intends and proposes—

Mr. Lambert (Edmonton West): But the minister has no right to anticipate that.

Mr. Lang: —then the effect of that law will be the removal of the Temporary Wheat Reserves Act as of July 31, 1970. It was on the prospective implementation, therefore, of this bill that the government acted to carry out what would be the proper result the moment that bill is passed. I indicated that we could, indeed, have made the payment and have held the money in trust for return, but I had good reason for thinking that that was not necessarily the most desirable course to recommend. I think the key question when this bill comes to this House again will be whether hon. members, who have seen it approved in this House on second reading and seen it approved in committee as we ran through it clause by clause will allow the question on the bill to come to a vote, so that the $100 million can go to the farmers.

Mr. Lambert (Edmonton West): That still is no answer.

Mr. Knowles (Winnipeg North Centre): It seems difficult for the minister to answer my specific question, namely, what authority the government has for its action. May I ask the minister if he is aware that in 1968 the government imposed and collected a 5 per cent surcharge, on the premise that Parliament would pass it, only to discover that Parliament defeated that bill? What position will the government be in if Bill C-244 does not pass?

Mr. McGrath: Try that one on for size.

Mr. Lang: Mr. Speaker, I am optimistic that before long we will have an answer to that question.

Some hon. Members: Oh, oh!

Mr. Lang: If the hon. member's hypothesis were to materialize, I am sure he can imagine some of the answers which would follow. I expect, before long, that we will resolve the issue and answer the question.

Mr. Lambert (Edmonton West): The minister did not have the right to assume what he assumed.

Mr. Deputy Speaker: Order, please. I believe that there will be a forum tomorrow morning at eleven o'clock in which questions might be asked. Having said that, I gather there is a general inclination among hon. members for this matter to be pursued. I think it would be fair if I were to recognize the hon. member for Skeena (Mr. Howard) on a question only and then go to the hon. member for Vegreville (Mr. Mazankowski), because he wants to participate in the debate.

Mr. Howard (Skeena): Mr. Speaker, if I could expect an honest and sensible answer, and I doubt that I could get it, I would ask a question. I have no intention of asking a question. I wish to engage in debate.

Mr. Deputy Speaker: Order, please. I thought the hon. member wanted to ask a question. The hon. member for Vegreville.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I welcome the opportunity of seconding the motion proposed by the hon. member for Calgary North (Mr. Woolliams). Of course, I welcome the opportunity to enter this debate. The effort of bringing this matter before this distinguished chamber for consideration has been trying and exhaustive. It is not often that I have the opportunity of following the minister in charge of the Wheat Board.

An hon. Member: Where are you going, Otto?

Mr. Mazankowski: The minister really did not enlighten us on this issue. He came up with the same old clichés about filibusters and obstructionism. It was obvious from the outset that he was fighting for his political life.

Mr. Peters: And he lost.

Mr. Mazankowski: He avoided completely the issue outlined in the motion. He also reminded us of this government's arrogant acts in taking shortcuts at the expense of the farmer and at the expense of Parliament.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I say, Mr. Speaker, let the minister bring forward legislation that will help the farmers and not the bureaucrats, and we will support it.

Some hon. Members: Hear, hear!

Mr. Mazankowski: The farmers in my area are concerned about this matter. He should also tell the Prime Minister (Mr. Trudeau) that this is not the time for flowers and that it is not the time for kisses. The farmers are sick and tired of hearing grandiose, campaigning, misleading facts such as were completely distorted by the minister in his exposé this evening. The minister talked about record sales. He again failed to tell the full story, because the producer marketings of wheat during this crop year were only 387 million bushels, the lowest total in 15 years and at the lowest price in 17 years.

• (9:50 p.m.)

Some hon. Members: Shame!

Mr. Mazankowski: Hon. members know very well the value of a dollar today compared to what it was 15 years ago. That is what matters; that is what is bothering the farmer. According to DBS figures, the net realized income in prairie Canada amounted to $1.12 billion in 1966. This figure has progressively declined. In 1970 the net realized income in prairie Canada, the prairie farm economy, amounted to $500 million. That is the kind of language the farmers understand, not the propaganda that this minister is spreading thoughout the country.

Some hon. Members: Hear, hear!

Mr. Mazankowski: The minister talked about $60 million owing from the Consolidated Revenue Fund. Here again there is an inaccuracy. It is $61,600,000 for the crop year 1970-71, plus an additional $26 million for the crop year 1971-72. That is closer to $90 million, Mr. Speaker. No wonder the minister is fighting for his political life and going about the country spreading stories of this kind.

I say at the outset, Mr. Speaker, that I commend you on your decision to allow this debate to take place. I appreciate the fact that you gave this matter very sincere consideration. I know that those who are affected by the inadequacies of this government and the failure to discharge its responsibility will very much appreciate your ruling. I know that Canadian grain farmers will be pleased. All Canadians, even Liberals, will be pleased, especially those who have fears of being trampled on and being ridden over roughshod by this government—because, Mr. Speaker, in this debate we have a very basic and fundamental issue to consider. That issue is the deliberate and calculated failure of this government to carry out its administrative responsibility pursuant to Canadian law. That is the fact of the matter.

[Mr. Peters.]

Some hon. Members: Hear, hear!

Mr. Mazankowski: Over the past week or so I must admit that I have become somewhat perplexed and bewildered with the machinery of Parliament because every conceivable approach had to be taken before this matter could be brought before the House. Questions produced non-answers and attempts to adjourn in order to debate the problem were not allowed. One cannot help becoming frustrated when one understands the situation and is in touch with it every day on returning to his constituency.

If rules and procedures become so defined and so rigid that an issue of such magnitude cannot be ventilated and debated in this House, perhaps it is time for reassessment. I cannot help being reminded of the statement of a distinguished member at the Eighth Caribbean Commonwealth Conference which I had the privilege of attending. He quoted a former Speaker of the House of Commons as follows:

> Today mankind has two alternatives, free and orderly discussion in Parliament with majority rule or fighting in the streets.

Some hon. Members: Hear, hear!

Mr. Mazankowski: If a question involving the administration of laws created by parliamentary democracy cannot be properly debated, it will be a sad day for Canada, for Parliament and for the system of parliamentary democracy. Throughout my experience in this chamber I, together with many other members of this House, have witnessed an increasing government disregard of laws established by Parliament. We have witnessed the deliberate downgrading of this institution. There are many examples of this. I am sure other members who will be participating in the debate will adequately deal with them.

Never have I seen, and never did I expect to see, a government so blatantly and contemptuously refusing to carry out its administrative duty, a duty which is imposed by Canadian statute passed by Parliament, a law which remains in force and will continue to remain in force until Parliament in its wisdom sees fit to rescind it. That is the basic issue, Mr. Speaker—not the bunch of hogwash we hear from the minister.

Some hon. Members: Hear, hear!

Mr. Mazankowski: That fact is so elementary that one could never have conceived that this situation could occur. It is a disgrace and a shame. After all, if governments cannot conform with the law, how in heaven's name can anyone else in society be expected to do so? The hon. member for Calgary North (Mr. Woolliams) stated that farmers were being penalized for the interprovincial movement of grains. They are being charged under the statutes covering the Canadian Wheat Board. The government is breaking its own law. How can society be expected to abide by laws if the government will not live up to them? This fact is so elementary, basic and fundamental that it is completely beyond my comprehension to understand the government's attitude.

The minister talked about the stabilization bill and filibustering. Those seem to be the only two words he knows. They are almost the only expressions he uses. He has failed to tell Parliament and the people of Canada that this stabilization bill is a measure that the farmers do not want. I ask the minister, through you, Mr. Speaker, how many letters he has received in support of the stabilization bill. Today I talked to a member of the Saskatchewan Wheat Pool. He said he has yet to receive one letter asking for expeditious passage of the stabilization bill. I personally have received 4,200 letters demanding that I oppose this measure.

Some hon. Members: Hear, hear!

Mr. Mazankowski: The farmers further state that if I allow Messrs. Lang and Olson to bamboozle me and other members of this House, I am not fit to be a Member of Parliament. That is the issue, Mr. Speaker.

The hon. member for Calgary North outlined the legal obligations which the Minister of Finance (Mr. Benson) and this government have under the provisions of the Temporary Wheat Reserves Act. What does the minister say about this? I heard him speaking on television the other day. He said it is nothing; he sloughed it off as nothing more than a trivial technicality. He said it is merely a simple bookkeeping entry. What a bunch of hogwash! As far as the farmers are concerned, this is a major flouting of the Canadian law. The payments should be made forthwith to the farmers, the producers of this country.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I do not want to bring officials of the Canadian Wheat Board into a partisan debate, but I owe it to the House to place on record some of the comments that were made by commissioners of the Wheat Board when they appeared before the Standing Committee on Agriculture. I quote from issue No. 58 of Thursday, June 10, 1971. In anticipation of the fact that perhaps through technical or mechanical difficulties Bill C-244 would not be passed prior to the adjournment of the House, the hon. member for Crowfoot (Mr. Horner) put this question to Mr. Treleaven:

• (10:00 p.m.)

MR. HORNER: How has the Temporary Wheat Reserves Act worked in the past? Has it always worked in retrospect like that?

MR. TRELEAVEN: Based on the commercial stocks of wheat on July 31, an accounting was submitted to the government and an invoice to the government, for the amount of the payment. Now that total payment would then be pro-rated over two pools, the one that was immediately finished and the one that was coming or the current pool. We have done that, of course, this year in the normal manner, but we have not received any funds from the government with respect to the Temporary Wheat Reserves Act.

Another question asked by the hon. member for Crowfoot was:

If for some reason or another this House adjourns on June 30 and in light of other prominent and important government legislation and budget debate we do not proceed with passing Bill C-244 purely because of the mechanics of the time involved, and we did not get on to passing it until next fall, then the government pretty well would be duty bound to pay that $60 million at the July 31 date. Am I correct in that? By the law of the Temporary Wheat Reserves Act, July 31 would go by and they would pretty well have to submit that $60 million to the final pool account or to the Wheat Board?

MR. TRELEAVEN: I do not know whether I can comment on the liability or the responsibility or the duty of the government in this respect, but under the existing legislation, yes, the money is due to the Board until such time as the legislation is repealed.

That is the crux of the matter. The Temporary Wheat Reserves Act is still law. It has not been rescinded and it will not be rescinded until Bill C-244 has been passed.

There is another quotation I should like to place on record from the proceedings of the same committee.

MR. KORCHINSKI: So, in effect, if we reach July 31 without the repeal of the Temporary Wheat Reserves Act and the government has no authority to withdraw that act, they would be obligated to pay, because it is an Act of Parliament that approved it and it would be expected. Would you have to make a supplementary payment then to cover up this amount that would normally not go out?

MR. EARL: It is the only way we could do it. We would have to make another payment for that amount of money.

That is what the debate tonight is all about, the government's continued refusal to live up to its obligations morally and legally under the provisions of the Temporary Wheat Reserves Act. Now, the minister says it is perhaps better to pay out $100 million and call it a transitional payment rather than the $90 million. If this is what he would like to do, why does he not bring on legislation in that form and we will pass it. There will be no delay provided there are no strings attached as in the case of Bill C-244. If the payment under the Temporary Wheat Reserves Act had been made to the Wheat Board, and subsequently distributed to farmers, it would have meant an additional 9½ or 10 cents a bushel which farmers would have received for their grain and this would have raised the net income of the producers. This is what is troubling the farmer, not the question of the large wheat and barley sales at fire-sale prices. It is the question of net realized income which is striking at the very heart of our grain producers.

Instead, the minister proposes to push along with Bill C-244 and use this fund as a bribe to sell a piece of legislation which is the equivalent of a program of welfare assistance which would merely stabilize the incomes of farmers at poverty level. I use the word "bribe". It is not often that anyone is bribed with his own money but it is the case in connection with the Temporary Wheat Reserves Act. As I have said before, every Member of Parliament from western Canada who is associated with the Agriculture Committee has received literally thousands of letters demanding that we object to the passage of the stabilization bill because it is not what the farmers want or need, and this is what the opposition is trying to do. We are the ones who are trying to preserve the interests of the farmer and seeking to prevent Messrs. Olson and Lang from selling the farmers down the river.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I cannot understand why this government continues to perpetrate measures of this kind on

the farmers. Why does this government hate farmers? Why is it so blunt and so contemptuous? Farmers are not stupid today. They know very well that the money under the Temporary Wheat Reserves Act is due and payable to them. They know they are being forced into taking Bill C-244. Farmers also know that the two ministers concerned, the minister in charge of the Wheat Board and the Minister of Agriculture (Mr. Olson) are only playing politics. They also know that the minister in charge of the Wheat Board is supposed to be the custodian of the farmers' interests when it comes to purchasing, shipping, storing and the marketing of wheat. But the present minister has sold the farmer down the river. The Wheat Board is supposed by statute to act in the best interest of the farmer. Under the present minister this has not been achieved. I say: what a shame.

The Minister of Finance (Mr. Benson) and the Minister of Justice (Mr. Turner), as my hon. friend from Calgary North (Mr. Woolliams) pointed out, are both in the same boat. But certainly one would expect that the minister in charge of the Wheat Board, coming as he does from the Province of Saskatchewan, would be more sympathetic towards farmers than he has shown himself to be tonight. He has acknowledged that farmers are critically short of cash, then he cripples them further by failing to distribute these funds. These funds should have been distributed last June. The Minister of Agriculture has not provided leadership either, as was apparent from the terms of the Employment Support Bill to which the House gave second reading last week. He knows very well that 1970-71 has been a bad year, yet all we hear are statements about the grandiose sales the ministers have been making. All that really matters is how much grain farmers have been able to market. Let me repeat statistics which have been prepared by the Alberta Wheat Pool which indicate that marketing for 1970-71 was the lowest in 15 years with the exception of one year, and at the lowest prices. It is no wonder we are experiencing a massive exodus of farmers from their land. They have to contend with the weather, with the depradations of insects and with the effects of international competition, yet the minister sits back and smiles and the Minister of Agriculture joins him.

The Acting Speaker (Mr. Laniel): Order. I regret having to interrupt the hon. member but the time allotted to him has expired. He may continue, of course, if he has unanimous consent. Does the House give unanimous consent to the hon. member for Vegreville to pursue his remarks?

Some hon. Members: Agreed.

Mr. Mazankowski: Thank you, Mr. Speaker, and hon. members. I will conclude as quickly as I can. The minister of Agriculture and the minister responsible for the Wheat Board sit back in their places and smile because this is their way of solving the agriculture problem by removing two-thirds of the farmers from the land. I call it occupational genocide. I say that this government's farm programs are a total flop. The minister in charge of the Wheat Board knows this, the Minister of Agriculture knows this and all the western Liberal members know this as well. I do not know why they do not admit it and scrap these socialistic and bureaucratic schemes created with the aid of bureaucratic economists sitting on high in their ivory towers. Why do they not scrap these programs? Let me tell you why they do not. They just do not care about the farmer, and neither does the Prime Minister (Mr. Trudeau). Let me conclude on this note, Mr. Speaker. These two junior ministers are merely serving as puppets to the Trudeau régime.

• (10:10 p.m.)

Mr. John Burton (Regina East): Mr. Speaker, there are two issues in this debate we are engaged in tonight; one is the flouting of the law by the government and the other is the failure of the government to live up to its responsibilities to the prairie grain producers in respect of their income needs. I think this is reflected by the motion I moved today, seconded by the hon. member for Saskatoon-Biggar (Mr. Gleave), on behalf of the NDP, in which we asked for consideration of this question, namely the urgent need for the government to make payments to the Canadian Wheat Board as specified in the Temporary Wheat Reserves Act of 1956 so that an immediate improvement can be made in the economic position of western farmers.

Let me deal with the basic issue which is the first point I mentioned, the flouting of the law by the government. There can be little argument over the facts of the matter. The Temporary Wheat Reserves Act was passed in 1956 by the Parliament of Canada and was given Royal Assent. That act provides that the Minister of Transport shall, out of the Consolidated Revenue Fund, pay to the Canadian Wheat Board for each day in that crop year and in each crop year an amount equal to the portion of the said stocks that exceed 178 million bushels at the commencement of that crop year, multiplied by the carrying charge rate paid by the Board at the end of an immediately preceding crop year. The act goes on to provide in section 4 the moneys payable to the Board by the minister under this act shall be paid in a certain manner. It provides that the total amount payable for the crop year shall be paid in equal monthly instalments in such a crop year. There are absolutely no equivocations about the terms of the act, and there are no options or loopholes for the minister or the government.

We also have the acknowledgement by the government that it has indulged in this practice of evasion, and that in fact it has failed to make the necessary payments to the Canadian Wheat Board. The government has not even undertaken to defend its position. When I asked a question in the House of Commons whether or not these payments had been made to the Canadian Wheat Board, I was given the following answer to question No. 1,469 on the order paper:

> Although funds were appropriated in the estimates for the fiscal year ending March 31, 1972, expenditures have not been authorized because the government has a bill before the House to rescind the Temporary Wheat Reserves Act effective August 1, 1970.

We also have the testimony before the House of Commons Agriculture Committee. The commissioners of the Canadian Wheat Board made it clear they had carried out their responsibility in informing the government as to what they expected from the government under the Temporary Wheat Reserves Act. They made it clear they considered that act still to be in force. Mr. Treleaven, the assistant chief commissioner, appeared before the committee on June 10 and stated, as recorded at page 8 of volume 58 of the Minutes of Proceedings and Evidence:

> Based on the commercial stocks of wheat on July 31, an accounting was submitted to the government and an invoice to the government, for the amount of the payment. Now that total payment would then be prorated over two pools. The one that was immediately finished and the one that was coming or the current pool. We have done that, of course, this year in the normal manner, but we have not received any funds from the government with respect to the Temporary Wheat Reserves Act.

Later on he made other comments, making this perfectly clear, and I quote from page 58:10 of the same volume:

> —at the beginning of each crop year we determine the amount of money payable by the government to the Wheat Board under the Temporary Wheat Reserves Act. The government then pays that sum in 12 equal monthly instalments to us over the crop year.

He goes on to give some information about the mechanics of the operation of this act. We also have Bill C-244 before us at this time. Clause 33 of that bill provides for the repeal of the Temporary Wheat Reserves Act, and it will be acknowledged that the bill is still before the House of Commons. It has not received the approval of the House or the other place, and it has not received Royal Assent. We are aware also of the fact that the Canadian Wheat Board, in the absence of any payment under this act, has made a payment to the producers which it considers to be the final payment for the 1969-70 crop year, and this has occurred without any response from the government to the invoice submitted.

Of course, we all know what has taken place over the last week when this subject has been raised on a number of occasions by members of the opposition. First of all, on September 9 two motions were made under Standing Order 26, one by the hon. member for Vegreville (Mr. Mazankowski) and the other by the member for Saskatoon-Biggar. They both requested an emergency debate on the failure of the government to make necessary payments to the Canadian Wheat Board.

On Monday, September 13 a question of privilege was raised by my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles). Had his question of privilege been allowed, this matter would have been placed before the House of Commons, enabling the Standing Committee on Privileges and Elections to consider it and make a report. On that same day during the question period, I asked a question of the minister in charge of the Wheat Board. My question was:

> Since the government is following a course of action which assumes that clause 33 of Bill C-244 providing for the repeal of the Temporary Wheat Reserves Act is now in effect, is the government considering following the same course of action with respect to clause 32 of that bill by paying out the 100 million provided for transitional payments in that bill?

The minister said he could not make these payments until Bill C-244 had passed. It seems to me there is a need for the minister to be more consistent in his actions. If this situation applies to one clause of the bill, it should certainly apply to the other.

We then had an astounding statement from the minister in charge of the Canadian Wheat Board. I asked him whether, in fact, a legal opinion had been obtained as to the propriety of the government's action and the minister answered as recorded at page 7748 of *Hansard:*

> We have obtained an opinion on the question of the requirement to repay the money should it have been paid and should Bill C-244 subsequently be passed.

It is amazing that a former law professor and a dean of law did not ask for a legal opinion on the question of whether a payment should still be made to the Canadian Wheat Board, taking into account the fact that the act is still in effect.

On Friday, September 9 other questions were directed to the Minister of Finance (Mr. Benson). I asked him whether he had obtained a legal opinion on the question of whether he should make payments to the Canadian Wheat Board, as required under that act. He indicated that there would be no such legal opinion obtained or asked for in this regard. He answered in a very flippant manner by saying:

> Not to me, no, Mr. Speaker.

And later he said:

> Not for me personally, Mr. Speaker, but I shall inquire.

The latter, when I asked a further question about the fact that the Canadian Wheat Board had invoiced the government for this amount, his answer indicated that he did not know what was going on in his own department. I think this is indicated by the fact he hase not made the payments required under the act, so the Minister of Finance should resign forthwith. I think the Minister of Finance long ago outlived any possible usefulness of service to the people of Canada.

• (10:20 p.m.)

Many questions are being raised in western Canada about the present situation. I could quote at length an editorial that appeared in the *Western Producer* on Thursday, August 12, which outlined the situation very fully and put forward a course of action for the minister in charge of the Canadian Wheat Board. I would recommend this article for his consideration and wonder whether he has in fact read it. Part of this editorial reads as follows:

> The government's course of action seems clear enough: pay out the entire $61 million now to the Canadian Wheat Board, in accordance with the terms of the Temporary Wheat Reserves Act. Then, when the House goes back into session, separate the $100 million from Bill C-244 and pay that out with all possible haste in line with the acreage payment proposed.
>
> The next move should be another hard look at C-244 as it stands, and more discussion on some of its terms that have

been worrying farmers and their organizations ever since the legislation was first brought into the House.

I think that throughout this entire affair we have seen an example of government arrogance such as we have never before witnessed in Canada's history. This is the performance of a sick government, a government that has outlived any usefulness it may have had. We have a government that sorely needs to be replaced on the Canadian scene, a government that is prepared to show its contempt for Parliament and the laws of this country.

I suggest that the minister in charge of the Canadian Wheat Board and all other ministers should very seriously reflect on the question: What will the activities of the government which are under discussion tonight do to our democratic institutions? On the other hand, there has been a notable lack of willingness by the government to do anything concrete in terms of introducing agricultural policies which involve any substantial expenditure of moneys. This is the crux of the matter. When the government unpegged the dollar they said they would assist any export industry that suffered as a result. But nothing has been done in this regard. Now that other problems in the economy have arisen we find there is all kinds of help for industry. Some of this help is justified and certainly the need exists, even though the policy of the government is sometimes inadequate. Although the need is now, there is a notable absence of policies which involve substantial or adequate expenditure of funds.

I think that the minister in charge of the Canadian Wheat Board needs to reflect on the question: What does this do to the Wheat Board itself? He claims to be the defender of the Canadian Wheat Board. He wants it to be held up as a sound institution for western Canada. If that is the case, I can think of nothing more likely to undermine the Wheat Board and confidence in its operations than what we have been witnessing over the last few months.

The minister should have a somewhat different attitude to this question in view of his acknowledged respect for and knowledge of the law. Here we have a minister who was dean of law at the University of Saskatchewan, who held a high position of trust at that university. He is now a minister of the Crown with a responsibility to his constituency, his province and the people of Canada. Tonight he participated in the debate, and I must say I have never seen such a pathetic sight, with the minister thrashing wildly about and throwing out charges left and right about all the things that were wrong with the opposition.

The minister said he was fighting for the farmers. I suggest that if what he has been doing is fighting for the farmers, a more appropriate phrase to use might be that he is going to fight for the west to the last farmer; and if he continues in office very long we will see the last farmer in the west.

The minister then made an interesting comment; he said he would take shortcuts. I should like to know what these shortcuts are. Are they the sort of activities that we are discussing tonight which involve the failure of the government to make payment under the Temporary Wheat Reserves Act? I notice that while the minister defended the government's action under this act—he has every right, of course, to defend the government's stand on the question—he said not one word about the failure of the government to carry out the provisions of the act while it was still in effect. There was not one word from the minister about whether the government did the right thing in not paying out this money, in view of the fact that the legislation is still on the statute books of Canada and is in force.

Then the minister made a very curious statement. He said he would gladly go to jail in the interests of the prairie farmers, or words to that effect; I believe I have quoted him accurately. I suggest that he should be very careful about making statements like that, because more and more farmers in western Canada are beginning to feel the same way. They are beginning to feel that if the minister were given a comfortable, well-padded and upholstered cell in jail, their interests would be well served.

To indicate just how badly mixed-up the minister is in dealing with the present situation, he referred to a statement emanating from a recent conference held by the Progressive Conservative party in Saskatoon which was discussing the Wheat Board and the changes that party would like to see made. As a matter of fact, I was inclined to agree with some of the minister's observations concerning the suggestions which came from that particular Conservative conference, and that in fact they would harm the Wheat Board. Then the minister suggested that the Conservative party's proposals amounted to cutting the legs and arms off the Wheat Board and making it something of a eunuch. I think this is a little difficult to imagine. I know of no creature, alive or otherwise, the legs and arms of which you could cut off and turn into a eunuch.

I think the minister has lost all credibility in the present situation. He has become irrelevant to the political scene of western Canada and Canada as a whole. Otherwise, I cannot see how the minister in charge of the Canadian Wheat Board could stay in the cabinet and condone the action of the government in not making these payments. Perhaps his presence in the cabinet really does not count for much.

It is also suggested that the minister should resign from the government, though I do not think this would matter a great deal. I would be inclined to leave the minister where he is for the balance of this Parliament. I think that the voters of Saskatoon-Humboldt will do a very good weeding-out job at the next federal election. Really, I feel a little sympathy for the minister.

Questions are asked in the House from time to time about when the leave of absence of the minister from the University of Saskatchewan, where as I say he was dean of law, expires. I know that some time ago the University of Saskatchewan appointed a new dean of law, a very good one I might add, so that the minister has no job to go back to anyway. In all honesty, I cannot imagine any self-respecting school of law or university appointing him to its faculty when he has served as a minister in a

government that has taken the kind of action we are debating this evening. Either he condoned or approved this action, or he did not have the guts to stand up and resign.

Another crucial part of this debate concerns farm income. The minister acknowledged in his remarks that we are facing a serious situation. But if we look at farm net income in the province of Saskatchewan, for example, the decline that has taken place in the last three years is catastrophic. In 1968, farm net income in Saskatchewan was $462 million, in 1969, that dropped to $402 million and in 1970 it dropped by more than 50 per cent to just under $195 million. That, I think, indicates how serious the situation is. I think it also indicates the very urgent need for a better government response and a more adequate response to the income needs of farmers in western Canada.

• (10:30 p.m.)

The Canadian Federation of Agriculture, in its presentation to the government and to the House of Commons committee on the subject of Bill C-244, pointed out that their studies show that the grain industry in western Canada is operating at a net loss right now. The only net income coming to agriculture in the prairie regions is from livestock—thank God, cattle prices have held up reasonably well—and from income in kind, the stuff you grow and use yourself. This indicates the extent of the problem that exists. My colleague, the hon. member for Saskatoon-Biggar pointed out how prices have declined in recent months and years, in spite of the movement of grain indicated by the minister in charge of the Wheat Board. The minister pointed out the record movement of grain in western Canada.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired, unless he receives the unanimous consent of the House to continue. Is there such unanimous consent?

Some hon. Members: Agreed.

Mr. Burton: Thank you. I assure you I will bring my remarks to a rapid conclusion. The minister has been citing this record movement of grain. If he adds together wheat, oats, barley, rye, flax and rapeseed, he can come up with a record figure, but it is rather like the old adage about adding together apples, oranges and tomatoes because it does not reflect the true situation. Also, it does not reflect the fact that we are presently selling our grain at reduced prices, at lower prices than was the case a few years ago. There is a need for action now.

Bill C-244 is simply not good enough; it does not meet the needs. We have suggested to the minister on many occasions that if the government will pay out the $100 million by separating that provision from the rest of the bill, we on the opposition side will give it immediate passage. If he says he wants to get it into the hands of the western farmers, we are prepared to do this at any time. I think this fact was made clear. He has come up with other fanciful tales suggesting how the bill has been delayed. This is simply not in accordance with the facts. We do need an ever normal granary policy. We have to recognize the need for some overhaul of the Temporary Wheat Reserves Act, but Bill C-244 does nothing; it simply eliminated the Temporary Wheat Reserves Act. There are reasons for providing for an ever normal granary policy. There are reasons for a greater infusion of money into the western grain industry. The government can find money for just about any other sector of the economy that finds itself with problems, but they are going to set up limits on the assistance available to prairie grain producers.

In conclusion, I think the crux of the debate tonight is that farmers want the money from the temporary wheat reserves, and they want it now. Farmers need that money, and they need it now. I think also that we have to keep in mind that there is a concern with Canada's future. We are concerned with regional disparities, and among those disparities we are concerned with a host of problems in western Canada. These cannot be ignored; they are part of the over-all Canadian problem and flouting the law does not help build Canada's future. The people of Canada want the law of the land observed as it should be, and promptly. Certainly, they will deal harshly with any government which ignores the laws that have been placed on the statute books.

[*Translation*]

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, in participating in tonight's debate on the opposition motion of censure concerning the agricultural policies of the government, I cannot refrain from thinking how greatly our farmers can be harmed by the partisan battles waged within these walls.

Today again, we are given a striking instance of the insincerity of some opposition members, much more concerned with petty politics than with the true interest of the farmers they claim to represent in this House.

My remarks will be brief as the minister in charge of the Wheat Board (Mr. Lang) has accurately and clearly described the situation and I feel it would be superfluous to add lengthy comments to what he said.

But since this government has been in office, I have with several colleagues taken part in almost all the meetings of the Standing Committee on Agriculture. Except on very few occasions, it has been a continuing battle at the expense of farmers by some members of the opposition, among whom the hon. member for Crowfoot (Mr. Horner).

Tonight, the hon. member for Calgary North (Mr. Woolliams) blames the governement for doing nothing to help the western farmer. Far from me, Mr. Speaker, the idea of underestimating the problems that have experienced and continue to experience the Canadian farmers, and particularly the grain producers of western Canada, because that would evidence utter ignorance not to say real dishonesty, to claim that the situation is caused through the action or lack of action of the government. I believe that any sensible person will admit that the

international situation is far more responsible, and the government has no control over that.

Who is responsible for the collapse of grain prices and for the accumulation of stocks in Canada? Plagued with production surplus, several countries forgot the agreements they had signed in order to maintain a minimum price for grain and they reduced prices to sell on export markets.

On the other hand, supported by members of the opposition and urged by farmers to resist the price war, Canada maintained its prices. But after a few months, we had lost the markets we had gained and the government had to pay storage costs for more than a billion bushels of unsold grain.

When 80 per cent of a production as important as that of grain rely on international market conditions because it is mostly exported, one can only expect instability and the government took measures to encourage reduction of wheat acreage in order to balance production and opportunities to sell at the reasonable price farmers would be ready to accept. In fact, we cannot secure a price for the producers when it is not possible to find a buyer at a reasonable price. There cannot be forever government grants to support prices when there is absolutely nobody to buy those commodities.

• (10:40 p.m.)

Let us have a look at the job done by the Canadian Dairy Commission. It took four years to clean up the market, to balance supply and demand and I recognize that now, in spite of some difficulties, the Canadian milk producers can at least rely on stability and on a better income. Since the beginning of this year there have already been four improvements in the policies of the Canadian Dairy Commission and we hope there will be some more before th end of the present dairy year. This results from the application of discipline to production, which has enabled us to strengthen markets and therefore to get better prices for producers.

We shall get the same results in the grain industry, if ever the opposition stops stirring up the population, western producers especially—I even dare say telling direct lies to farmers—by making them believe that we are against them and want to destroy them.

The facts are quite different. There is a sizable number of us here, all equally convinced of the need to protect the western grain industry as well as the dairy industry of the East, and as an hon. member from eastern Canada, I can assure the House that we are just as interested in the success of the western farmers, since the Canadian economy is such that if the West is doing well the East will also be prosperous. The fact that western farmers have not been altogether as prosperous as we would have wished in the past years has had very deep repercussions on the agricultural industry of the east; this is why we show today surplus of several types of goods, and why we must seek formulas likely to restore the balance.

Mr. Speaker, I dare the members of the opposition to show sincerity for once and I ask them to put an end to

[Mr. Lessard (Lac-Saint-Jean).]

their filibustering of Bill C-244, and even Bill C-176, so that we pass them as quickly as possible.

I suggest that we put an end to this debate and that, with unanimous consent, we may tomorrow consider Bill C-244, so as to pass it as quickly as possible, so that the western farmers may benefit from it. It is pointed out that this bill only provides for the allotment of $40 million and it is a fact. The minister said so. But if such is the case, it means at least an additional amount of $40 million and consequently, we would be ill-advised not to pass that legislation, even if some find it defective. Moreover, if anyone feels that it is bad, let him vote against it. We should be left to assume the responsibility of passing a bad piece of legislation, which would be agreeable to those who are dissatisfied. We are ready to accept that responsibility, if you really think that this is bad legislation. As for us, we believe that it is good and we will assume our responsibilities before our constituents at the next election. However, if the legislation is bad, the better it will be for you, since you will be more easily elected and we will thus be judged and rejected. You will then assume leadership of the government and the country, if you think you can do better.

If you do not accept this proposal—and I see that several members agree with me—this will be evidence of your lack of sincerity.

The Acting Speaker (Mr. Laniel): Order, please. The Chair is not going to let the hon. member know that his time is up, but simply to ask him to please follow the normal procedure and address his remarks to the Chair rather than directly to hon. members.

Mr. Lessard (Lac-Saint-Jean): I apologize for losing my temper a bit, it is not my habit.

If the opposition does not approve that proposal, it shows in my view a lack of sincerity. On the one hand, it says to the government: You are doing nothing to help farmers and, on the other hand, when the government proposes through the cabinet measures designed to benefit agriculture, this same opposition hastens to unite against the government to denounce it and systematically check the adoption of those efficient laws.

I wonder if one cannot call such behaviour if not dishonesty, at least sadism. I think that the hold outs thus add to the difficulties of the western farmers by opposing adequate measures to help them at last.

As to myself, I have the duty to defend these measures in favour of eastern Canada, because federal members are accused of not representing sufficiently precisely that part of the country and of passing all votes in favour of western farmers. I do not agree. Indeed, my eastern friends are wrong in claiming that; when I meet farmers in my area, I stick up for the present federal policy which they consider as clearly unfair to the eastern farmers. They claim that we give all the government's money to the people out West, that we do nothing to help the Easterners. I assure them that what we are now doing is necessary for the Canadian agriculture as a whole, that to the extent where we help the farmers in western Canada, we also help those in eastern Canada.

To the extent that the western farmer can find good markets and good prices for his products, his eastern counterpart can also have fine markets for his.

In any event, Mr. Speaker, I will continue to support, along with my colleagues, the government in the policy it is now putting forward, because in the absence of a better policy, I recognize that this one, though not perfect, at least proves that we are trying.

When we count the number of opposition members who are in the House tonight, we see that those members who charged us so often with not doing anything are not even here to take part in the debate. They are probably out west harvesting crops, which I think they had permission for.

In concluding, Mr. Speaker, I would like to remind hon. members that legislations are now being proposed. They have already been introduced in the House, and if the opposition wants to give us proof that it is willing to cooperate, we will see to it that they are placed on the orders of the day as soon as possible. I am sure that the minister, if supported by hon. members, would obtain that these bills be discussed tomorrow, in order to pass Bill C-244 and enable western farmers to receive as quickly as possible the monies which can be placed at their disposal.

Therefore, I reckon on the opposition's cooperation and I hope it will stop this filibustering which in my view is totally unwarranted.

[*English*]

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I must agree with this motion because the government has not followed the letter of the law in the payment of moneys under the Temporary Wheat Reserves Act to the Canadian Wheat Board. The action of the government in not making these moneys available to the Wheat Board in accordance with the law has created grave financial hardship for our farmers in western Canada. The minister expressed it so aptly when he said that he owed a tremendous debt. He owes that debt to the western farmers.

The government has shown complete disregard for the needs of western farmers in their time of adversity. In the finance committee we are now rushing through a bill providing $80 million in grants to manufacturing industries which may be affected by the American surtax. At the most, the U.S. action represents $300 million in surtax, whereas western farmers, with a much smaller population base, have seen their income diminish in real terms by about $600 million during the past three years.

I have no quarrel with the swift passage of the employment support bill in face of the American action, but it would seem more in keeping with a government that pretends to be national in scope had the provisions of the Temporary Wheat Reserves Act been followed or alternatively, had the $100 million promised by the minister in charge of the Wheat Board been paid out. Surely this is one time the minister could have talked to his cabinet colleagues, got them to see the inequity of the situation and persuaded them to carry out the proper course of action.

Withholding of Grain Payments

Evidence given before the agricultural committee indicated that in 1965-66 the value of grain marketing was approximately $1,191 million; in 1966-67, $1,417 million; in 1967-68, $908 million; in 1968-69, $742 million and in 1969-70, $682 million. I have not seen the figures for 1970-71, but the minister's own admission it will be in the $1 billion range. This alone represents a great loss of income for the prairie farmer and it is made worse when one considers it is for gross sales, not taking into account the fact that the cost of production has risen steadily over the years. Certainly, all the support mechanisms that have been built in for the prairie producers should have been used to their maximum.

• (10:50 p.m.)

The reason for this unhappy situation rests squarely on the shoulders of the minister and the government. The minister in charge of the Wheat Board, having decided in his wisdom that a new form of price stabilization should be embarked on for the prairie grains industry, brought forward in October of last year some papers which might be called a skimpy white paper to deal with the situation. But no legislation was brought down until the session was well on in in the spring—I believe April 29. The minister proposed to phase-out the Temporary Wheat Reserves Act and the Prairie Farm Assistance Act and in its place give out $100 million. The minister had a joker in the deck, though; that was the complicated stabilization formula of a 2 per cent deduction on all grains in order to build up the fund.

However, the minister failed to get his legislation through the House though the $100 million could well have been split off from the grain stabilization bill and paid out, and there would have been no opposition or questioning of this move. Instead, he chose to hold it over the summer and the payout will be some indefinite time in the future. When one considers that over $70 million of the $100 million would have been paid out to the producers long ago, the action of the government is inexcusable. It is like saying to a drowning man, "I will throw you a lifeline by and by, when I get around to it".

If the individual farmer was to receive the maximum benefit of this payout, it should have been made in the spring when he needed the money. The minister should impress upon his cabinet colleagues that the payment should be made in accordance with existing regulations and that the government should not renege on its legal obligation to pay the Wheat Board at the stated time. Only when the legislation is passed or the $100 million paid out as promised should this turning over the moneys to the Wheat Board be discontinued. Why was this payment held back? With regard to the stabilization money, farmers are saying they would perhaps be better off to receive no money than to be bound into this plan.

The nature of the plan is such that the government can wash its hands of any substantial payment in the next five years. There is no possibility of having to pay more than $20 million unless complete disaster strikes, because the limit will be so low. It is probably with this action in mind that the minister did not want to pay out $100 million. He wanted to impose the 2 per cent deduction

because it would mean the government would be free of any payout to western farmers for an indefinite period unless a disaster occurred.

Prospects for the coming crop year do not appear very bright for Canadian grain sales. The minister made a statement about record sales of grain, but they are at record low prices. A quarter of our wheat has been sold on extended credit, which is valuable and useful, but it is not an assured market. Barley sales, which made up the vast bulk of the bushel increase, have had to be made at an extremely low price. We are glad they were made at all, but the impression should not be left that the dollar value of these sales is anything like the value it has been during the last 20 years. In the announcement of the sale to China the day before yesterday there was no indication of price. We do not know at what price sales are being made to these countries.

The enormous Canadian barley crop together with the enormous American corn crop leads to the possibility of a very depressed feed grain market. Almost certainly the same situation will arise wherein barley and other feed grain will be sold in the so-called blackmarket by farmers needing cash. It would seem advisable that we remove the restrictions on the movement of feed grains between provinces. I believe they should be eliminated in all the provinces which make up the Wheat Board's designated area. If the removal of the restrictions to the free flow of feed grains across provincial boundaries at first created hardship and dislocation, it could be done gradually. The removal of this artificial restriction on the movement of feed grains in all of Canada would lessen the demand for the protection of eastern meat producers through restrictive bills such as C-176. The member whom we just heard mentioned that this legislation helped the dairy industry. I hope it has helped someone; it has moved the dairy industry out of western Canada and, presumably, into his province. It may have helped his province but it did not help the over-all dairy industry in western Canada. That is what a political board will always have to do.

The ability of the eastern feeder to obtain feed grain at a price that is competitive with his western counterpart should lessen the fear that he will be deluged by hogs, eggs, broilers and turkeys from western Canada in times of a feed grain glut. Such a move would counter the latest attempt to solve the chicken-and-egg war where the proposed solution calls for marketing boards in each province to put tight controls on production and divide up Canada's market by agreement. In effect, this new effort will achieve the very thing that the Supreme Court ruling called illegal, namely, restrict the movement of poultry products across provincial boundaries and chop up Canada's domestic market into ten political pieces.

The implications of the agreement could be far reaching indeed. The agreement means that the federal government has virtually abandoned its responsibilities to provide leadership to Canada's poultry industry, and apparently the Minister of Agriculture (Mr. Olson) has assured producers that U.S. eggs will be kept out of Canada. So in effect provincial marketing boards will control and restrict all producers, so that Canada will no longer be a single poultry market and provincial governments will control the industry. The end result of this move seems bleak. It would deny Canada's poultry access to the huge United States market and condemn the producers to live in an inward-looking industry. It would commit them to an endless hassle in dividing up a market that is already too small. This development places the farmer in an unenviable position and makes him doubt the value of attempting to improve production marketing. If Canadian agriculture is forced to look only to the Canadian market for growth, it will indeed be restricted.

Mr. Speaker, the whole of this government's agricultural policy has been restrictive in nature. It has earned for the minister the title "Ottoman emperor of the Wheat Board," because of its restrictions and quotas. Payment of the $100 million should have been made through the farm stabilization program or to the Wheat Board so that it could be distributed to our farmers.

A final point, Mr. Speaker. The minister said that the government was looking at the movement of grain out of Canada through west coast ports. I shall read a news release issued by the Palliser Wheat Growers Association:

> Belle Plaine, August 17—Grain cleaning is still the big holdup at west coast terminal elevators, says Gordon Brooks, a Belle Plaine district farmer after a trip to Vancouver last week.
>
> "We spoke to workers at one of the largest terminals," Mr. Brooks said "and asked them to tell us what sets the limit on the amount of grain that can be loaded on ships in a day. They told us it was because the grain had to be cleaned."
>
> Mr. Brooks and his family also talked to the crew of a Greek ship loading wheat for China, and asked one of them, who could speak a bit of English, how long they had had to wait before they started loading. They were told that the ship had been in harbour for five days before getting to the loading dock, and "didn't like to come to Vancouver" because they always had to wait.

• (11:00 p.m.)

> Terminal workmen said that there were plenty of boxcars to unload, and no shortage of ships waiting for Canadian grain, and that although the cleaning operations were running 24 hours a day, the loading crews only worked two shifts.

I commend that release to the minister. I hope he looks into this and does all he can to improve grain handling facilities. Mr. Speaker, I wish to thank you for the opportunity to debate this urgent and important issue that affects not hundreds but thousands of people in my riding.

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Little did I dream that I would live to see the day that any government would become so arrogant, so dictatorial and have such a callous disregard for the laws of Canada as this present government. Its failure to pay out moneys under the Temporary Wheat Reserves Act to the account of the Canadian Wheat Board in the interests of the financially hard pressed wheat farmers of western Canada leaves this government completely indicted in the eyes of all Canadians.

In view of this flagrant disregard of our law, I must join with the hon. member for Calgary North (Mr. Woolliams), who made such an eloquent speech a few minutes ago in his plea for the preservation of our democratic rights, in asking for the resignation of the minister responsible for the Canadian Wheat Board. This, Mr. Speaker, is a harsh demand, especially when it involves a fellow Member of Parliament from my home province of Saskatchewan. But, in light of his dereliction of duty to the farmers of western Canada, he has no alternative but to resign and take the Minister of Justice (Mr. Turner), who must be aiding and abetting him, with him.

A few minutes ago, the minister did his best to persuade his Liberal colleagues that we in the opposition are only "doomsters". He has misrepresented the facts as they really are, beyond any stretch of our imagination. What is the picture? Let us look at the record for the benefit of our many new government members who are not familiar with the true facts.

When our Conservative government of 1957 and 1958 took over, what did we find? We found wheat in every farmer's bin, every country elevator and in every terminal elevator. Even the skating rinks in the west were full of it. There were 850 million bushels of it. The Progressive Conservative government sold the wheat in every market of the world and made the largest sale ever made, some $428 million worth to China in 1961. There were millions of dollars of sales to every other importing country. This put the grain farmers finally back on their feet.

Our government brought in crop insurance, the Farm Credit Corporation, the agricultural stabilization bill, the ARDA program, cash advances, $125 million of acreage payments for crop under the snow and for drought stricken farmers, as well as many amendments to farm legislation that had already been on the statute books. What has happened since then? Liberals took office in 1963 and rode along on our good stewardship until they were party to the collapse of the International Wheat Agreement at the Kennedy Round in Geneva in April and May of 1967. This agreement was the farmers Magna Carta, and since its collapse the farmers have been in dire trouble.

Since then, wheat sales have gone down to their lowest ebb, as pointed out just now by the hon. member for Vegreville (Mr. Mazankowski). Prices have gone down steadily as well. Two years ago the initial price of wheat to farmers was $1.70 per bushel. Last year it was reduced to $1.50 per bushel. This year it is down to $1.45 per bushel. So, the story goes. Two years ago the net income of Saskatchewan farmers was approximately $416 million; last year this net went down to $195 million. Putting it another way, three years ago average farm income was about $4,800. Today it is less than $1,200. That is the income of the average farmer. Some farmers have no dollar income at all; they are below that level and live off the depreciation on their machinery. It is the more successful farmers who help to keep the net average up at $1,200. This unprecedented act of the present government in not meeting their obligation under the Temporary Wheat Reserves Act is unbelievable.

In the meantime, the interest that the farmer has to pay on loans is going up. His taxes are going up and his machinery and repair costs are the highest in history. Inflation is hitting the farmer at every turn. The high cost of living hits the farmer even more badly than it hits the average Canadian. A labourer can go on strike for higher wages to overcome higher living costs, but the farmer cannot do that. The latest blow to our agricultural industry will be the effect of the recently applied 10 per cent United States surcharge. To emphasize the seriousness of the problem, I do not think I could do better than read a few excerpts from the text of a Saskatchewan Pool Radio Broadcast on September 15. It refers to what Mr. E. K. Turner, president of the Pool said. The text reads:

> Canadian farmers deserve financial compensation as a result of injury from recent U.S. economic policies, contends E. K. Turner, President of Saskatchewan Wheat Pool.
>
> Mr. Turner has written to Prime Minister Trudeau to request that a payment be made.
>
> The U.S. has announced a series of new economic policies designed to reduce the United States balance of payments deficit to improve her trade imbalance with the rest of the world and combat inflation at home.
>
> A number of the proposals have direct implications for Canadians, especially the proposed 10-per-cent import surcharge on a number of Canadian exports to the U.S.
>
> In his letter to Mr. Trudeau, the Pool President noted that Parliament has, under consideration, legislation to provide compensation to industries that are hurt by the American action.

Two or three days ago during a debate the Minister of Agriculture (Mr. Olson) indicated in a nebulous manner that the government would take action. We have been getting promises, more promises and nothing but promises from the government front benches ever since this government took office eight years ago. We want something concrete, Mr. Speaker. May I continue quoting from the broadcast text:

> 'In reviewing the figures of value of commodities affected,' he said, 'it would appear that of the $2.7 billion total, some $422 million, or 15 per cent, is animal and vegetable products. Therefore, a case can be made for a payment of about $12 million of the $80 million fund to agriculture, and hopefully passed on to the primary producer.'

I hope that part of the $80 million which is to compensate Canadian industry will also be paid to the agricultural industry. Somebody said a few days ago, "That is only a peanut effort." I think the agricultural industry will be hurt by the United States measure. I continue quoting from the text:

> Mr. Turner also noted that freeing of the Canadian dollar last year resulted in the loss of millions of dollars to Western grain producers, because the net result was an immediate reduction in the price received for Canadian grain traded in world markets.
>
> 'Actions by other countries, and also our internal policies, have tended seriously to reduce the revenue farmers receive from their grain products,' Mr. Turner said. 'With production costs rising year by year, the net income position has been steadily deteriorating. Government cannot ignore its responsibility to correct the situation.'

The text continues:

> Pool President E. K. Turner was among a number of Canadian business representatives that met with Trade Minister Pepin

recently to discuss the implications of the United States surtax against imports entering that country.

He said many businessmen expressed concern about the profit squeeze and its effect on the Canadian economy—

Many of the businessmen talked about the profit squeeze that is evident and that this is forcing. So I took the opportunity to talk about a profit squeeze that some 400,000 individual farm units have been experiencing for several years and that if the American action in fact has a net effect of putting more pressure on the revenues that farmers receive, it could be the straw that breaks the camels back. It is a serious situation and anything that removes a dollar of income from a farm in Canada, has serious consequences when the situation is so tender to start with.

In bringing my remarks to a close, I want to put a few observations on the record as to what that infamous brainchild of the minister responsible for the Wheat Board, the brainchild known as the Lift program, did to the lagging western economy. Here was a minister who was quite inexperienced. The hon. member for Calgary North pointed out that in 1968 the minister was without any government experience at all. He took this brainchild, which possibly had been developed by bureaucrats in Ottawa, and implemented it or forced it, through a system of coercion, discrimination and almost blackmail, on the western farmer. If the western farmer did not accept this proposition he lost the quota, in other words, the right to sell grain.

• (11:10 p.m.)

Let us consider the facts in this regard. They are on record. In announcing his policy to the House, the minister said that approximately $140 million would be injected into the western economy. When he took another look at it he cut that estimate down to approximately $100 million. After the program had been in effect for part of the year, and before the House opened last October, he stated that in all probability the Lift program would inject about $80 million into the farm economy.

When the figure of the final net payment under the Lift program was released it was $57 million or $58 million. Let us compare that with the amount we lost in gross farm income which could have been utilized by the farmer had he stayed in production. The figures indicate that approximately 12 million acres were taken out of wheat production a year ago this past crop year. The fact is that it was put into summerfallow which has the highest productivity and an average estimate of 30 bushels per acre of production, which amounts to 360 million bushels of wheat. Taking the very modest figure of the average of the last crop year, which I think is correct within a cent or two, we sold our grain to world markets at $1.37½. Multiplying 360 million bushels of grain we did not grow on 12 million acres by $1.37½ we come up with a figure of half a billion dollars worth of wheat we did not grow.

Compare that potential income which the farmer would have received from the productivity of the 12 million acres to the $57 million he received, you can see how the farmers in western Canada have been in a declining net or gross income position. It was the most negative program ever imposed on western Canada in history. Even if the grain was not sold, the farmers could have taken advantage of the Conservative legislation put on the books years ago and carried on by the present government, which we insisted they maintain and increase, and got along with the cash advance. Instead, he received a mere $6 for each acre he took out of production. It did not cover the cost of the gas, oil and wear and tear on his machinery.

This is an example of the mismanagement, the staggering from pillar to post and incompetence of this government as far as western agriculture is concerned. This is why we are having this emergency debate about the government's failure to pay the money owing to the farmers under the Temporary Wheat Reserves Act. This $89 million should have been paid when it became due.

In conclusion, I implore the government to abide by the laws of this land and pay the farmers of western Canada the $89 million owing to them in order to give some semblance of honesty and maintain the democratic principles this House and the people of Canada deserve.

Some hon. Members: Hear, hear.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I will try to be brief. We are supposed to be debating an issue that is specific and important. I believe that it is a very important issue. I notice that the attendance on the other side of the House has now increased by 150 per cent. For a long time there were only two members opposite, and there are now five members on that side.

Mr. Mahoney: Where is the mover of the motion?

Mr. Nystrom: I have two concerns about the issue we are debating. First and foremost is a legal concern about whether the government should have the right to avoid making the payments under the Temporary Wheat Reserves Act. My second is an economic concern. I will try to be brief on the second point as we have all gone over the situation many times.

The Temporary Wheat Reserves Act was passed by this Parliament in 1956. It is the law of Canada. It is still on the statute books as the law of this country. The government has made no payments to the Wheat Board under this act for the year 1970-71 and for the first portion of this year. That, in a nutshell, is what this debate is all about.

Does the government unilaterally in a dictatorial way have the right to disregard the law of Canada and the law of this Parliament? They got themselves in a bind by introducing the stabilization bill, C-244. One of the clauses in that bill will remove the Temporary Wheat Reserves Act from the Statutes of Canada. The minister in charge of the wheat board is anticipating that Parliament will pass Bill C-244. Once that bill is passed, the Temporary Wheat Reserves Act is rescinded, but that act has not as yet been rescinded. The minister is very presumptuous. I know that the leader of the government party is a very autocratic and presumptuous man, but I hope that the minister in charge of the wheat board is not quite so presumptuous.

When an issue like this arises in the House, it concerns us all. It is really an issue of privilege. It is a law of Parliament, a law of the people of Canada that is being disregarded and ignored unilaterally by the government of this country.

Some hon. Members: Hear, hear!

Mr. Nystrom: This is no small matter. We are talking about well over $60 million. I think the Conservative House leader said that something like $90 million is involved in payments which have not been made to the Wheat Board that should have been made. These payments are due to the Wheat Board and, in turn, due to the farmers of this country for the storage of grain.

There are three ministers who are directly at fault. Under this act, the Minister of Finance (Mr. Benson) is obliged to make payment of this money to the Wheat Board. He has not made that payment. His parliamentary secretary, who is in the chamber tonight, has not seen fit to rise in his place and speak. I wonder why? How can he treat this matter so lightly? It is something that no member should do, regardless of which party he is a member. If the parliamentary secretary wants to make a speech, I hope he will go back to his seat and rise. We will be happy to hear from him. We would like to have his comments on record as we now have those of the minister in charge of the Wheat Board. I am sure that the minister would not go to Assiniboia and say those things. We would like to have the parliamentary secretary on record as well. The minister in charge of the wheat board is also at fault. He should ensure that the wheat board is able to collect those funds. He is not fulfilling his duties and should be severely reprimanded.

The Minister of Justice (Mr. Turner) is also at fault. He is in charge of implementing justice in this country and seeing that the acts of Parliament are carried out by everyone in this country, regardless of who he may be. Just because we have three cabinet ministers in seats of power, that does not mean they should not carry out the laws of this Parliament. If a farmer in Saskatchewan decided to withhold paying his income tax, he would soon be brought before the courts and charged. What happens when we have cabinet ministers in this House who hold back money that is legitimately due to the farmers of this country?

Mr. Alkenbrack: That is the Trudeau version of the just society.

Mr. Nystrom: Regardless of whether the Temporary Wheat Reserves Act is good or bad, and regardless of whether we pass Bill C-244 at some time, this Act is law. Until that act is rescinded, this money, is owing to the Wheat Board for storage and the farmers, in turn, should be getting some benefit. I have already asked whether the government possesses the authority to refuse unilaterally to make this payment. This is not what I call a just society where you have so much beautiful, participatory democracy. It is more like an autocracy where one man, or two or three, makes all the decisions. It infringes upon the privileges of every member of the House. Today it is the Temporary Wheat Reserves Act. What will it be tomorrow or the day after? Shall we continue to ignore laws that Parliament passes? I am sure this is not the type of precedent which I or anyone else wants to see.

• (11:20 p.m.)

Each individual member here has the right and the privilege to express his views. All of us have different points of view. But when a bill is passed by this Parliament all of us, regardless of the views we have expressed, expect its terms to be carried out until it is amended or abolished by another act of Parliament. That is the only issue which is of concern tonight. I am very disappointed that the minister in charge of the Wheat Board did not deal with this issue when he spoke. He took the opportunity to talk about different things this government was doing. The Parliamentary Secretary to the Minister of Agriculture (Mr. Lessard) spoke in the same vein.

When the minister in charge of the Wheat Board was questioned by the hon. member for Winnipeg North Centre (Mr. Knowles) and asked who had given him the authority, whether there had been an Order in Council, he declined to answer. Is this the attitude the minister takes toward the western farmer? I begin to wonder. I may disagree with him, we can all disagree with him, but when he shows this type of insensitivity and lack of compassion I begin to wonder. Just because he occupies a seat of power does not make him an almighty god who can ignore the rules and the laws of this country. This is the main question at issue and these are the things the minister will have to answer for.

During the time the War Measures Act was invoked, when all the laws of the country were rescinded, I remember an old fellow coming up to me. He said, "Is it ture that under this act the government has absolute power? Is it true they can do anything without consulting Parliament?" I replied, "Sure they can. But they would not do it; they would not go that far." I trusted them not to go that far. Now I do not know. We do not have the War Measures Act in force, yet we find them ignoring the laws of Parliament.

I should like to throw out a challenge to the minister in charge of the Wheat Board to go into Assiniboia between now and November 8 and say some of the things he said tonight to the people of that constituency. Why does he not go into Assiniboia, into some kind of open forum, some kind of bear-pit session and let the farmers throw their questions at him? The farmers have many questions they want to throw at the minister.

Mr. Lang: May I ask a question? Is the hon. member aware that within the last few weeks I have been in bear-pit sessions in the Assiniboia area and in Gravelbourg?

An hon. Member: Do a little work on your job.

Mr. Nystrom: I am very glad to hear that the minister has been in some bear-pits there, and I hope he will go back now the election is on, because I am sure the things he said tonight will be of great interest to the people in

that riding and it will give a chance for them to pass judgment on the policies he is sponsoring in the House. The minister has said he is willing to go to jail for the farmers.

Some hon. Members: Hear, hear!

Mr. Nystrom: I am just saying I hope he is willing to go out to Assiniboia on that campaign trail. I think he will learn a lot, if it is possible for him to learn any more. I think he believes he already knows it all. What strikes me is that he is insensitive to what the farmers really want and are saying. Very few ministers are like this. This is not a question of whether I disagree with him or not. He has a right to say what he wishes.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member, but his time has expired.

Some hon. Members: Continue.

Mr. Deputy Speaker: The hon. member may of course continue if there is unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Mr. Nystrom: I shall be very brief. In conclusion, I hope that every member of this House will pay very close attention to the issue we are debating tonight, that is, whether or not the government has the right to act upon a bill or withhold payment for which provision is made by a law of Parliament before the bill has been rescinded. That is a very serious matter which we cannot take lightly.

I could, like others, talk about economic conditions in the west. We all know they are bad, and perhaps this is what makes the government's attitude all the more harmful to the farmer. We know farm income is down. The Bureau of Statistics said it was down by 56 per cent in my own province between 1968 and 1970. It is about time we stopped playing games of legalities; it is about time all of us got down to serious business.

If we want to help the farmer, the thing to do is split Bill C-244 and send the $100 million out right away. Then we shall debate the rest of the bill. I make this suggestion seriously. Why do they not listen to the farmers, the spokesmen for the wheat pools, farmers unions and the representatives of the Federation of Agriculture. They want the $100 million now. But they do not want the stabilization bill. That is only a part of democracy. Why not listen to the farmers and their organizations? That is all we are asking. Surely they can give the farmers at least that much. That is what participatory democracy really is. Let us start right now.

Mr. Cliff Downey (Battle River): Mr. Speaker, the motion before us tonight, moved by the hon. member for Calgary North (Mr. Woolliams) and seconded by the hon. member for Vegreville (Mr. Mazankowski), is a tragic and sad indictment of this Parliament and of the minister who has appeared before us here tonight, and of ministers who are not here, namely, the Minister of Justice (Mr. Turner) and the Minister of Finance (Mr. Benson).

When the minister stood on his feet tonight he delivered a great discourse on economic conditions and said the farmers in the west would have had the $100 million were it not for the opposition. In one session of Parliament since I have been a member there were changes to the rules. Rule 75C provided that if the government of which the minister is a part felt that the opposition were holding up this bill unduly, the stabilization program, they had the recourse, in all legality, of bringing forth closure under 75C, cutting off debate, passing the stabilization program and giving the $100 million to the people without breaking the laws of the land and of Parliament.

Some hon. Members: Hear, hear!

• (11:30 p.m.)

Mr. Downey: That is the situation.

Mr. Woolliams: He knew it was wrong and that is why he would not do it.

Mr. Downey: Instead, you garbled the facts. You did not mention that these payments could have been made in accordance with the law. This is not the real tragedy. We must consider the fact that this man was a professor of law at one of Canada's universities. He was the dean of law at the University of Saskatchewan. Let us remember the tragedy of those pupils at this university looking up to you as their law professor.

Mr. Deputy Speaker: Order, please. I would respectfully request that the hon. member address his remarks to the minister through the Chair.

Mr. Downey: Thank you, Mr. Speaker. I offer you my apology. I think of the image these students have of this Parliament and other Canadian institutions. I cannot help but think of what these students feel about their professor. They must wonder about this place when they see how their former professor can flout the law, throw it down and trample on it. How can we expect these young people to go through life with respect for Parliament when we know they are aware of the disrespect this minister of the Crown has for the law?

Mr. Dinsdale: No wonder they are going to pot.

Mr. Downey: This is the real tragedy. We are not talking about the economics of farming, but the tragedy created by a minister of the Crown breaking the law of this country when he had available to him a means through which he could have made the $100 million available to the people. Did the minister inform Canadians of this fact when he was interviewed in the lobby tonight on television? Did he indicate how he had distorted the facts in this Parliament?

Mr. Bigg: He has already corrected his blues.

Mr. Downey: That is the tragedy of the matter. We all know about those farmers who are prosecuted because they transport grain across provincial boundaries. One farmer in my riding was fined $300 for violating this law. How can anyone stand in court again and prosecute one

of these farmers who commits this offence in an effort to make a living when he knows that a minister of the Crown is breaking the law of this land?

When we first come to Parliament many of us have a certain amount of idealism. After members are here for a while this disappears. I was never so ashamed in my life as I was when I discovered that in the latest issue of the Canadian statutes the Temporary Wheat Reserves Act had been left out. It has not been rescinded by Parliament but it cannot be found in that latest issue. This act is still in force, but it is not on the statute books. This government is not concerned with economics or the plight of farmers. But their situation is completely irrelevant to this discussion. If this institution means anything it should be safeguarded by those who are here. This debate should not be another meaningless debate only with one day coverage in the newspapers tomorrow. It should mean a great deal more than that.

I was talking recently to one of my constituents. I spoke of the possibility of an election this fall. He said he did not really believe there would be an election but that the government would stay in office for a full five-year period. He suggested that a general election would then be postponed by the government as a result of an incident such as that which precipitated the invocation of the War Measures Act. He said he would be surprised if there were ever another democratic election in this country. The more I think about his statement, keeping in mind what has taken place in the last few days, the more I am inclined to agree with him.

I have never been as concerned about the future of our democracy as I have been in the last day or two. I do not intend to continue my remarks because I know other speakers wish to take part in the debate tonight, but I remind hon. members that this is the main issue.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I did not intend to participate in this debate when the motion was introduced in the House this afternoon. Tonight I listened to a number of speeches and all the remarks I heard made me feel like making a contribution.

I have always felt somewhat at ease when discussing bills, especially these last three months, because of my position which permits me, quite objectively, to study and listen to sometimes serious, sometimes not so serious and sometimes regrettably partisan speeches made in this House.

However, I had several opportunities to require better objectivity than what we have tonight. Once again, tonight, it seems that some hon. members do not know what objectivity means. They have taken a negative attitude, an attitude they have used either in committee, or in the House, while demanding justice and a pattern of behaviour which they have forgotten themselves.

As previous speakers did, I realize how serious this motion is. There are legal and practical problems. If we sincerely want to help our producers or farmers throughout the country, I am quite in agreement with all those willing to do so. I listened to the excellent speech of the member for Bellechasse (Mr. Lambert) and I have also appreciated some remarks by the parliamentary secretary to the Minister of Agriculture (Mr. Lessard). And yet I realize, after several members of the opposition have blamed the government, that objectivity is lacking.

I wish, as the member for Bellechasse said, that western and eastern farmers would enjoy Parliament's consideration, provided that once and for all we could be in agreement and that it is not suggested that the government is granting more to a certain area of the country than to another. We have listened to a number of speeches from wheat producers over the last few years. I quite realize also how important wheat production is in our economic system.

• (11:40 p.m.)

This motion is extremely important since it appears that the government has not paid what they owed. Having attended quite regularly the meetings of the committee on agriculture, I know that this bill has been extensively discussed. I also know that it would be unfair to say that the government has not tried to look favourably upon farmers, during the last three years. Were the government's proposals inadequate? It is evident that we will always suggest they were. Still, we have to admit that certain efforts were made. We have to admit it, and taking into account our commitments and the responsibility it behoves us to show in this House towards all segments of society, including farmers, we have nevertheless to admit that the government has made efforts which some will praise, while others will show lesser appreciation; but it would be certainly unfair to say that the government has done nothing. Besides nobody in the House did anything.

We should often ask ourselves the following question: Has the member, has the minister or has the government done enough? Could they do better? All members here could ask themselves this question: Could we do better than the government? If so, resorting to obstruction, to an attitude likely to thwart the government on all sides or to delay the passage of bills, then rejoicing in accusing the government of having failed to introduce a measure to give millions of dollars to the western producers, as suggested in this motion, is certainly not the way to do it.

I do not wish to engage in a legal discussion as to whether the government failed to assume its responsibilities by withholding certain payments. There was a fairly fierce and negative opposition, and on the part of some members, there was an opposition I could describe as a filibuster. I do not believe I am going too far in saying that attempts were made to prevent the passage of Bill C-244 for reasons related, I think, to some provincial directives.

I am not a westerner, but I heard about certain things. I can certainly not approve of the attitude of members who blame the government today for having failed to pay grants. The government attempted, with a new bill, to provide important benefits. One was justified in believing that the opposition would willingly approve of the bill, would discuss it surely in a normal way. The member who knows what he has to do, in the opposition,

should assume the responsibility of discussing a bill and attempting to move amendments that are likely to improve it. The first duty of an opposition member, like that of any hon. member, is to have no hesitation in supporting a sensible bill, as we must all have guts enough to oppose a senseless bill.

In my opinion, Bill C-244 was acceptable, since it aimed at correcting some weaknesses in Bill C-239. The government not only was making a commendable effort, but also was showing enough goodwill toward the farmers of western Canada. However, for the reasons I have already mentioned and which especially the opposition members know better than I, there was opposition to passage this bill and, today, some hon. members are happy about it. In fact, they are bent on blaming the government, which they charge with not having in due course made the payments owing to the farmers, thus indulging in petty politics and in the meantime telling the farmers that the government is refusing to pay the amounts they are entitled to.

Mr. Speaker, I feel bound to take part in this debate in order to ask hon. members for the tenth time, or the fifteenth time, perhaps, to be a little more practical, a little more honest. If some want to play politics in order to fight the government, that is possible since our present system allows it. However, I believe it is important that the farmers of this country be well aware of the position taken by some hon. members. I would not say that the majority of the hon. members are dishonest with respect to their constituents, but I consider most important for the farmers to know that some hon. members tried in committee to interfere with the government for the sole pleasure of inconveniencing it, as usual, of course, I must say, in all honesty, that when the government members sat in the opposition, they probably made the same mistake. However, this is no reason to say that when the members of this government were sitting in the opposition they were resorting to that practice. This attitude that I have been rejecting for a long time, even before entering politics, is a great source of disappointment to me.

Tonight, I hear comments about principles, liberty, injustice, but perhaps we forget to ask ourselves if we really play the part we should as opposition members. I know how disappointed the population would feel if they were more aware of the attitude of certain members who make fun out of politics when millions are at stake and the producers in need are waiting for those millions.

I am under the clear impression that the government is prepared to pay those producers. If only the members of the opposition were open-minded enough to accept that a limited period of time be set for third reading of this bill; I am convinced that the government would be prepared within 24 hours to pay the farmers who happen to be the constituents of several members who today harsly reprimand the government. Let us be honest about our responsibilities.

It has been said a while ago that this is a tragedy. The tragedy does not arise from the fact that the government has not yet paid those producers. I think that the government is prepared to pass Bill C-244 without any delay, even if they have to bring in certain improvements. The tragedy is that within these very walls there is too much politics going on, and that is the sad side of the story. All members should be objective and not resort to petty politics for we know very well that it is the people of Canada who will be paying for this.

I urge hon. members to be more consciencious in carrying out their responsibilities. I believe the Canadian people have lost confidence in politicians because of some petty politicians who produce all kinds of arguments, too often forgetting their primary responsibilities.

I could wish Canadians to be better informed of debates taking place in this House, which would lead them to invite their representatives to be more objective and to carry out more fruitful work.

The tragedy is not that the government has not paid the money, because it proved that it wanted to do so. I bring up that argument, not to save the face of the government—I recognize it must pay it and that the matter is urgent—but because it can only do so with better co-operation from the members of the opposition. I feel the government is justified in claiming it did not have that co-operation, and I would ask the members of the opposition, those who really want to prove their integrity toward their electors, to tell the government that they are willing to accept a limited debate that those payments might be made as soon as possible. I am convinced the government will then act quickly, in the interest of the producers.

• (11:50 p.m.)

Mr. Speaker, the tragedy is surely not the one which was described a while ago. In conclusion, I would invite the hon. members opposite to show such objectivity. As for those who quoted Standing Order 75C, which I call the muzzle of the House, I would say to them that if the government had imposed closure during the debate in committee, I clearly feel that the members who objected to the bill would have deserved it. I am one of those who believe, that is I have for the past two years, that debate in the House should be restricted since the system enables the opposition—that has always been so—to go too far and then the Canadian people must pay for it.

It is urgent for hon. members to consider this matter and accept the limitation of debates, which would allow them to express themselves sufficiently, while allowing the government to act faster, and taking into account the interests of society. Consequently, we must not prolong debates, take advantage of the system to embarrass the government for the sake of it, but serve our constituents in an objective manner. When one considers the waste of time resulting from these sterile debates such as that of tonight and those which have been taking place for the past three years, that is since I have taken my seat in this House, it will be agreed that all the reasons that I am bringing out make me believe more and more that the limitation of debates must be initiated, that a well ordered legislative program must be introduced at the beginning of each session, so that we know that a debate

will last a certain time and that each member of the opposition will be able to express himself while limiting himself objectively. The people will thus benefit from an improved service from their government.

So, I invite all hon. members to become more objective than ever, not only to let western producers benefit from subsidies which are theirs, but also to let Parliament work as it should have done for a very long time.

[*English*]

Mr. Peters: Mr. Speaker, may I ask the hon. member a question?

Mr. La Salle: Yes.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Timiskaming may ask a question only if it is accepted by the hon. member for Joliette (Mr. La Salle).

Mr. La Salle: Yes, Mr. Speaker.

Mr. Peters: I should like to ask the hon. member, and I am aware of his knowledge of the Committee on Agriculture on which we both served for some time, whether he is not of the opinion that the act that we are discussing, the Temporary Wheat Reserves Act, provided for the farmer a payment of something like $60 million, with an additional $26 million owing as of July 31? Is he not of the opinion that, in the light of the fact the farmer is entitled to that money, it should be paid and the government should reconsider the amount that is in the stabilization bill and talk about the stabilization bill in terms of stabilization rather than a winding up of the Temporary Wheat Reserves Act? Is he not of the opinion that the law should be enforced today and that we should discuss the matter of stabilization in the light of present circumstances?

[*Translation*]

Mr. La Salle: Mr. Speaker, I admit the question is justified, but I think that if Bill C-244 had been supported by the opposition, the problem would be solved. I presume it was very difficult for the government to make regular payments, considering the existing legislation, since the changes instituted in the new bill would surely have given the government much trouble. Since the government had the right to believe that the opposition would not be so dead set against the measure, I acknowledge its good will in trying to help western farmers through the new bill.

If the opposition continues to fight the bill, it seems to me that legally the government will have to pay in accordance to an existing act, but I wonder if objectively opposition members would not achieve more by helping the government to get Bill C-244 passed quickly. Then we shall have really served the people, allowed the government to pay the money and opposition members will be given credit for having contributed in this useful way to the payments that will be made.

[*English*]

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I hear some denigrations about potato growing. I know that the people over there have no interest in potatoes, but they need not say so so impolitely. I should like to say that I am neither a farmer nor a westerner. None of my constituents are customers of the Wheat Board, so perhaps I will be a little more considerate and not indulge in the harsh criticism that has been laid upon this minister tonight. I will say that he has been no worse in his conduct of the Wheat Board than he has in his conduct of Manpower.

Some hon. Members: Hear, hear!

Mr. Macquarrie: This debate underlines the gravity of agricultural problems throughout the country, and the very commodity that one of the gentlemen from Toronto was sneering at, potatoes, was terribly hurt by the surtax, but there has been no sign of any corrective measure taken by this government. All the other things that the hon. member for Saskatoon-Biggar (Mr. Gleave) indicated, are a part of this debate, namely the continuing and crying problems of agriculture with which this government fails to cope. This is just one minister who is culpable and inadequate in this field.

There is, however, another aspect. We realize, and it has been made abundantly clear in the fine speeches that have been made tonight, that a part of the citizen body of this country is being victimized by the impropriety of the government in not obeying the laws of the land, and that body is the farming community in Canada.

Some hon. Members: Hear, hear!

Mr. Macquarrie: This is abundantly clear, and if it were ever made clear it was revealed by the non-answer which the minister gave to the very precise question directed by the venerable member for Winnipeg North Centre (Mr. Knowles), the chancellor of a certain institution.

Mr. Knowles (Winnipeg North Centre): At this time of night we are all venerable.

Mr. Macquarrie: But what is more important—and I say this with all due respect to those who represent the agricultural communities—is that the parliamentary structure itself is under attack. So, it becomes not just a matter of concern for those members who represent the farmers, who represent the constituencies which have heavy dealings with the Canadian Wheat Board, but it becomes a matter of concern for all Canadians and for all of us who represent the Canadian people.

Some hon. Members: Hear, hear!

Mr. Macquarrie: That is why, Sir, at this atrocious hour, I as a dour Presbyterian, am taking part in this midnight debate. For the last hour or two I have been looking up some authorities from McIlwain and Dicey and even Lang. I have read through a good many of

them, but I have come to the conclusion that the very best quote I could get is one from Lewis Carroll. When Alice asked Humpty Dumpty a question he, very irrelevantly but perhaps significantly, replied: "The question is who is master". I think that that is what is the problem, this recurring excess of the executive in this country, the present executive, over the people of this country and the people's representatives in this chamber. The problem is who is to be master, and it is the eternally burning question in a democracy. Who is master? Is it the people and those who represent the people or is it someone who has temporarily the keys to the administration? That is what we must ask ourselves. It was long ago that that great man said: "Eternal vigilance is the price of liberty". That question is more pertinent and more portentious today than it ever was, Sir. Lord Bryce wrote in a great classic "Modern Democracies":

> Liberty is a good thing, because it develops the character of the individual, and conduces to the welfare of the community. When one man, or a few men, rule over others, some of the subjects are sure to resent control and rebel against it, troubling the general peace. No one is good enough to be trusted with unlimited power. Unless he be a saint—perhaps even if he be a saint—he is sure to abuse it.

• (12:00 midnight)

Although I am as kindly as I can be to a former academic, I am not going to canonize him tonight. We are living in a time when the people's representatives, the House of Commons, in the eyes of the executive are becoming less and less important and irrelevant. Indeed the chief of the executive asks, and indeed he does not ask, he declares—he does not go in much for asking—they are nobodies. So, we have to be eternally watchful, eternally assertive.

Do I hear the sounding brass and tinkling cymbal from Calgary South? If he would de-orchestrate himself and take his turn in the debate it might be amusing if not revealing.

But where is the role of the House of Commons here? Why is the House of Commons important? There is only one answer, as there has always been only one answer down through the history of parliamentary democracy. It is because we represent the people. Before there was responsible government, before there was an administrative procedure for responsible government, there had to be a representative democracy, and we are here because collectively we represent the people of this country. And this why this is a very important evening. Because the regular routine has been set aside, and the people's representatives are here on a matter of great concern to the people. And they are not nobodies. When we forget that representative democracy and the representative aspect of our whole system are the keystone of our democratic system, then we are in great danger of sliding down the path that some would love to push us down. I am glad that there are many vigorous people tonight who have resisted this terrible tendency.

Tonight the minister said certain sharp things. I think he is basically a more polite man than his master, the Prime Minister. He did not call us nobodies, but he said some things that were a bit disturbing. I wrote down his

expression "prospective implementation of an act"—something we are going to do in the future.

The Canadian people were told some many months ago about participatory democracy, but tonight we have anticipatory autocracy—"We, the executive, are going to do something. We have said so. Perhaps next year, perhaps next session. We have said we are going to do it, and so the law of the land is unimportant because we have declared that something is going to be different." Seemingly the body that makes that intention law, the Parliament, is not a factor at all, and so you get back to the nobody syndrome. This is the great problem in this country today. This is why it is terribly important that lovers of liberty get across to the people of this country the great danger the country is facing in this kind of arrogant, autocratic attitude towards the dispatch of public business.

Then, I heard the minister later in his speech speaking about taking short cuts to do certain things. How many times has liberty been set aside by the efficient tyrant? "Don't worry about the laws. Get it done, because the processes of democracy and discussion are too slow." So, you cut through them; you tear them down. Then, he revealed himself I think a little more clearly later on when he was discussing the opposition. I heard him use these words, "they kept saying it for three days." How outrageous, how terrible for people representing the Canadian populace to dare to talk for three days on a measure which he and his colleagues have declared is coming into law! Even before a bill becomes law, they are acting as if the law does not exist.

Mr. Lang: It is a different law.

Mr. Macquarrie: You had your chance to defend yourself.

Mr. Lang: Just get your facts right. I don't mind your pomposity but just get your facts straight.

Mr. Macquarrie: Mr. Speaker, if this incompetent minister wishes to ask me questions, he can do so when I have finished. He made a tremendous fiasco of his speech and he is not going to assist me to do the same thing. He is the colleague of some ministers who, because they did not like the word "dominion" called it something else even though they have not mustered up the initiative to have the House of Commons deal with the statute to declare that a certain day is not Dominion Day. In other words, if the law is embarrassing, circumvent it. But we are supposed to be law-makers, not law-breakers. Is it not the ultimate irony that we become law-breakers? We are here because we are law-makers. But the government's motto is "To Hell with the law, it is our will that prevails".

Some hon. Members: Hear, hear!

Mr. Macquarrie: This minister, in a more happy environment, used to write books, as some of us do. He edited one, and I will just read the first sentence: "Justice in Canada is administered in accordance with the law".

Mr. Lang: Why don't you give the reference?

Mr. Macquarrie: This is the first sentence of the book which the hon. minister edited some years ago.

Mr. Knowles (Winnipeg North Centre): A "Lang" time ago.

Mr. Macquarrie: There has been talk about the minister's legal background, Mr. Speaker. I do not hold that against him but no member of this Parliament, no person nurtured in the tradition of parliamentary democracy, has to be told that our system can only work when we have a government of laws and not of men; that the temporary administrators cannot set aside the law and expect that the system will work. I would advise this minister to remember that.

An hon. Member: For Auld "Lang" Syne.

Mr. Macquarrie: It is a government of laws and not of men; however confident the men may be, however filled with their own importance they may be, the law is what prevails.

In his speech the minister did make a very fine statement when he said "I owe a tremendous debt". This government does, so let them pay it. I hope he will forget politics and not engage further in this—some said "offensive" but I did not think it was offensive, I think it was defensive—tirade. I think he saw the same public opinion poll as I did which shows that in Assiniboia, the Conservatives are leading, the Liberals are second and the New Democratic Party third. But this is not what we are talking about tonight, Mr. Speaker.

I would say to the minister: recall this important debate and what was said by eloquent members like the hon. member for Calgary North and those who followed him. Let the minister remember that with all his troubles, and he is in a troubled portfolio whichever way he turns, he has an obligation to pay the Wheat Board and the farmers. He has to obey the law and function in this House as one who knows that this House is supreme. The power which he exercises rests upon the power of this House.

Some hon. Members: Hear, hear!

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, it is a difficult task to follow the hon. member for Hillsborough (Mr. Macquarrie). The words that he had for the House, and for the hon. Minister in charge of the Canadian Wheat Board, should be taken to heart. When he speaks about the law, surely the minister will realize that the hon. member is referring to him. I suggest that when the minister gave his discourse he was talking about contemptible action on the part of the opposition. If any contemptible action was taken by any elected member of the House, I suggest it was taken by the minister in May. The *Leader-Post* of May 29 reported:

• (12:10 a.m.)

Otto Lang, minister in charge of the Canadian Wheat Board, said Friday he expects the grains income stabilization plan will become law before June 23.

I suggest that the magic date, June 23, meant something to the minister. He was not concerned about what happened under the stabilization plan; he only wanted to get cash into the pockets of some farmers and he thought some of the money would go to farmers in the province from which he and I come. I think every organization representing the farming population has opposed this bill, and the minister is well aware of that. He knows that the three wheat pools, the Federation of Agriculture, the National Farmers Union, the United Grain Growers and the Unifarm organization in Alberta have opposed the bill in its entirety and will oppose it until there is clarification of its provisions.

The minister suggested we are trying to filibuster the bill. We have only tried to obtain answers from him. There is one area we ought to be concerned about. The government is encouraging the exodus of the farm population from the land and the amalgamation of farm units into more efficient sizes. Repeatedly we have asked the government what its plans are for changing the present farm units to units of more efficient size, and what this will mean to the farming population. The government has not said what this program will mean. It means that farmers will be moved off the small family farm, and the minister knows it.

As recently as last week I asked people in the farming community to put themselves in my place as a Member of Parliament and to say whether or not they would vote for the stabilization plan. The answer was a resounding no; they would not vote for it until they had information as to what the minister means when he says that he wishes to encourage farm units to become units of a more efficient size.

The minister should know that the so-called grain payments and the carrots being held in front of producers' noses will do little to ease the grain space situation. We need measures to offset any lack of elevator space. Nobody wants to plug the pipeline, as the elevator system is known. At the same time, no substitute has been put forward for the storage of grain. There has been no answer as to who will bear the cost of the extra storage which is necessary or what will replace payments under the Temporary Wheat Reserves Act which paid for part of the storage available in elevators.

This evening the minister spoke about the opposition being obstructionist. Back on May 10 I placed on the order paper the following question concerning the Wheat Board and the Temporary Wheat Reserves Act:

1) Are payments being made on a monthly basis to the Canadian Wheat Board under the provisions of the Temporary Wheat Reserves Act?

2) If so, are the payments still being made?

3) If not, why not?

That question was placed on the order paper on May 10 last. On September 8 the minister's department saw fit to answer it. No action of the government could be more contemptible than that, because the attempt was made, I suggest, to deceive producers completely. The government's action, or lack of it, consisted in no answer being forthcoming until then to a simple question. I am concerned, as are the producers. We want answers from the

minister. They want to know exactly what he is talking about and why he is not obeying the law as laid down in the Temporary Wheat Reserves Act. We are all well aware that it did not take the minister long to get out that seven cent payment. It was announced one day and in the mail the next. Now he has suggested that he is prepared to go to jail for the farmers. At the time he put the payment out he realized that wheat had dropped 20 cents a bushel compared with two years earlier. In fact, on August 1 it was 3 cents a bushel less.

To try to suggest that we on this side are playing politics when the government introduces that type of operation is a defamation of the word, to say the least. I am sure that all members on this side of the House are concerned about what is happening to the farm economy. We are also concerned about the fact that cash is needed on the farm. We on this side have tried our utmost to have this so-called stabilization plan based on net income. In no way will the government accept that type of proposal. The government is well aware that in the whole of the post-war period we have the lowest net income ever on the farm.

We have tried to get the government to take action on the price of farm machinery. Tonight the minister said that he would go to jail for the farm population, but he still will not initiate an investigation under the Combines Investigation Act into the price of farm machinery. He knows the farmer is being completely fleeced in this respect. If this government were concerned about the farmer and the farm economy it would do something to improve the situation.

I had to laugh when the minister congratulated the members on his side of the House who come from the Atlantic provinces and the west coast for putting up with this debate. Surely the minister must realize that the agricultural and fishing economies are the most important industries in this country. They are the backbone of the Canadian economy. Surely the minister realizes that over 80 per cent of the people are directly or indirectly connected with these two industries. He thanked the members from other parts of the country for putting up with a debate on one of the two most important industries in this country, farming and fishing. The members on this side from Atlantic Canada are fully aware of the problems in their industry. They are very similar to the problems affecting the agricultural industry in the western provinces.

Those who are sincere about this situation know that the laws made in this House of Commons should not be broken. This is my first session here. I did not think it was possible for a government to say that even though a law is on the statute books of Canada, they can break that law and nothing will happen to them. The hon. member for Hillsborough (Mr. Macquarrie) dealt with that point. I did not think it was possible to take shortcuts in order to accomplish something.

The money that is now owing to the farmers of this country should be paid immediately. There is no use arguing with this government. If the government is prepared to break the law, the people of this nation will stand up and be counted at the next election; they will let the government know what they think of these so-called shortcuts. The minister said that he is prepared to go to jail because he is taking this shortcut in order to help the farmers. This is more than a cheap political trick. These people should be going to jail because of the situation they have created.

If we look at the publications of the Saskatchewan Wheat Pool and other organizations we realize that our agricultural economy is worthy of support. The minister talks about what he has done for agriculture, but Canada is the only wheat exporting nation in the world that has to subsidize the treasuries of other nations. The minister brags about the great increase in farm production and export sales, but we know about the government's hesitation. Because of the cutback in concessional sales we lost markets. We realize that there are now some credit sales, but after a period of time they will be charged back to the pool. Other countries look after agricultural producers and provide protection for the people who are part of this industry.

They consider agriculture to be an asset to their countries, but not this government. They just do what they want and pretend they are helping the producers. Surely, the government realizes it has an obligation to live up to these laws. Surely it realizes that what it is doing right now can only be considered one of the worst things that can happen to a nation. I was amazed to hear the hon. member for Joliette (Mr. La Salle) stand in his place and say what he did. Surely, he was not suggesting we do away with existing statutes. If this is the situation it becomes truly dangerous to allow any bill to be given first reading, since it might have an effect on existing statutes and in this case it could have an effect on various areas throughout the country.

Mr. David MacDonald (Egmont): As an eastern member, it has not been my custom to speak on matters relating to western agriculture. In the case of my hon. friend from Hillsborough, not only does he not usually speak on western agriculture, he does not represent what is normally considered to be an agricultural riding. But there are two factors which compel me to take part in this important debate. One is that I do represent an agricultural riding. And I believe the problems of western agriculture are indivisible from those of agriculture generally across this country.

It is an obvious fact, that the government has proved both unable and unwilling to face the real problems of agriculture and is continuing in many cases to turn toward its own plans and programs, which in most instances have little to do with the real needs which pertain in the agricultural industry. It is high time members from all parts of the country and on all sides of the House expressed themselves openly and directly with regard to this subject. The cost-price squeeze and other difficulties affecting western agriculture can be repeated time and again with respect to the agriculture situation in eastern Canada.

In addressing the House this evening, I rise not just because agriculture is affected but because there is a

principle at stake which concerns the very moral fibre of the country itself, that is, the right of any group of individuals acting as the government of a country or province to arrogate to itself a decision to act against the law. I think this debate may well prove to be one of the most important, if not the most important, to have been held in this chamber for many years, because it deals with a question of fundamental principle. We know that the Prime Minister (Mr. Trudeau) has not a great deal of respect for the institution of Parliament. He has already indicated clearly both inside and outside the House that he regards much if not all of what happens here as either a nuisance or a bore. Some of us have been deeply offended, and by "some of us" I do not mean just the members of this House but the people of this country. They have been deeply offended by that attitude particularly on the part of one with such a high place of responsibility. But because this is a democracy we have had to tolerate that point of view. It seems now that the government has made a new departure for not only does it consider Parliament to be a nuisance and a bore but it considers itself to be above the law and this is something which members of this House totally refuse to accept.

The government may be fabricating some new morality. It may be simply willing to overlook facts in favour of its own priorities, whatever that may mean, but the fact is that there is a clear-cut statute which pertains to the administration of money with respect to the Canadian Wheat Board in this instance.

Members of this House and many members of the public, particularly those directly affected, will not overlook or accept the government's action in this regard. This government may be more interested in its own plans and policies than in the people involved in agriculture or the principle at stake, but the reason we are having this debate is to point up the fact that a country cannot long tolerate that kind of arrogance and repudiation of the basic structure on which democracy exists.

I trust that after tonight's debate in this House hundreds of thousands of people in this country will let the government know where they stand, because only through the free voice of the people can we continue to maintain respect for democratic institutions and the function of laws which protect both liberties and opportunities in a free society.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, it is not often that the Parliament of Canada remains in session after midnight and it has been my experience that on the occasions it has occurred a fundamental issue has been involved. I have discovered during the course of the discussions on those occasions that members make statements of basic importance to the well-being of this institution of Parliament. All hon. members will agree that the speech made tonight by the hon. member for Hillsborough (Mr. Macquarrie) was that kind of statement.

I could not help but make a mental note of the contrast between the reaction of members of the House to the speech of the hon. member for Hillsborough and the speech of the minister responsible for the Canadian Wheat Board. The minister had a great gallery behind him—all farmers from Montreal, Toronto and places of that nature! There was a lot of hooting and hollering because the minister's speech was full of sound and fury, signifying nothing and quite irrelevant to the essence of this debate. The speech of the hon. member for Hillsborough did not cause a vociferous response from the bleachers. Instead, a profound hush and silence descended over the House. I think the measure of its importance was in terms of what is sometimes called a pregnant silence.

Over the years I have had the privilege of sitting in this place during post-midnight debates. My mind goes back to the first occasion I experienced an extended debate on an issue of this kind. The issue concerned the breaking of the law by a minister of the Crown. That minister was a member of a former Liberal administration that had been in power far too long for its own good as well as for the good of the country. I am sure that the hon. member for Winnipeg North Centre (Mr. Knowles), who is following this debate very closely tonight, will recall the circumstances.

• (12:30 a.m.)

The minister concerned failed to discharge his obligation under the law of Canada. Nothing happened until the official, the civil servant, who was responsible resigned in protest. Then, the cat was out of the bag and debate began in this House of Commons. I was a new Member of Parliament trying to become accustomed to the mysteries of this august chamber, and I can still remember the speech of burning and righteous indignation given by a Presbyterian Scot—I do not think that Presbyterians have any monopoly on speeches of burning and righteous indignation—the late Alistair Stewart who was then representing the constituency of Winnipeg North.

One of his ringing phrases still remains indelibly imprinted on my mind. The occasion was just before Christmas of 1951 and he said that he did not know whether the minister would be spending Christmas in the bosom of his family or in the bowels of a penitentiary. As it happened, the minister spent Christmas in the bosom of his family rather than in the bowels of a penitentiary, but the issue was fundamentally the same as this. The minister concerned was one of some considerable political experience in the public life of this country and perhaps, under those circumstances, a little bit of arrogance has to be tolerated.

The intolerable part of the issue now before the House is that we have a minister who is responsible for the Wheat Board deliberately circumventing the law of the country and justifying it with a speech that was quite specious in nature and content; a minister who has been in public life only since 1968. I would say the present Liberal administration is taking on the attributes of arrogance that brought on its downfall in 1957 much too soon for its own good.

I sat in incredulity and heard the minister deliberately digging his own political grave in the sort of speech he made tonight. I remember the late Right Hon. C. D. Howe, who made many contributions to this country during the dark days of World War II, coming out with a statement that indicated how arrogant the Liberal administration of which he was a member in the latter days of the regime had become. In a debate on a very important issue he said: "If we are not careful this discussion is going to degenerate into a debate". The implications of that statement, of course, have much in common with some of the points that were made by the government spokesman in this House tonight. I see that the Whip of the government party has something to say, but unfortunately I did not catch what he said.

Mr. Lang: He said that that won't happen now.

Mr. Dinsdale: Perhaps he intends to take part in this debate, because not many of his troops are left this evening. The point I want to make in this debate is to bring before the minister the situation existing in western Canada of which he is apparently completely ignorant or for which he has utter disregard. He was trying to point out in his defence of the indefensible here tonight that if the Parliament of Canada would only pass Bill C-244, all the problems that beset the western economy at the present time would melt away in the morning sunshine.

Mr. Lang: I did not say that.

Mr. Dinsdale: But this was the implication of the remarks, and we will be very pleased to have this point clarified because the only justification he gave for failing to discharge the responsibilities of the government under the Temporary Wheat Reserves Act was that we were delaying the passage of Bill C-244 which is designed to solve these basic problems. It happens to be the opinion of a substantial group in this House, and of most of the farmers and the people of western Canada, that Bill C-244 would worsen the situation that has already been seriously worsened by the actions or lack of actions of this government.

Bill C-244, as I understand it after having discussed the issue with my farmers, would not stabilize the prairie agricultural industry but would stagnate the industry and reduce it to the poverty level. How a minister of the Crown with responsibility for the Canadian Wheat Board which has been one of the mainstays of the prairie grain industry over the years ever since it was first conceived by a Conservative administration can take this attitude of trying to foist upon the people of western Canada a bill, a government policy and an initiative that would cause profound disturbances in the prairie economy, an economy that is already at a disastrously low level, is beyond the comprehension of the hon. member for Brandon-Souris.

Mr. Lang: So is the bill.

Mr. Dinsdale: The point at issue with reference to the defence of the minister is that apparently he fails to appreciate that the farmers of western Canada are now confronted with a situation where even those with long experience who would normally be thought of as having been firmly established in the prairie economy are finding it impossible to survive. Others who have spoken here tonight have pointed out the reason. The minister does not seem to understand the cost-price squeeze, the decline of grain prices with the collapse of the International Wheat Agreement because of the failure of the government to seize the initiative in these matters, and also the fact that even though grain sales are up—and this is one of the arguments that the minister used ad nauseum here tonight—this is doing nothing to increase the prosperity of the prairie wheat farmer. He is deeply in debt from cash advances and other last resort financial measures that he has been assuming in order to survive in the tragic economic situation in the prairies. The farmer is in a position where his cash flow has been completely cut off, and this year he will not likely have access to cash advances in order to help himself in the struggle against encroaching poverty.

• (12:40 a.m.)

To bring these brief remarks to a conclusion, Mr. Speaker, I quote a former member of this House who is now a distinguished member of the press gallery. From time to time he comments on agriculture and other western matters. I refer to Mr. Douglas Fisher who on several occasions has attempted to regain his place in this House. About a year ago he lost his bid for the NDP nomination in Selkirk, Manitoba, and summed up the reason for his failure to make a strong showing, according to a Canadian Press story dated February 23, 1970, as follows:

> As a resident of Ottawa I was under the Trudeau curse. The sentiment is so strong against Ottawa that it goes against someone who even lives there.

From the stubborn, almost obtuse attitude of the minister I can only conclude that he too is under the Trudeau curse or spell, because the position he has taken with regard to this important matter is so completely incomprehensible to the people of western Canada. It is one of the reasons why we have witnessed in recent months a disturbing growth in the feeling of alienation on the Prairies.

When I refer to the Trudeau curse I recall that the right hon. gentleman who is the leader of the government, during an appearance before a farm audience in the city of Winnipeg made this strange and incomprehensible statement with reference to declining grain sales, "Don't expect us to sell your wheat." Obviously he did not even realize that under the Canadian Wheat Board Act the farmer has no other recourse than to sell his wheat through the board.

Confidence is important for the general economic well-being of the country. As the hon. member for Egmont (Mr. MacDonald) said a moment ago, prosperity is indivisible. The sort of defense that the minister made tonight is a disservice to the people he represents in his constituency in Saskatchewan. It is reminiscent of the defence he tried to make as recently as yesterday in face of

startling unemployment figures and a shocking increase in the cost of living, unemployment figures in reference to the situation that existed in August before the impact of the American surtax, and an increase in the cost of living amounting to 3.6 per cent, the largest increase we have seen during the whole period of increasing inflation in this country. This was also an increase that occurred before the impact of the American surcharge began to be felt on the Canadian economy.

The most tragic aspect of all is that the group most seriously affected by the chronic unemployment figure of 6.5 per cent is composed of the young people of Canada aged 14 to 25 years. What the minister is trying to do is perpetuate a myth. It is a myth that has been sold by what has been referred to as "Trudeaumania".

Mr. Woolliams: The just society.

Mr. Dinsdale: The just society, or participatory democracy. Talking about participatory democracy, as I look over at the government side of the House tonight, I see that we have only three members of the government participating in this important debate.

An hon. Member: Not a member of the cabinet.

Mr. Dinsdale: The hon. minister is behind the curtain and I can well understand his desire to get out from under an embarrassing situation.

Mr. Francis: It gets a little dull after a while.

Mr. Dinsdale: Let me point out, Mr. Speaker, what the government has been trying to do to this and other important matters. I have here a quotation from something said by the late John F. Kennedy.

> For the greatest enemy of the truth is very often not the lie—deliberate, contrived and dishonest—but the myth, persistent, persuasive and unrealistic.

That sums up in much better words than I could find, exactly the exercise undertaken by the minister responsible for the Wheat Board in his defence of the indefensible. I can assure the minister that it will not go over with the farmers of western Canada who are deeply concerned about the situation.

Mr. Doug Rowland (Selkirk): Mr. Speaker, we have listened to a lot of words this evening. We have probably listened to so many because it is absolutely impossible for us to discover the words necessary to describe precisely how reprehensible is the government's failure to make to the Canadian Wheat Board the payments it is required to make under the terms of the Temporary Wheat Reserves Act of 1956. The government has told us that it is withholding the 9½ cents a bushel, the $60 million owing to Canadian farmers, because there is a bill on the order paper which would repeal that provision for the payment of storage and carrying charges contained in the Temporary Wheat Reserves Act. This is money urgently required by a western economy already staggering, not to mention the need of farmers whose income is already marginal.

Withholding of Grain Payments

There is absolutely no justification for the government action, either legal or moral. The government simply does not have a legal leg on which to stand. The Temporary Wheat Reserves Act of 1956 is the law of the land. It requires that certain payments, estimated at approximately $60 million for the crop year 1970-71 be paid on a monthly basis to the Wheat Board beginning August 1, 1970. The payments have not been made. That is a breach of the law. It is a breach of the law knowingly—and I say knowingly advisedly—undertaken by ministers of the Crown. These are the same ministers of the Crown who paraded their virtue, their respect for the law, their desire for public order and their love of democratic institutions so sanctimoniously during the crisis last October. What is their justification for holding this money, so urgently required by the western economy? Their justification is that there is a bill on the order paper, Bill C-244, which has as one of its provisions the repeal of the Temporary Wheat Reserves Act retroactive to July 31, 1970. This is, I submit, no justification at all. Anyone with even a marginal acquaintance with the procedures of a parliamentary democracy knows that a bill is nothing more than a piece of paper containing some words until Parliament sees fit to enact it into law. Bill C-244 is not yet law, nor can the government assume that it ever will be law. The government must wait until Parliament has made manifest its will. If the government is not willing to take my word for it I should like to cite a passage or two from "The Law of the Constitution" by A. V. Dicey, Tenth Edition. At page "xxxv" appears the statement:

> No person or body is recognized by the law of England as having a right to override or set aside the legislation of Parliament.

• (12:50 a.m.)

The same principle applies in our Canadian parliamentary democracy. On page "cx" Dicey says:

> —it is fundamental that there must exist some technique for forcing the government to submit to law; if such a technique does not exist, the government itself becomes the means whereby the law is achieved. This is the antithesis of the rule of law.

As I said earlier, the government has no legal leg to stand on in this instance. Indeed, it is the opposition which has the weight of legal opinion behind it and, as may shortly be demonstrated, the weight of legal procedure as well. Even if there is any legal justification for the government's action in withholding $60 million of badly needed money from the western farmer, we should look at the moral position.

The minister responsible for the Wheat Board is arguing that none of this would have happened if the opposition had let Bill C-244 go through. Indeed, the minister says not only that the government would not now be embarrassed but that the farmer also would have received $100 million in acreage payments which would more than have replaced the lost revenue represented by the provisions of the Temporary Wheat Reserves Act. In addition, farmers would have received the benefits of an income support program based on gross farm income.

To begin with, such a position is nothing less than blackmail. The minister in effect is saying to the opposition, "Either you allow the legislation, which you consider to be bad legislation and which many farm organizations consider to be bad legislation, to pass or we will starve the farmers by withholding urgently required income and we will blame it on you."

An hon. Member: Shame!

Mr. Rowland: The minister tonight is being told where he can get off, and deservedly so. There is a great deal of noise being made these days about the responsibility of the government, about its accountability to the people and about the need for allowing it to get on with the work of fulfilling its mandate. One can hardly disagree with any of these concepts. However, there is another side to the coin. It is the responsibility of the opposition to see that the government does not ramrod through bad legislation. The opposition is accountable to the people for its actions in that respect.

If the opposition has the "temerity" to delay government legislation—and here, referring to Bill C-244 I might say, as someone said earlier, that it has only been before this House for 12 hours and before the committee for 24 hours—the mere fact that the opposition is also engaged in electoral politics and must seek the approval of the voters means either that in all likelihood there is overwhelming opposition to the idea, that there is a great division of public opinion, or that public opinion has not yet become clear. Surely in the case of any one of these three eventualities delay is justifiable. If the opposition is wrong in its assessment of public opinion, then it will suffer for its mistakes at the polls. This, as I said, is the other side of the coin to government responsibility; it is the side of opposition responsibility, a side too seldom seen and seldom understood. Surely the government has no justification, moral or otherwise, to employ blackmail in an attempt to get the opposition to avoid its responsibilities. Beyond that, the minister's assertion that the opposition is at fault in delaying the flow of cash to farmers is simply untrue. We on this side of the House have frequently suggested to the minister that he split Bill C-244 so that we might deal rapidly with its provisions for $100 million in acreage payments, something which all of us on this side of the House would agree to. But the minister will not do that. That is his decision, not ours. We have made the offer. As a separate measure, the acreage payments could have been put through the House before we rose for the summer. That measure could be put through very quickly right now. The cheques could soon be in the hands of the farmers of the country. The minister, however, was simply too stiff-necked to co-operate. Even the minister must understand that the other provisions of Bill C-244 are, to say the least, extremely controversial and required detailed examination.

Without giving a speech which might be more properly made during consideration of the grain stabilization bill, Bill C-244, let me mention a few areas that cry out for detailed consideration. First there is the provision for the cessation of payments to offset storage and carrying charges for unsold wheat. We ask: Is it legitimate to require the farmer to bear this cost on his own, since reserves of grain are requisite to Canada's being able to supply customers on orders and thus favourably affect the balance of payments of the country?

Another example, is it realistic to base an income support program on the gross income of a farm? Would it not make much more sense to base the program on net farm income? Gross income can be high, but so are overhead costs which could make real income marginal if not non-existent. Yet another example, is it legitimate to require farmers to contribute 2 per cent of their gross earnings to such a plan when their real earnings are so marginal that 2 per cent off the top might mean the difference between survival and failure? Surely, these are legitimate questions requiring the most careful examination. Who is the minister to demand that we in the opposition cast aside our obligation to give it that examination?

Finally, Mr. Speaker, even if the minister were right in his assertion that this is all the fault of the opposition, a point which I do not concede for reasons I have given earlier, what does that have to do with the substance of the argument before us? Absolutely nothing. The Temporary Wheat Reserves Act is the law. The government has not abided by the law. In 1968 when the opposition defeated a proposal for a 5 per cent surcharge on income tax, the government did not like it, but they paid back the money collected. They obeyed the law then, and they should do so now.

Sheer bloody-mindedness has placed the government in the position in which it now finds itself. It is time it acknowledged that fact and carried out its obligations under the law, if for no other reason than that the western economy needs the money which they are withholding.

Mr. F. J. Bigg (Pembina): Mr. Speaker, I was born and raised on a farm in western Canada, but that does not mean the farm problems which face us in Canada today are not shared by everyone who loves the land in this country. I wish this bill, and this problem which we face, related only to agriculture. If it did, I would be content to go home, take to my bed and perhaps settle this another day.

Some hon. Members: Hear, hear!

Mr. Francis: A good idea.

Mr. Bigg: I do not think there will be any applause coming from the other side of the House when I finish my remarks. I am shocked that a debate of this importance and magnitude is not attended as it should be. This House should be jammed. I wish the gallery were jammed as well.

It is not the Temporary Wheat Reserves Act that is on trial today, it is democracy itself. I wonder where the cheering ranks are that were here an hour or two ago when the minister was defending the indefensible. I call him a minister with my tongue in my cheek. No minister of the Crown worthy of the name could stand up in this

House and say what the minister said, except in jest. It would be a very poor jest, indeed, to turn back a glorious period of a thousand years of history and development of democracy in the western world.

Some hon. Members: Hear hear!

Mr. Bigg: This minister of the Crown cares little, if anything, for the rights of the people in a democracy. He is a man chosen by the people, a man raised in western Canada, near the land itself and given the great benefits of Cecil Rhodes generosity. He should have his brains sharpened; they need to be sharpened. What did they do to his head at Oxford? It was not far from Oxford that they cut off the head of a king for doing a great deal less than the minister did in this House tonight. Charles I was the victim of a worn out creed, the divine right of kings. What man dare stand in this House today and say there is a divine right of prime ministers or minister of the Crown to run their ideas down our throats and say, "You will like it"?

• (1:00 a.m.)

You can read in *Hansard* the report of a great debate after we had voted an arrogant government out of office in a proper, democratic way. What did the then Minister of Justice (Mr. Trudeau) have to say? He said, "We shall decide"—he did not mean even the whole Liberal party, but the inner clique of that party—"during, before and after debate, what is to be done in this country." It is on the record. This is not the first time I have stood in this House and told hon. members to read the record, to read the books that were written, the books in which he says where he is going and in which the path is outlined.

About 40 years ago another man wrote a book, Mein Kampf, and stated where he was going. Isit not a strange coincidence that exactly 31 years before this motion was put before the House, on September 15, 1940, the allies had to shoot down 285 German planes to prove that we would defend to the bitter end our right to determine in our way, at grass roots level, what would be done before, during and after debate.

When I heard those arrogant words spoken more than three years ago in this House I expected every backbench Liberal Member of Parliament to do what some of our greatest members have done since, though only one or two—thank God there are one or two left in this country who have the guts to stand up and face the non-party, the non-dictatorship which is rapidly taking over—that is, say, "If you don't like the way I run this country, go home, preach revolution and grow radishes." Did you ever hear those words before? I did. Were they said in jest? Grow radishes? Well, it is no good growing wheat any more because if you do you will not get $2 a bushel as was promised once by the great Liberal party. The good times of the Liberal party have become the tough times of Pierre Trudeau and his mob—you cannot call them a government, you cannot call them a cabinet.

The hands are the hands of the minister in charge of the Wheat Board, but the policies are those of the Prime Minister (Mr. Trudeau). I think he must have told the minister that he would kick his derrière, the same as he said he would kick the small boy in Saskatchewan, if he dared oppose this demigod. I will kick your derrière, Mr. Minister. I hope I am kicking it now. How would you like to manger la merde? That is the advice our glorious Prime Minister gave hardworking men from Montreal who want to earn their living driving trucks. Is that the kind of democracy we support? Yes, point to him and give him his orders; he does not have to take them. I am being very relevant to this debate, and you know it. How would you like to fuddle-duddle? Resign. That is what that means in the Prime Minister's language—fuddle-duddle just as fast as you can.

There is more than one coincidence this week. Prince Alberta, Saskatchewan, was at one time the political home of Sir Wilfrid Laurier, one of the great Liberals of this country, one of the great leaders of this country, a Canadian who did not have to hyphenate his name. We still have the member for Prince Albert (Mr. Diefenbaker) whose birthday is tomorrow. He has spent many, many years fighting for this country. I wish he were here tonight, because I know he would do a much better job of kicking your derrière than I am able to do.

The only support the minister received was from a man who could not stand the heat on this side of the House and had to get out of the kitchen. Is he preaching for a call? I believe he could do a great deal better because in his ignorance he is better than those trained in the chicanery of Oxford. This is one place where we do not have to be careful. One can talk treason in this chamber if he wants, and it has been done in my presence more than once. I have sat here nice and quiet and listened to it. After 23 years as a policeman sworn to obey the law, I have never been as shocked as I have been in the last 24 hours. I wish to God the Attorney General of Canada would sign a warrant; I would enjoy serving it.

This government has run out of ideas. It has wasted our money and is now vaguely looking for other sources of income—and I am not referring to the wonderful tax expectations. It has dipped into money set aside for agriculture but is now looking for an excuse not to spend it. This government should offset some of the economic nationalism being practised by the United States. Much too much has been said in the House about this matter, keeping in mind that this young nation is trying to get along with its neighbour. Some of our international wisdom is coming home to roost. The long-range plan outlined in the Prime Minister's book is beginning to misfire. He told us in his book how to take over Canada step by step. He says we do not have to worry about the federal system because it works beautifully. He says we can gain more by democratic means than we can with guns; all we have to do is take away democratic procedures.

Sir John A. Macdonald signed a very important document in 1873. He set up the Northwest Mounted Police Force now the Royal Canadian Mounted Police.

Some hon. Members: Hear, hear!

Mr. Bigg: You may cheer, but let me ask those who are cheering this rhetorical question: Can you promise me that the Royal Canadian Mounted Police will remain in its present position even until 1973? Or will it be part of a non-force with a non-commissioner fitting into a plan for non-freedom? I was not only a policeman and a soldier I was trained in the law. If the Attorney General of Canada does not know the law of Canada let me presume to tell him. Everybody in this country is subject to the law which we make and which we alone have the right to alter.

I hope I never again hear about shortcuts. A shortcut in the law of Canada should be a shortcut to the penitentiary, and the flouting of Canadian law as in this case, represents a breaking of the oath of office of a cabinet minister. I do not know what name to put to it, but thinking of the sacrifice made by our boys 30 years ago I am led to wonder how many cabinet ministers shot down German planes? Think of the contribution of those soldiers compared to that of those who would legalize abortion or allow pot to be used everywhere?

• (1:10 a.m.)

We have come a long way during the last 30 years. Our heroes have new faces, but they are not faces that would ever convince me I should bow down and worship them. If my leader on this side of the House tried to do to the people of Canada what is being done openly and brazenly through this legislation, then I would condemn him. Not only do I not hesitate to take that stand but I would be ashamed to do anything else. Tell that to the rest of your boys.

Mr. Woolliams: There are not many here tonight.

Mr. Bigg: The plan has misfired and those behind closed doors are looking for an election excuse. They are not satisfied with 150 seats; they have to manufacture an excuse to go to the people of Canada and ask them for an extended mandate. Why do they do this when they could not do less than they have done in the last three years?

Mr. Woolliams: They promised nothing and delivered it.

Mr. Bigg: Yes, they promised nothing and sure lived up to their promise. Now, they are trying to panic the country into a premature election. They have another two years to go and they have a majority. If they have the brains, the sharpened wits and all the answers, then let them come up with a little action.

Mr. Lang: Do you want us to go five years?

Mr. Bigg: I do not want you to go one more day. Liberal times are good times—for Liberals.

Some hon. Members: Hear, hear!

Mr. Bigg: You live and learn, Mr. Speaker. These hon. members applaud too soon. The wheat farmers of western Canada do not think Liberal times are good times. The average net income of a prairie farmer three years ago was $4,800 a year in round figures. In the year 1969-70, it was $1,200 in round figures. This does not take into consideration the drop in purchasing power of the dollar.

During the last year we have been told inflation has been beaten. It may be beaten for the Liberals, but it is not beaten for anyone else in this country. Perhaps the 7 per cent increase is sufficient for some people, but I am not one of them. I want to know when these good times are going to come and when participatory democracy will mean something. When will the Liberal cabinet consult its own backbenchers? I want to know how it is that this arrogant minister can predict that Bill C-244 will go through this House. He must have resurrected Mr. Pickersgill's crystal ball. Let me tell him that Bill C-244 is not going to go through this House unamended, any more than the former bill C-197, now resurrected as Bill C-176, will go through.

Ministers of the Crown are now boasting about this amended bill and how helpful it is going to be. It is hardly palatable amended as it is, yet they are already boasting about it.

The Minister of Agriculture (Mr. Olson) said to me in this House: "Trust us to pass the bill and everything will be fine". How can we trust this ministry when a minister of the Crown says that although the law contains a certain provision if the government wants to do otherwise they can take little shortcuts? Is that not what the minister said? Have the "blues" been corrected? That statement should appear in *Hansard* or I will be up in the question period tomorrow asking why the minister did not leave it in. He said it and we all heard it. It had better be there. In my opinion, to allow him to resign would be a miscarriage of justice. He should be impeached. He is an Oxonian and he knows his history. He would not have dared to do this in the days of Burke and Pitt, and I would like to think that when history is written historians will be able to say he did not dare do it in the days of Woolliams and Mazankowski either. This may well go into the history books as a very historic occasion. I would like to think that we will win this debate and that members on the other side have enough guts to come over here and join us, because if the standards which we have heard expressed in the House tonight are the standards of the Liberal party there should not be an election. They should be ashamed to be members of the House. If that is an exaggeration, you will hear about it and I suppose I will hear about it. However, I will tell you something about the people of Pembina. They like clear, unvarnished truth and they will get it from me.

It is a big game we are playing here tonight; it is a serious game. I have spent my whole life preparing myself for it, and the chips are blue and the stakes are high. The stakes are the future of democracy and freedom in Canada, because if we let this thing go, what will it be tomorrow? There will be another little short-cut through the tax act, another little effort at the emasculation of the mounted police through the creation of a non-force? How do you protect yourself from that sort of

thing? Everybody within the sound of my voice knows and every Canadian knows, that if you take the task of protecting the security of Canada from the mounted police and put it into the hands of a non-force, it will be the death of freedom in this country. I can speak from 23 years of personal experience and say to you that it did not matter what your politics were, you were safe in my hands and those of my boys. I would protect the home of a Liberal, a Conservative, an NDP or that of anybody else in this country, and the very Prime Minister (Mr. Trudeau) himself who has brought a great deal of this about is safe in my hands. I wish I thought I could be safe in the hands of the non-force with a non-commissioner, run by the non-cabinet of a non-party. It is the height of nonsense, and it is certainly another great misjudgment of the people of this country if he thinks he will get away with it.

The biggest mistake Hitler made 40 years ago was in thinking that the western world did not believe in freedom, and there were 11 million or 12 million people who showed him in no uncertain way that the only way for him was to die by his own hand. His friend, Mussolini, was hung upside down outside a forgotten gate on an Italian hill. The same fate will befall anyone who pursues this method far enough. The first step toward dictatorship was to burn down the Reichstag. You do not have to burn it down if you can get the people in this chamber to act in a cowardly and disgraceful manner, that is to allow any man, be he minister or prime minister, to stand in this House and say he will make the rules. All they have to do is to say: "We, the little group, will make the rules because we have a few fellows scared into doing what they are told".

• (1:20 a.m.)

It has been my dream since boyhood to come to this House. I achieved an ambition. But if I am to be here when democracy in Canada dies, then I wish I had never been born; I wish my mother had never brought me up on the plains of Saskatchewan. I warn you that this battle is not going to be won easily. There is a democratic way of getting rid of this sort of treatment. If you want to call an election, if you think this little piece of blackmail will work, saying we are filibustering this $100 million that you are supposed to be giving the farmers, stealing three-quarters of it out of one pocket and poking it back into another, let me tell you that it will not go over with the people.

You cannot tell the people that you are going to run the country your way, whether they like it or not. You cannot predict that you are going to ram Bill C-244 through this House. Will your next election promises be better then the promise of $2 wheat or the promise the Prime Minister (Mr. Trudeau) made when he said, "We will make the rules"?

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but his time has expired.

Some hon. Members: Continue.

Mr. Deputy Speaker: Is there unanimous consent that the hon. member continue?

Some hon. Members: Agreed.

Mr. Bigg: Thanks, all three of you.

Mr. Francis: All four. At this hour, Jack, you can't count.

Mr. La Salle: Three Liberals and one independent; you made a mistake.

Mr. Bigg: I apologize to the hon. member. I did not see him there.

Mr. La Salle: I am always here.

Mr. Knowles (Winnipeg North Centre): Right in the middle of the Liberal caucus!

Mr. Bigg: Perhaps I have deviated from what I usually do, because I always try to make my remarks entirely positive. Have I got any advice for you? Yes. I want you to obey the laws of Canada, to pay the farmers that which is justly theirs. I want you to stop this double-talk and give them the $60 million plus the $26 million that should be added to it. They need it very badly. Let us forget that they should be getting $2 for their wheat. Let us say it is $1.45 wheat; let us cut it down 55 cents. Let us let you off the hook.

Mr. Francis: Address the Chair, Jack.

Mr. Bigg: I will be very pleased to hear from the hon. member who has just spoken from his seat.

Mr. Francis: Mr. Speaker, I believe the rules call for hon. members to address the Chair.

Mr. Bigg: Has the hon. gentleman got the floor?

Mr. Deputy Speaker: Order, please. The hon. member for Ottawa West (Mr. Francis) is rising on a point of order.

Mr. Francis: Mr. Speaker, my point of order is well established according to our rules. Our rules say that remarks must be addressed to the Chair.

Mr. Peters: Where does it say that?

Mr. Deputy Speaker: Order, please. I think there is no question about the direction of the Standing Orders and precedents. Remarks should be addressed to the Chair, and I am sure the hon. member for Pembina is going to do that.

Mr. Bigg: I don't want to get into a lawyer's discussion with the hon. member, Mr. Speaker, but he was addressing me from his seat, which is one of the most flagrant breaches of discipline and decorum in the House. If he is to rise on a point of order, I wish he would rise in the proper manner and address the Chair, and then Your Honour could put me in my place. I thought I was speaking to the whole House through you, Mr. Speaker.

My advice is that the minister should obey the laws of Canada. If he does, he will have no complaint from us. Pay the farmers of Canada their just dues. I wish the minister would take his own advice in respect of trying to shelve the responsibility for his own delinquency by blaming the opposition, telling us that we have failed the government again in their hour of need.

We want the government to obey the law of Canada and give the farmers what is justly theirs. If the minister wants to do that by splitting Bill C-244, I cannot speak for the whole party but I can say for myself that I am willing to give my support to any bill which gives the farmers what is due to them. There is no doubt about their need. The price of machinery is high and costs of all kinds are increasing. Their overhead is not going down. Wages, gasoline and taxes are all increasing and the farmer is stuck in the middle. Just pay your honest bills, and that will be a good start.

Mr. Elmer M. MacKay (Central Nova): I have a feeling that, as the hon. member who spoke previously said, this is an historic debate. As a new member I feel privileged to be able to take part in it. Many fine speeches have been made here tonight. I have neither the rhetorical brilliance of the hon. member for Hillsborough (Mr. Macquarrie) nor the rhetorical and legal standing of the hon. member for Calgary North (Mr. Woolliams). However, I should like to say that in the constituency I represent we have an historic respect for the traditions of Parliament. We pay our bills and we respect the law.

Some hon. Members: Hear, hear!

Mr. MacKay: As a new member, perhaps I have come to this House full of idealism. This is natural when coming to such a hallowed institution, as was stated so ably by the hon. member for Brandon-Souris (Mr. Dinsdale). I was quite shocked, therefore, when I realized today for the first time that this administration does not seem to share the sentiments I thought I would find here of paying your bills and respecting the law. It seems to me that these two qualities I have mentioned are fundamental to the traditional qualities of Canadians.

Some hon. Members: Hear, hear!

Mr. MacKay: I am shocked that they are absent from this most hallowed of all institutions in this country. I think it was Oscar Wilde, that famous English humourist, who once said in respect of the habit of the English gentry of hunting the fox, it was a case of the unspeakable pursuing the inedible. Here I seem to detect traces of the indefensible being justified by the irresponsible. I suggest, with all deference and respect to the hon. minister, that he is irresponsible, because he knows better. As a man who is an academic of some renown, a minister of the Crown and a man with legal training, I am sure that in his heart he knows better than this. I am disappointed to find this attitude here. But I wonder, Mr. Speaker, after digging back in my memory to the 1956 pipeline and other contentious issues that have arisen to capture the attention of this country in the meantime, if this is not the hallmark of Liberal administrations.

It seems to me, Mr. Speaker, that what we have here tonight is basically a simple issue, as was brought out so ably by the hon. member for Winnipeg North Centre (Mr. Knowles). We have a Canadian statute, duly passed by the Parliament of this country, calling upon the government to pay moneys justly due to large numbers of citizens of this country. That has not been done.

• (1:30 a.m.)

The hon. member for Winnipeg North Centre (Mr. Knowles) in his great experience and wisdom questioned the minister about why it was not done. What did we get? We got irrelevancy and evasion. One need not be very astute to recognize these for what they are. We did not come here tonight to listen to a history of the Wheat Board or to politically-expedient statements from the minister about what this administration has done in the past, about great wheat sales that they ostensibly have made and hope to make in the future. We came to get answers. Unfortunately, we did not get many answers tonight from the other side of the House.

The Coutts Hallmark people have a saying, "We care enough to send the best." It seems to me that the Liberal administration which is governing this country did not care enough to send the best tonight. Indeed, they did not care to send very many people at all. Much of what I should like to say tonight has been said by hon. members more experienced and talented than me. I would be remiss in my responsibilities to my constituents if I did not go on record this evening as supporting the efforts made by my colleagues and compatriots from the western part of the country who seek justice for their constituents who are affected by this situation. As many hon. members have said, beyond that there is a question of fundamental principle, the principle that those who are instrumental in creating the law and in imposing the law should also be instrumental in obeying the law.

It seems to me, as the hon. member for Hillsborough (Mr. Macquarrie) has said, that any government anticipating that a certain important legislative measure will be passed and carrying out what will be the end result of the legislation is presumptuous to the highest degree. "Anticipatory autocracy" seems to be a far more accurate description of the government's attitude than the much heralded term "participatory democracy".

It seems to me that statistics can support almost anything—especially statisticians. I think the government has refined the art of juggling statistics, forecasts and figures to an unparallelled degree. Indeed, they have refined their talents in this regard to a far greater extent than they have refined their talents for governing this nation in perilous times.

I do not intend to say much more, since the hour grows late. I would say, with all deference, that the important message has already been put across to the people of this country. I wish to echo the sentiments of the hon. member who preceded me and advise the minister to not delay any longer and to pay to the people of this country what is justly theirs under legislation passed for their benefit by their representatives.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I do not intend to delay the House. I have enjoyed listening to the speeches which have been made. Much interest in democracy has been shown by many hon. members. I personally participated in what the minister called a filibuster. I was one of those who believed that the legislation was poor and could be improved. I was one of those who advocated the splitting into two parts of that piece of legislation. On the one hand there was the money that was to be paid on July 31 for storage payments; on the other hand, and separate from that measure, there was the other proposition. The government was not too clear about it; it changed its mind a number of times last year. I am talking about the legislation that came out of the task force that the government set up.

The task force report was augmented by discussions which took place with farm groups as to what percentage the farmer should pay and the government should pay in arriving at a formula respecting the stabilization of income. I make no apology for using Parliamentary methods of supporting these two things. I might suggest that there was a great deal of chance in this. I assured my colleagues I would hold the fort while they went out and fought the election in Saskatchewan. I did not think that I would get so much help from the situation that developed. I took advantage of the situation mentioned earlier. I said to my House leader that we have now changed the bill and that the government has to make this payment on July 31 because that is the law. I said that when we reassemble, we will face a new stabilization bill which will only involve itself with the stabilization of agricultural income. I did not expect there would be a way to circumvent this.

The minister can accuse me of being devious or using all types of strategy to accomplish my end, but I usually look in the book and see whether it is legitimate before I do it. I was playing the rules. I think that I accomplished exactly what I set out to do, namely to support these two parts of the bill. The minister has done something which I do not consider to be playing the ballgame. He changed the rules. In my opinion, he does not have the right to change the rules. I depended on the law being supreme. The minister says the bill is going to pass anyway. I am not sure that is true, Mr. Speaker.

I do not come from western Canada, but I received 3,000 letters from westerners asking that this bill be killed. I may find some way to help do that and the bill will not be passed. If the bill does not pass by Christmas, will the minister then let the law apply? Will he then pay the $60 million plus the $29 million that will be involved? If he does not, we will find a way. Is this going to be done at the time of the election? Do we have to participate in a donnybrook to handle that situation? There must be some way that the law can be made effective. If the minister changes the rules, he cannot blame me for changing the rules in whatever ways appear to be appropriate and taking advantage of situations that may develop. At least this is playing the ballgame as it is laid out by our Parliamentary practice and tradition.

I think the payment has to be made. I do not believe you can retroactively decide something. The minister has a legal and moral obligation to make that payment. If it means there is only $40 million in the stabilization fund, we should talk about that. I do not think $40 million is going to settle the problem in so far as the farmers are concerned. I think the farmers have already spent the nine cents or 10 cents a bushel they expected to receive as a rebate for the storage costs. If they have to pay that nine cents or 10 cents per bushel, they are going to demand it in another form.

The minister can save himself, the government and Parliament a lot of trouble. If he does not honour the law, we are probably going to circumvent his intention anyway. The minister certainly knows and understands the law. I am sure he has a great deal of moral conviction. I am sure he is very upset about what has happened in the past three days. I honestly cannot understand his reason for not making the payment to the Wheat Board, taking whatever money is left and asking the committee to look at the stabilization factor that all members and farm organizations want to have. However, the minister does not care.

• (1:40 a.m.)

The farmer says he will have to pay the 2 per cent out of his net and the government will pay the 4 per cent. His percentage will be calculated on his gross, but he will have to pay out of the net. That will make his net income so much less. Originally, the argument did not involve the figures two and four, but another set of figures. It is possible that some arrangement can be made but I honestly believe the minister will do something for himself, something for his government and something for this Parliament. I do not know how else the minister can be forced into it if he does not want to be. The Liberals have a great tendency to fall back on the proposition that they have a large majority and can do what they like. In another country, in the United States, for example, this matter would be determined by a simple recourse to the Supreme Court. But in Canada I am sure no one could refer this to the Supreme Court and hope for any satisfaction, because a Supreme Court Judge would say: Parliament is supreme and parliament will have to do it. If Parliament does not have the machinery to enforce the operation of the law, I suggest we are in extreme difficulty.

I have listened to the arguments of the minister. I have listened to the arguments put forward in committee. I really cannot see the advantage, either from the minister's point of view in a political sense or from the viewpoint of the amount of money the farmer will get, of flouting the law and maintaining that the $100 million is to be kept as a set figure as against paying the money under the present law and using whatever balance there may be to institute a reform of the income structure of western Canada by in some way guaranteeing a minimum income over a period of time. It may take some $40 million. The minister indicated that I was wrong in saying the amount could be over $40 million. The minister said it could be a lot more. He is probably right,

except it means we have to increase production to a great extent. I am using the actual figure over a 15-year past average and it comes out to about $29 million.

Mr. Lang: Forty million dollars.

Mr. Peters: I don't believe it comes to $40 million. That is the high end. In any case, if we were to triple production in western Canada, we would be raising the total figure. The argument in the committee was always in relation to the last 15 years of production. I believe this is the context in which the $40 million was mentioned. There is nothing this House can do to force the minister and the government to live up to the law, I know of no way or technique to accomplish this.

A debate such as this is a means of letting off steam, but it does not come to a conclusion because we do not vote. I hope the minister has listened to the arguments, all of which have been sincere. Surely he has come to the conclusion that ministers of the Crown must live up to the law and that he as the minister responsible for the Wheat Board must obey and uphold these laws.

I am sure that members of the Standing Committee on Agriculture are prepared to consider the stabilization bill with a view to developing stability of farm income in western Canada. In this way there will be no threat in respect of the use of the $100 million. Surely this Parliament can do no more than make such an appeal to ministers of the Crown. If it were necessary to have an election every time the opposition or people in the country felt the Crown had not lived up to its responsibilities, we would find ourselves in a very serious position. We have always had very outstanding parliamentarians in this country. We have had very few reasons either here or in England to institute impeachment proceedings. That has taken place very rarely in the United Kingdom and to my knowledge has never taken place here. It is a piece of legislation we have not used and will not use in the foreseeable future. Whether democracy will continue to function and whether the law will be observed by ministers of the Crown depends entirely on the ministers who respect the wishes of this country.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, may I put a question to the hon. member?

The Acting Speaker (Mr. Laniel): Order. The hon. member knows that under the Standing Order he can put a question only with the hon. member's consent.

Mr. Peters: Yes, Mr. Speaker.

The Acting Speaker (Mr. Laniel): The hon. member for Joliette.

Mr. La Salle: Thank you, Mr. Speaker. Courtesy demands, I believe, that I put a question to the hon. member, since he put one to me.

Later today I intend to present a motion for adoption of the motion for third reading of the bill within a time limit, for the benefit of western producers. I would therefore ask the hon. member whether he is prepared to support the motion I intend to present.

[*English*]

Mr. Peters: No, Mr. Speaker. Any type of agreement would require hon. members justifying what the minister has done. If we were to ask now for co-operation or agreement in respect of Bill C-244, we would in effect be saying that what the minister suggests is correct and that when this bill is passed, whatever he has done is legitimate. Most members have agreed that in respect of the Temporary Wheat Reserves Act the House of Commons has supported it, the Senate has supported it and it has received royal assent.

I would be prepared to accept the $100 million proposition, but once the obligation of the government has been met we should bring forward the stabilization bill and consider it separately as a method of guaranteeing the stability of farm income rather than as a partial method for the fulfilment of the purposes of the Temporary Wheat Reserves Act and economic stabilization.

• (1:50 a.m.)

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I stand in my place at one hour and fifty minutes past the hour of midnight with mixed feelings. I have a sad feeling because we have to debate this type of issue in a country that prides itself on its democratic system. But I am proud that we have on the opposition side of the house a number of members who have been willing, after a hard day's work, to stay here until almost 2 a.m. to debate an issue that will go down in Canadian history as a major event in the protection of the rights of the Canadian people.

We have heard from across the way tonight a variety of members. On one occasion we heard the "grey eminence" of the Liberal party who sat there lonely in his seat, at one time the only member of that party in the House. Then we had an attempt, which the whip of the Liberal party will want to deny, to reduce the House below the level of a quorum when several members were behind the curtain, in order to try to show us up as a group of individuals who were not prepared to carry on the debate. This occurred several hours earlier. I am proud to be able to stand here with at least a solid quorum of members of the opposition who have carried on this debate and will do so until every last word has been said.

This is the second time I have taken part in a debate past midnight in this House. Last time I was here until a quarter to one. That was in the fall of 1970 in a debate on what is now referred to as the October crisis, when the War Measures Act was invoked. Having listened to that debate on the Saturday, into the Saturday night and early Sunday morning, I can say that I do not know whether I felt sadder then than I do now.

This issue is not one of wheat. Wheat has been mentioned hundreds of times this evening, and I have seen the leadership shown by the hon. member from Calgary and listened to the speech of my colleague to my left, from Vegreville (Mr. Mazankowski). Other hon. members have also made outstanding speeches. These members were not talking about wheat. I do not think you will get members from Prince Edward Island, Nova Scotia or

Newfoundland staying here until two o'clock in the morning to talk on the issue of wheat, about which they are not knowledgeable and perhaps do not have the same commitment as members from western Canada. It is obvious to me and to anyone with ears to hear that the issue here is much more fundamental. To me, this issue is national and is one of the most critical situations I have seen since becoming a Member of Parliament in 1968.

I heard the minister this evening stand in his place and tell us that he would be prepared to go to jail for the farmers. He told us how he would take shortcuts, how he would cut through red tape to get around the law. I could almost hear the words of the Prime Minister (Mr. Trudeau) coming from his lips. I would not go as far as other members of this House and say that he is only the puppet of the Prime Minister, that he is only doing what he is told, because having shadowed the minister from Saskatoon for the last couple of years and watched him take part in debates in this House I am convinced that much of what he is doing carries his own conviction. We have seen him today. I saw him earlier today stand before the national press down in the Commonwealth room and try to explain away the unemployment with which we are faced today in Canada by saying that there has been a growth in the labour force. He said to the national press—and I hope they could see through it—"I know you cannot understand what all these figures add up to, so come down with me to the Commonwealth room and I will explain away all the ills of the economy in Canada". He tried to tell the people of Canada, through the press, that the problem we have today results from the growth in the labour force, something which I heard back in 1945 when I was five or six years old, something which I heard repeated by his former prime minister in 1964, and something which I heard repeated every time there was a release on unemployment in the last three years. This minister is the most competent minister of any in this government in being able to present a deceitful situation to cover up the mess to which he and his government brought this nation. He is the most competent in this field because he has the smoothness, and the verbal diarrhea which goes with it, to be able to do this so beautifully that most people would never suspect him.

I remember one summer in my riding of Gander-Twillingate having occasion to witness, in a small community called Brown's Arm in Notre Dame Bay, a situation in which a number of very peace-loving ladies decided that they were not satisfied with the commitment which was made by their provincial government, made officially on paper during an election in 1966, to pave a piece of road in their community. Let me give you the full story. There is a great source of gravel in that community that was being used to pave roads all over the Notre Dame Bay area, and these ladies said: "Why should this gravel be hauled through our community with all the dust and resulting danger to our children and families?" The government made a commitment four or five years ago to pave the roads in that community and they had not fulfilled it, so why should they get away with it. These ladies decided they would picket the gravel pit from which this dust originated.

This might seem like a minor story, but it was never picked up by the national press. It was one of the most fundamental things that I have ever seen happen. Mr. Speaker is smiling. I will prove to Your Honour that this is an example of how the law applies to everybody. The ladies picketed the gravel pit which belonged to the provincial department of highways. The attorney general's department issued an order to the police that the law must be enforced. The RCMP moved in and told the ladies that they would have to enforce the law unless the ladies were obedient to that law. I remember witnessing this sad situation in a small community. I will not go into the religious affiliations of the people, but suffice it to say that they were peace loving Notre Dame Bay people. I said to these people: "you cannot break the law. I am a law-maker and I would love to be able to lead you in an issue which is legitimate, but you cannot break the law". I am also a teacher and I have spent years teaching young people to obey the law and to respect discipline. I remember going into great detail about it with these people. The next day, after the warning from the RCMP, the police had no alternative—and I am not blaming them—but to move in and arrest these ladies. They carted them to jail and charges were laid.

This is an example of how the law applies. The situation was sad, but it is an example of the fact that nobody is above the law. But here we have a situation today in the House of Commons where $90 million is being robbed from the people in western Canada, which is illegal under the law of this land. As my friend, the hon. member for Calgary North (Mr. Woolliams) indicated, here we have the minister, an eminent lawyer from Saskatoon, who is not only breaking this law but is the minister responsible for the Wheat Board. It is an unbelievable situation. I have been here a few years only, and I am a rookie in terms of the length of time in office compared to other hon. members, but I certainly feel that some of the remarks made by other hon. members were very pertinent.

I hope this debate will be well recorded and well read, because this Parliament has seen the ultimate insult. We have seen the gradual build-up to this ultimate insult—and it first started with what happened in committees. I could debate at length all that has happened in committees. I remember one night when government supporters, organized into platoons, moved in on a committee and kept it in session until 7 or 7.30 in the morning studying Bill C-176, in order to cram it down the throats of the Canadian people. Luckily we had people with the dedication of some of my western colleagues who withstood the organized efforts of the government.

• (2:00 a.m.)

I hope the Canadian people can understand what is going on in this country. We have a situation where examination of the estimates has been taken out of the House of Commons, another example of the downgrading

of Parliament. Today the government can bring in any spending program it wants. Parliament has lost control. It is only a matter of time until Parliament becomes another committee room where members will only be able to do what they are doing now, that is, get up and voice opinions. As a matter of fact, I do not know how long the press can continue its present practices in face of the organized professional efforts of Information Canada and its Canadomes. In fact, it won't be long before even the verbal efforts of Members of Parliament are totally nullified. If people with legal training read through much of the legislation that we have passed in recent years they will see the break-up of democracy, with more and more discretionary power given to ministers. Such a study will show what is happening in Canada. Today the Minister of Regional Economic Expansion (Mr. Marchand) is the financial czar of the country. At his discretion he can decide on expenditures of up to $12 million and beyond, although he has not yet gone beyond that figure.

I just want to touch on one or two points before I conclude, Mr. Speaker. The remarks of my colleague from Vegreville (Mr. Mazankowski) earlier today centred on the decline in rural farms in western Canada. I cannot talk too much about those farms, although I had an opportunity to spend a couple of years of my early life living in western Canada, visiting parts of Alberta and of the minister's province. But I can tell the people of western Canada that they had better beware of the government which is running the country if they want to see any semblance or trace of rural life left in that part of our country.

We on the east coast have seen a deliberate, calculated plan to destroy the whole of rural Atlantic Canada. It is being put into effect under many pieces of legislation, and the most traumatic leadership is that provided by the Department of Regional Economic Expansion. My colleagues from Prince Edward Island and the other Atlantic provinces can verify what I am saying. The people running the government have decided that everything in Canada has to be big, has to be based on the model of Montreal. It has to have an industrial complex and it must be viable, a word which has a particular meaning in government departments.

I hope nobody is fooled by all this. The government is attempting to destroy rural Canada at a time when most people are beginning to understand and appreciate the cultural and environmental qualities of life in these areas. This quality of life of these people needs to be preserved, yet the government is deliberately embarking on a policy to destroy the small communities. This is what is happening. If any farmer in western Canada does not realize that this is the end of the major aspects of government policy in this regard, he is in for a setback.

We have seen situations like this before. I am not making the charge without being able to substantiate it. A number of places in my province have been designated as special areas and will get what Mr. Tom Kent used to refer to as the "infrastructure". A number of other areas have been designated as receiving centres. This has not been announced publicly and no one in my province knows about this, but I have a copy of the publication naming the communities as receiving communities. These communities basically fall into special areas. All of the 800 communities around the coast of Newfoundland are referred to as sending communities. This matter is really relevant. Your Honour is looking at me as if I am being irrelevant. I am trying to point out that basically the type of legislation being introduced, whether referring to farming or regional development, is aimed at destroying rural Canada. That is why I say to the people of western Canada that this is the intent of the government policy before us today. In my province we have a program that the government bragged about called the resettlement program under which people are uprooted from their communities, given a couple of thousand dollars, which seems a great deal of money to them, and sent into the urban areas. Often that is the end of their lives.

Last year in Alberta I visited areas where farmers had been very successful. They might have needed a little assistance from the government to organize themselves into viable units, but the experts from the government departments came and encouraged them to move off their farms. This is what I saw in the part of Alberta with which I am familiar.

About an hour ago, as I was coming in from the lobby, I noticed the television station was signing off for the evening. It was a little moving to hear "O Canada" being played. This would send a thrill up the spine of any Canadian who feels as I do. I would like to say, Mr. Speaker, that I am the youngest Canadian in the House at the moment, at ten after two o'clock in the morning. As a matter of fact, I am exactly 21 years old as a Canadian because Newfoundland joined Confederation in 1949. At that time, I was ten years old and it took a little time to move from the traditional background of a Newfoundland fishing community with a pride which goes beyond description and a feeling of fierce independence borne from eking out a livelihood from the rugged coastline, fighting the elements day after day in a village on the east coast of Newfoundland. The day we became part of Canada, a lot of old Newfoundlanders raised the black flag because they did not think we should give up our heritage. A lot of them died without becoming Canadians, but others became very fine Canadians. I felt proud to stand in school assemblies and halls across the province, taking part in the verses of the national anthem.

In 1968 I decided to enter politics and become a member of the Canadian Parliament, the highest court in the land. This was because I was convinced that the system of government in Newfoundland had reached a state of autocracy which could not be tolerated. That is the system presently controlled by the provincial government which I would not like to comment on in detail in this chamber, though I have done so many times in the province of Newfoundland. At that time, going across Canada was this young, aspiring Prime Minister (Mr. Trudeau). I believe he was 49 years old.

• (2:10 a.m.)

Except for a few people on the east coast, a few people in two or three cities in Quebec, Ontario and out west, most Canadians went for this young Canadian who could

dive off a diving board better than the leader of our party and who figured that he could kiss away all the problems of Canada. That was his style of politicking from British Columbia to Newfoundland. He became Prime Minister on June 25, 1968.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member, but must advise him that his allotted time has expired.

Some hon. Members: Continue.

The Acting Speaker (Mr. Laniel): Does the House give unanimous consent?

Some hon. Members: Agreed.

Mr. Lundrigan: I remember coming into the House after the election and, like almost every Canadian, not knowing too much about the direction of this government or what it was capable of doing. I have had my fill of this man, who by his own definition is a young Canadian—who became our Prime Minister.

Mr. Woolliams: He is my age.

Mr. Lundrigan: The unemployment situation has reached crisis proportions—455,000 people are out of work today, the highest figure for August in the history of Canada. The wheat farmers of western Canada are making half the net income they made ten years ago.

An hon. Member: No, about a quarter.

Mr. Lundrigan: My colleague says that they make about a quarter. We have fishermen on the east coast who have been left so unprotected that people of every nationality are raping our fishing resources there. In the fall of 1970 we had a situation under which we invoked the War Measures Act. Inflation has been at almost 4 per cent over the last 12 months. It is running above that figure this year. We have an economy which because of the action of our neighbours to the south is in much greater danger now than it has been for several years. In part, that action was provoked by the contempt the leaders of the United States government feel for the leaders that Canada now has. It is a contempt for which one cannot blame them.

Now we have reached the ultimate situation. Government, which makes the law, is breaking the law. I should like to see this issue resolved in this House before we move to other legislation. I should like to see the issue resolved, with the co-operation of the Chair, during question period and by means of other procedures which we can adopt. This government must be forced to uphold the law. Even if it takes us another week, we must make sure that the government upholds the law and that it does not use any piece of legislation to blackmail the House of Commons and the people of western Canada. If this matter is allowed to drag out until the legislation passes in any form, even in an acceptably amended form, you might as well close the doors of the House of Commons.

Mr. Boulanger: Don't exaggerate.

Mr. Lundrigan: "Don't exaggerate," the hon. member says. Is there any use our continuing to pass legislation if there is one example in this history of Canada of legislation not being upheld? If there were to be one such example—and we are talking about it—and if this state of affairs is allowed to continue, we might as well resign our seats, go back to our constituencies and let the Canadian Parliament die a natural death.

I should like to see colleagues who are experienced in parliamentary practices bring in motions and adopt procedures which will force this government to pay its debts under the law. And that should be done before we move on to further legislation. I should like to see motions of non-confidence put forward in the House. I want to see members of the House of Commons forced to stand in their place and say whether they will vote for upholding the laws of Canada or not—because Mr. Speaker, that is the basic issue here.

Everyone in the House knows where we stand, Mr. Speaker. We have not yet heard where members opposite stand. Either they have not been permitted to take part in the debate or they have lost interest in the whole process. If the support that the minister, who stands sipping his coffee, has in his caucus is evidenced by the presence this evening of his colleagues, there is a lot of discontent in the backbenches and the whole of the Liberal party.

In conclusion, starting tomorrow I will look forward to standing here again and debating a non-confidence motion specifically aimed at where the members of this House of Commons stand. Either they stand for Canada or they stand against Canada. That is the issue.

Some hon. Members: Hear, hear!

Mr. McCutcheon: Mr. Speaker, I rise on a point of order. I trust I am not pre-empting the time of anyone who wishes to take part in this debate. I assume that the last speaker was the last person to speak. If that is correct, on behalf of my colleagues— Does the hon. member—

Mr. Knowles (Winnipeg North Centre): I was going to take two or three minutes, if my hon. friend does not take them from me.

Mr. McCutcheon: While I have the floor, on behalf of my colleagues, may I thank the Speaker and his office for providing the opportunity for this debate which may have historical significance. We would like to thank the Speaker's staff, the officers at the table, and all those—

The Acting Speaker (Mr. Laniel): Order, please. The Chair hesitates to accept the remarks of the hon. member in the sense that it is placing the Chair in the centre of an important debate. Hon. members are aware of the stature and position of the Chair which has the sole responsibility of applying and interpreting the rules of the House to the best of its knowledge. The Chair hopes the hon. member will not in any way imply that any decision of the Chair might be related to the debate before us.

Mr. McCutcheon: Thank you, Mr. Speaker. I am sure Your Honour misunderstood my remarks. I meant no reference to the Chair. I was referring to the staff; the officers at the table, the interpreters, the security staff and all who provide services around the chamber. We thank them for their courtesy and apologize to them for their loss of sleep. Be assured there was no intention to reflect on the Chair. I make that abundantly clear.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I will only be two or three minutes. I am sure we all agree that in many respects this has been an important and useful debate, but I think it is most unfortunate that in over six hours of debate there has been no attempt whatsoever to answer the question that has been in our minds all night. By what authority is the present government ignoring the law of Canada? The question is as simple as that.

• (2:20 a.m.)

We have heard plenty of discussion about other matters, farm policy and all the rest of it. None of it has been really relevant. The issue revolves around the fact that there is a law on the statute books which requires the government to make certain payments. Those payments have not been made. We have not been told that there is any provision in the law, any order in council or legal instrument of any kind which permits that law to be ignored. Back in 1949 when Mr. Garson, who was minister of justice, broke the law by refusing to table a report on the flour milling industry which had been prepared under the terms of the Combines Investigation Act, the best answer he could give was: We are the government; we won the election.

In 1968, when we debated the question how the government was able to get around the fact that it had been beaten in a major vote on a tax bill, we were told by the minister of justice of that day, now the Prime Minister of Canada (Mr. Trudeau), that they were the masters of the House. Now, all we get from the minister in charge of the Wheat Board is that these payments have not been made because there is a bill on the order paper which, if passed, would repeal the law under which they would have to be made. May I remind hon. members that there is also on the order paper a bill numbered C-264, a bill to change the family allowance scheme into what is to be known as a family income security plan. Do hon. members opposite realize that in this bill there is a clause which says that the Family Allowance Act is repealed as of May 1, 1972? Does this mean that if Bill C-264 has not been passed by that time, the government will quit paying the family allowances which are required under the present legislation? Suppose there are extended negotiations between Mr. Bourassa and the Prime Minister, suppose there are other crises and we don't get at it, or suppose the opposition filibusters the measure. Would the government cease to pay the allowances presently required by law?

I suggest these cases are on all fours. If the government, on the basis of a bill on the order paper now, can ignore a statute which that bill says will be repealed, it can do so with respect to this one. The answer Mr. St. Laurent made once upon a time was, there are certain things we don't do. The government would not do this. The government would not think of discontinuing the payment of family allowances before a new scheme came in. Yet the same government finds it possible to discontinue the payment required by statute under the Temporary Wheat Reserves Act because there is on the order paper a bill which would call for the repeal of that Act.

[The Acting Speaker (Mr. Laniel).]

Mr. Lang: Effective 1970.

Mr. Knowles (Winnipeg North Centre): Yes. The reason I chose the example I did, rather than some others I might have picked, was that in both cases there is a precise date. There is also a precise date in Bill C-244. Since the government has not been making the payments required under the Temporary Wheat Reserves Act, it would follow that after May 1, 1972 the government could cease paying family allowances, even if the new legislation had not been passed. I know this will not happen. I am not trying to scare hon. members opposite. It would not happen because there would be too much of an outcry. But the same principle applies. The government is doing what Mr. Garson did back in 1949. The government is doing what the present Prime Minister did in 1968 when he said "We are the masters of the House." This is not the way this place operates. We operate on the rule of law. We operate on the principle that when a law has been passed the lowliest citizen in the country must keep it, and so must the government.

I make this appeal to the government across the way. What is being done is not just harmful to the farmers. What is being done is in defiance of the rule of law and the traditions of Parliament. There is still time to correct this situation and I ask that government to make that correction right away.

Mr. Prud'homme: Mr. Speaker, may I ask the hon. gentleman a question?

Mr. Knowles (Winnipeg North Centre): I shall answer with pleasure.

Mr. Prud'homme: I think I should ask it in French.

[*Translation*]

Taking for granted that we are currently making a mistake, does the hon. member mean to tell us that the government must pay the highest price, namely going down in electoral defeat? Is the government not responsible for taking decisions, just as the opposition is responsible for opposing them, taking for granted that the government is erring and that it will have to pay the price, that is being defeated?

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member for Timiskaming (Mr. Peters) came very near to answering that question a while ago when he pointed out that in spite of the seriousness of the situation, the problem is that we know we can do little to force the government's hand. My hon. friend, the hon.

member for Saint-Denis (Mr. Prud'homme), has raised the point that any responsible government or executive of the day can literally do just about anything it wants, provided it has the approval of Parliament and provided it is prepared to run the risk of an electoral defeat.

Let me refer again to Mr. St. Laurent—and I am sure the hon. member for Brandon-Souris (Mr. Dinsdale) knows what I have in mind. Mr. St. Laurent rose during a debate and picked up the Bible. This action was recounted during the pipeline debate. He quoted from the Bible and pointed out that there are certain things the Romans did not do. He said of government in power that in spite of the right it has to do certain things, there are certain things it should not do. One of the things the government should not do is violate the laws of Parliament.

Some hon. Members: Hear, hear!

[*Translation*]

The Acting Speaker (Mr. Laniel): In accordance with Standing Order 26(13), the Chair is satisfied that the debate is over. I declare the motion carried.

At 2:30 a.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, September 17, 1971

The House met at 11 a.m.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF PRESIDENT OF EUROPEAN COMMUNITY COMMISSION

Mr. Speaker: I have the pleasure of announcing the presence in the Speaker's gallery of a very distinguished visitor, His Excellency Signor Franco Maria Malfatti, President of the European Community Commission. On behalf of hon. members I heartily welcome President Malfatti and express the wish, on behalf of each and everyone of my colleagues in the House, that his visit and that of his colleagues to our capital may be both fruitful and pleasant.

ROUTINE PROCEEDINGS

ROYAL CANADIAN MOUNTED POLICE

STATEMENT BY SOLICITOR GENERAL ON USE OF INFORMERS

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I said in the House on Thursday, September 9, that I would make a statement concerning the use of informants by the Royal Canadian Mounted Police, with particular reference to the serious allegations made by Mr. Robert W. Eadie, Jr. formerly of Cornwall, Ontario, on a television broadcast on September 8.

I have now received a report from the Commissioner of the Royal Canadian Mounted Police and wish to inform the House in the first instance, of the policy in effect in the Royal Canadian Mounted Police regarding the use of juvenile informants and then to speak of the allegations made by Mr. Eadie Jr.

I am informed by the Commissioner of the RCMP that for decades it has been the general policy of the Force that police business involving juveniles should be conducted with great care and with the full knowledge and consent of the parents or guardian. Police officers are instructed that the approaches to juveniles must be direct and honest; a show of force or harshness or anything that suggests threats must be avoided. If it is necessary to interrogate juveniles, every effort is made for at least one parent or the school principal or teacher to be present.

It has been general practice within the RCMP that when a juvenile volunteers information, the police investigator obtains as much information as possible during the initial contact. If the same juvenile returns with information a second or third time, then the investigator notifies the informant's parents or guardian and obtains their consent before making further use of the juvenile as an informant.

It has not been general practice for juvenile informants to be paid for information given at the first contact though, if this information has led to an arrest or a seizure of drugs for example, then casual payments have been made after the first contact. Juvenile informants have been paid on a casual basis for information provided, which has been verified and has produced effective results. But I would like to make it clear that juvenile informants have not been carried on a regular payroll, either weekly, monthly or annually.

I am informed by the Commissioner of the RCMP that as of August 24, 1971, only six juvenile informants reporting to the RCMP were receiving payments for information on a casual basis. On August 12, 1971, a formal instruction was issued by the RCMP headquarters under the title Interim Instruction 134. This instruction was amended shortly thereafter and the amendment was distributed to all divisions on August 24, 1971. With regard to juvenile informants, the amended instruction 134 reads as follows:

"When a juvenile volunteers information, the investigator should accept whatever information is available during the initial contact. If the services of the juvenile are to be used any time after the initial contact, the investigator must first obtain the consent of the juvenile's parents or guardian.

A juvenile shall not be: (a) assigned an informant's number or (b) paid money under any circumstances.

Juveniles shall not be used to purchase drugs."

I am sure hon. members will agree that the practice of paying juveniles for information given by them to the police is repugnant. Furthermore, this practice did not add appreciably to the efficiency of police operations. Accordingly the instruction was amended on August 24 to ensure that juveniles who provide the RCMP with useful information will no longer be paid money under any circumstances.

• (11:10 a.m.)

[*English*]

I wish now to deal with allegations that I have been misled by the RCMP and that I misled the public when I stated on a television program in August that the RCMP "would not have a young person as informant on any payroll".

A young person within this context is a juvenile as defined under the Juvenile Delinquency Act. As hon. members know, provincial Attorneys General are primarily responsible for enforcing the Criminal Code. For this reason the definition of the age of a juvenile pursuant to the Juvenile Delinquents Act is that which applies in so far as RCMP operations are concerned. In New Brunswick, Nova Scotia, Ontario, Prince Edward Island, Saskatchewan and Alberts—Alberta for boys only—a juvenile is one who is under the age of 16. In

Newfoundland and British Columbia a juvenile is under the age of 17, and in Manitoba, Quebec and Alberta—Alberta for girls only—a juvenile is under the age of 18.

Hon. members also know that the Young Offenders Bill, which is now in a committee of this House, enables the provinces to establish the juvenile age either at under 17 or under 18.

I have already explained that prior to August 24, 1971, it was general practice within RCMP operations for juveniles to be paid on a casual basis but juveniles were not carried on a payroll. Effective August 24, 1971, even this practice of paying juveniles for information has ceased entirely.

I will now reply to the serious allegations made by Mr. Robert W. Eadie, Jr., formerly of Cornwall, Ontario, on a television broadcast on September 8, 1971. I find it distasteful to have to do so, and I am sure members of the House and the Canadian public will also find it distasteful. On the other hand, since serious accusations have been made which hurt the reputation of some members of the RCMP and the reputation of the force itself, I consider that I have no choice and that it is my duty to reply to these accusations.

May I make it clear to hon. members that I have decided to reveal all the facts as shown in police records which deal with the accusations of Mr. Eadie, Jr. Certain details such as the exact dates of payments to Mr. Eadie, the amount of each payment and the various criminal cases involved will not be revealed so as not to jeopardize his position. It is of course, not the normal practice to reveal such information. RCMP policy is to protect sources of information, the individuals involved and their families. It is because Mr. Eadie, Jr. himself decided to reveal publicly the alleged circumstances of his becoming a police informant and to make serious accusations about the conduct of RCMP officers that I have decided with great regret to reply to his accusations in detail.

Mr. Robert Eadis, Jr. was born on August 13, 1950. He served a short sentence at Guelph reformatory, as he stated publicly, and was released on parole on September 21, 1968. Mr. Eadie's parole expired on February 24, 1969. On March 17, 1969 he was convicted of theft and sentenced to a $50 fine or 15 days in jail. He paid the $50 fine. After March 17, 1969 there were no charges pending against him.

In a television broadcast Mr. Eadie made five significant allegations. First allegation: Mr. Eadie, Jr. said:

> One night I got picked up by the city police regarding intoxication and they called the RCMP because they were aware I knew people on the drug scene and they forced me by threatening that they would send me back to prison if I did not give them information regarding drugs.

Mr. Eadie also said:

> They took me to the station and put me in a cell and then they got in touch with the RCMP as they knew that the RCMP wanted someone like me to get hold of.

The facts are that there is no record of Robert W. Eadie, Jr. ever having been arrested by the Cornwall city police or having been put in their cells as alleged; that in April, 1969, the Cornwall city police received a telephone call from Mr. Eadie, Jr. during which he stated that he had information to provide on drug use in Cornwall; that Mr. Eadie Jr. was advised that someone would contact him. The Cornwall city police then informed the RCMP detachment commander at Long Sault and suggested that he should get in touch with Mr. Eadie, Jr.; that, on or about April 20, 1969, the RCMP detachment commander telephoned Mr. Eadie, Jr. and arranged to meet with him; that Mr. Eadie, Jr. told the RCMP detachment commander that he had information to supply on both users and traffickers of drugs in Cornwall and he began supplying information to the RCMP detachment commander on April 24, 1969. He was first paid for information on April 30, 1969.

At this point, may I make it clear to hon. members that at the time Mr. Eadie, Jr. was first contacted by the RCMP he was 18 years and eight months old and was not a juvenile.

Mr. Eadie, Jr. received intermittent payments totalling $710 for information which resulted in successful police actions in 14 cases between April 30, 1969, and February 18, 1971, the latter being the last occasion upon which Mr. Eadie, Jr. received informant payments from the RCMP. Mr. Eadie, Jr. did continue, however, to supply information on a voluntary basis to the RCMP detachment at Long Sault until July, 1971, without receiving any money.

Second allegation: Mr. Eadie Jr. said, when questioned as to whether his parents were aware of his activities, "No, they were not. They weren't aware of anything at all".

The facts are that about six weeks after the initial contact was between Mr. Eadie, Jr. and the RCMP Mr. Eadie's parents were made aware of their son's activities. This was confirmed by telephone from the RCMP detachment commander at Long Sault to Mr. Eadie's father on on or about June 1, 1969. The father expressed approval of his son's activities and, in fact, on two occasions he accompanied his son to the RCMP detachment of Long Sault when he went to collect payments. Hon. members should also know that in the early spring of 1971 Mr. Eadie's father in discussion with the RCMP at Long Sault implied that the association Mr. Eadie, Jr. had with the RCMP was beneficial to him.

• (11:20 a.m.)

Third allegation: Mr. Eadie, Jr. said that the RCMP were "threatening me because I had a choice to come across with information or get busted by them even as far as getting planted with drugs on me and sent back up for this".

The facts are that Mr. Eadie, Jr. offered his services to the Cornwall City Police and the RCMP voluntarily; that he was never threatened, intimidated or coerced into giving information to members of the RCMP with whom he came into contact prior to his leaving the Cornwall area in July, 1971; that during the period between April 24, 1969, and July, 1971, there were no charges pending or laid against Mr. Eadie, Jr. known to either the RCMP or the Cornwall city police.

Fourth allegation: In reply to the question "How many busts did you help make over?" Mr. Eadie, Jr. said "three over a two and a half year period". The facts are that Mr. Eadie gave information on many occasions; that he was paid for providing information on 21 different occasions

from April 30, 1969, until February 18, 1971; that the information Mr. Eadie provided contributed to 14 successful police actions.

Fifth allegation: Mr. Eadie, Jr. said his use as an informant "ended pretty well after my beating, when I got beat up because I was too scared to even leave the house for about six months, because they would not give me protection or anything so, I pack it in." Mr. Eadie, Jr. also said that he asked for police protection from "the RCMP and they laughed it off" and he implied that as a result of the beating he had lost his teeth.

The facts are that on the day of the alleged beating of Mr. Eadie, Jr. on June 8, 1969, the RCMP detachment commander at Long Sault accompanied by a member of the Cornwall city police were called to the Eadie home; that Mr. Eadie, Jr. and both his parents were present; that it was observed that Mr. Eadie, Jr. had a small cut on his upper lip for which he refused medical attention; that there was no apparent damage to his teeth; that a member of the Cornwall city police was present in case assault charges were to be laid by the Eadie family; and that the family refused to press charges. Hon. members should note that after the alleged beating on June 8, 1969, Mr. Eadie, Jr. supplied information on 14 different occasions until July, 1971—a period of over two years after the alleged beating. It should also be noted that Mr. Eadie, Jr. was seen by members of the RCMP detachment at Long Sault about one week after the alleged beating in the downtown section of Cornwall and he did not try to conceal his presence. At no time did Mr. Eadie, Jr. ever ask for police protection from a member of the RCMP.

[*Translation*]

Finally, Mr. Speaker, I wish to state to the House that I am satisfied that the investigation conducted by the Commissioner of the RCMP into the very serious allegations made by Mr. Robert W. Eadie Jr. was thorough, competent and conclusive. I can assure the House that the allegations of impropriety and misconduct which were made about officers of the RCMP in connection with the case are untrue and malicious.

[*English*]

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would have thought that the minister, who has read a lengthy statement on an important subject, would have made sure that hon. members on this side of the House were provided with copies of the statement prior to its being read in the House.

Some hon. Members: Hear, hear!

Mr. Baldwin: The minister's failure to do so is an abuse of privilege.

Mr. Woolliams: I say that particularly because the statement was so important. In dealing with an important matter such as the administration of the law, may I say at the outset that the carrying out of the law is very important, and the good name of Canada has been somewhat connected with the good name of the RCMP. I am happy that the minister has had the matter investigated, but it may be that there should have been a more independent investigation.

I want to refer to one aspect that I think is most serious. In this technological age, in this age of electronics, police forces such as the RCMP or those operating in urban centres do not need to hire stool pigeons. Whether a person is 17, 18 or 19 years of age is mere quibbling. The fact is that if people are used and paid to give information, they are not really volunteering information. The element of materialism is being used to acquire information by the payment of money. From personal experience in acting as defence counsel on certain drug cases I know that stoolpigeons have been used by the police not only in urban centres but by the RCMP elsewhere. In this technological age the police have other methods of investigation without having to use the human elements of stoolpigeons and paying for information. I am always a little suspicious about the kind of information and evidence obtained from a man who has had his palm crossed with dollars.

The weakness in the minister's statement, if I might put my finger on it, is that he says the RCMP are no longer going to use juveniles but instead use the age under the new offenders act—I could say something about that, but I do not want to digress—and that even though they are not going to use persons 17 or 18 years of age it is all right to use persons beyond that age. In this technological and electronic age it is not necessary to use that kind of method to feed the police information when carrying on an investigation. I think that is where most of the trouble arises.

This investigation was carried out by the distinguished commissioner of the RCMP, a man of great integrity, but I hope the minister will not now oppose, as he has previously, this matter going before the Standing Committee on Justice and Legal Affairs so that the report prepared by the minister's officials and read by him, the report on the investigation made by the commissioner of the RCMP could be examined and proper questions put by members of that committee to avoid any suspicion that there might be any prejudice or that there might have been a whitewash. In other words, it would be in the interests of the integrity that hon. members believe the RCMP have. If the report is honest and straightforward and if the investigation has been thorough as the minister would have us believe, then, although he always has refused, he should be prepared to allow the commissioner or anyone else who had anything to do with the investigation to come forward and give evidence at the committee level. If Mr. Eadie wishes he could also come forward and tell his side of the story so that the whole matter would be before us and we would not have any more problems. We must always guard against overzealousness in police work but we must also see that the law of the land is carried out. If it is flaunted, how can the citizens of Canada have any respect for the law?

I am not going to say any more because this is not the time to be talking in a political vein. The matter is too important and too close to all members of the House, no matter where they sit. I hope that the next time the minister has such a lengthy report on such a serious matter we can be provided with advance copies so that we can analyse it and reply to it intelligently.

Some hon. Members: Hear, hear!

RCMP Informants

Mr. Frank Howard (Skeena): Mr. Speaker, I tried, as I am sure others did, to follow closely what the minister said. I had some difficulty in doing so because the subject is complex and the matter of great seriousness and consequence. We wanted to be sure that we understood correctly every phrase he used. Regretfully this was not possible in listening to the minister whether in the official language with which I am familiar or through the translation system. Like the hon. member for Calgary North (Mr. Woolliams), I think it would have been much more appropriate and much more generous if the minister had followed the practice established some years ago by previous governments and other cabinet ministers by making his statement available in advance to opposition members so that the same care and precision could be given to the responses as were given to the preparation of the minister's statement.

• (11:30 a.m.)

One thing the minister's statement proves is that perhaps the best policemen in this nation are not in the police forces but outside of it, those who are supplying information in the manner that the minister admitted has been followed in this and other cases. One point I tried to raise earlier in connection with this case is that by using young people as informers, whether they are of statutory age or not, and paying them for information the RCMP is participating in the seduction of these persons into a type of activity which places their lives in jeopardy. We all know the value which those in the underworld or on the fringe of the underworld place on the life of an informer, and the propriety of the RCMP engaging in an activity of this type warrants examination from the moral point of view.

Had it not been for the disclosures made by Mr. Eadie on television, this matter might never have come to light. I am not surprised, incidentally, that what he said was not considered to be factual and that the minister has had to refute him point by point because, as the minister knows, one cannot place a great deal of credence upon what a paid informer says; maybe the CBC did not pay him enough to tell the whole truth. In any event, had it not been for Mr. Eadie disclosing the fact that he had been a paid informer the minister and the government would never have been in the position of having to disclose what had taken place and would no doubt have continued to keep the subject matter secret and have denied the circumstances at every opportunity as the minister did on a previous occasion.

This brings us to the point I raised on an earlier occasion concerning the necessity of conducting a counterbalancing examination into practices of this sort. I can think of nobody more appropriate than the Standing Committee on Justice and Legal Affairs, consisting, as it does, of representatives of all parties of the House all of whom are equally concerned about the security of the nation, the dangers of criminality and the position the RCMP occupies in the eyes of the public as an agency enforcing the law.

It might well be that if the minister took the step of referring this matter to the committee meetings would have to be held in camera. Naturally so. A lot of the information which the police have in their possession should not be divulged to the public, since part of the public is involved in the criminal world. I am sure nobody serving on the committee would object to such information being provided in camera. But it seems to me that for the RCMP itself, which took the initial steps to employ this informer and undoubtedly is still doing so, to carry out an examination of its own conduct and present it to the minister with the words, "this is what we have discovered about our own conduct", is really not fairly balanced regardless of how valuable we think the commissioner is, or anything of that sort. We need another kind of examination. I believe that the parliamentary committee, which I am sure has as much integrity contained within it as the minister, would be an appropriately balanced group to examine this matter and other types of conduct by the RCMP and maybe even by the minister's own secret force of which he is so proud.

* * *

[*Translation*]

CRIMINAL CODE

AMENDMENT RESPECTING FALSE FIRE ALARMS

Mr. Marcel Prud'homme (Saint-Denis) moved for leave to introduce Bill C-267, to amend the Criminal Code (false alarm of fire—penalty).

Some hon. Members: Explain.

Mr. Prud'homme: Mr. Speaker, the purpose of this bill is to increase the penalty to be imposed on those who are found guilty of such an offence and, at the same time, to counteract the propensity some people have for ringing false alarms.

This bill will also have a psychological impact in that it will draw public attention on the seriousness of such a futile gesture as ringing false alarms. As a matter of fact, in the city of Montreal alone, more than 6,000 false alarms have been rung in the last year; this represents a very grave danger for both the firemen and the whole of the population.

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNEMPLOYMENT—FURTHER IMMEDIATE MEASURES TO CREATE JOBS—ASSISTANCE TO OLD AGE PENSIONERS BECAUSE OF COST OF LIVING INCREASE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Acting Prime Minister a question. In view of the fact that it is impossible for me to have any confidence in the judgment of the Minister of Finance or to regard the Minister of Manpower and Immigration as anything more than an apologist for the government—

Some hon. Members: Question!

Mr. Stanfield: —I want to ask the Acting Prime Minister whether the government itself is now convinced that further immediate measures are required to create jobs?

Hon. Mitchell Sharp (Acting Prime Minister): The economic policy of the government is always under review and if it is considered necessary to make changes they will be announced.

Mr. Stanfield: In view of warnings for several months that unemployment was not declining as had been presupposed by the budget, and yesterday's figures having removed any doubt at all, I want to ask the Acting Prime Minister whether the Prime Minister saw to it that there was a contingency plan to put into effect and, if so, when will that plan come into action?

Mr. Sharp: The government has been just as aware of the developing economic situation as the opposition and perhaps has access to more of the facts. I would not hesitate to say that the government is prepared to change its policy if such a course seems to be desirable, but there are no simple solutions. A simple solution such as cutting taxes in order to stimulate the economy is such a popular measure that we would have adopted it long since if it had been the easiest and most acceptable way of achieving appropriate results.

Mr. Stanfield: I take it it is plain the government has no such contingency plan. In light of the figures released yesterday with regard to the increase in the cost of living, would the minister not at least give an undertaking on behalf of the government that the escalation freeze of 2 per cent on the guaranteed income supplement for old age pensioners will be removed so that at least that amount of justice can be rendered to the older people of this country.

Some hon. Members: Hear, hear!

Mr. Frank Howard (Skeena): Since the July index of industrial production showed a decline, as well as the value of manufactured shipments, which in Ontario alone declined by 19.1 per cent in a period which preceded the application of the 10 per cent surtax by the United States, may I ask whether these circumstances would not motivate the government into trying to do something—

Mr. Speaker: Order, please.

Mr. Howard (Skeena): —instead of just covering up?

Mr. Speaker: Order, please.

• (11:40 p.m.)

UNEMPLOYMENT—PRESENTATION OF FEDERAL GOVERNMENT PROJECTIONS AND PROGRAMS AT CONFERENCE WITH PREMIERS

Mr. James A. McGrath (St. John's East): I have a supplementary question for the Acting Prime Minister. Has the government assured the premiers that at the forthcoming conference with the premiers the federal government will spell out, as requested by the provinces, the government's projections for unemployment this winter and next year? Further, will the government at the conference present specific programs to curb winter unemployment?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, just what will be on the agenda for this meeting is something that has to be decided by the Prime Ministers of the provinces and the federal government. I would certainly hesitate at this time to lay down an agenda; I am sure that my hon. friend would want the Prime Ministers of the provinces to have a say.

Mr. McGrath: When the matter was first discussed with the premiers was the question of an agenda for the conference discussed? If so, has there been a tentative agreement with the premiers on an agenda?

Mr. Sharp: Mr. Speaker, it is not customary to decide on an agenda until closer to the time of the meeting. There are many changes that are taking place and, as the hon. member is aware, some that have taken place since the meeting was planned.

[*Translation*]

OLD AGE SECURITY—LOWERING OF PENSIONABLE AGE TO PROMOTE EMPLOYMENT

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Acting Prime Minister.

As a policy establishing at 60 the eligibility for old age pension would increase by more than 50 per cent the unemployment rate, would the Acting Prime Minister say whether this government has considered bringing as soon as possible a measure to that effect?

Mr. Speaker: Does the hon. member for Joliette wish to put another supplementary?

Mr. La Salle: I am under the impression, Mr. Speaker, that the Acting Prime Minister has not understood my question, and since we are seeking a solution to unemployment, and since I believe that I have one, I should like to put my question once again.

Since I think that the payment of the old age pension at 60 could reduce unemployment by over 50 per cent, I would like to ask the Acting Prime Minister whether the government has considered taking such a step?

[*English*]

Hon. Mitchell Sharp (Acting Prime Minister): No, Mr. Speaker.

UNEMPLOYMENT—FORMULATION OF SPECIFIC PROGRAMS TO ALLEVIATE PROBLEM IN CONJUNCTION WITH PROVINCES AND MUNICIPALITIES

Mr. David MacDonald (Egmont): Mr. Speaker, I have a supplementary question for the Acting Prime Minister. In view of the significance of the figures indicated yesterday by the Prime Minister, and in view of the well known seasonal increase in unemployment in the winter months, can the Acting Prime Minister indicate if plans are presently being formulated for specific proposals and programs to work with the provinces and municipalities in order to alleviate very serious unemployment later this year?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, a wide range of possibilities is under study, yes.

Inquiries of the Ministry

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Regina East on a supplementary, and then the hon. member for Villeneuve, and return to supplementaries on this subject.

UNEMPLOYMENT—MEASURES TO LOWER INTEREST RATES ON LOANS TO STIMULATE DOMESTIC DEMAND FOR GOODS

Mr. John Burton (Regina East): I have a supplementary question for the Acting Prime Minister, Mr. Speaker. In view of the increase in the profits of Canada's chartered banks which has been brought on by the widening gap between interest rates on deposits and on loans, is the government considering any measures to lower interest rates on loans in order to stimulate domestic demand for goods?

Hon. Mitchell Sharp (Acting Prime Minister): Yes, Mr. Speaker, there has been a very sharp reduction in interest rates in Canada. One proof of this is the lower interest rates that are now being paid on government savings bonds and other government instruments.

* * *

[*Translation*]

GRAIN

INTEREST RATE ON SALE OF WHEAT TO PEOPLE'S REPUBLIC OF CHINA

Mr. Oza Tétrault (Villeneuve): Mr. Speaker, I should like to put a question to the minister responsible for the Canadian Wheat Board.

Can he tell us what interest rate the People's Republic of China will be charged on its recent purchase of 500,000 tons of wheat, since the terms of the sale provide that a 75 per cent balance will be payable over an 18-month period?

[*English*]

Hon. Otto E. Lang (Minister of Manpower and Immigration): I am sorry, Mr. Speaker, but I was not able to understand all of the question.

[*Translation*]

Mr. Speaker: The hon. member could perhaps ask his question again.

Mr. Tétrault: Yes, Mr. Speaker.

Could the minister indicate what interest rate the People's Republic of China will be charged on the purchase of 500,000 tons of wheat, since the terms of the sale provide that a 75 per cent balance will be payable over an 18-month period?

[*English*]

Mr. Lang: Mr. Speaker, the exact interest rate, the price and other commercial details relating to wheat transactions are not normally revealed by the board. I understand the Wheat Board refers to the interest rate as being, in this case, a competitive interest rate.

[Mr. Sharp.]

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the Acting Prime Minister a question. In light of the statement made by the minister in charge of the Wheat Board during the emergency debate last night, will the Acting Prime Minister assure the House that the law of Canada will now be obeyed by the cabinet and carried out forthwith?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, the government of Canada, of course, observes the law.

An hon. Member: Then pay up.

Mr. Woolliams: I take it from the answer of the Acting Prime Minister that he will be directing the Minister of Finance and the minister in charge of the Wheat Board to make these payments forthwith in accordance with the terms of the Temporary Wheat Reserves Act?

Mr. Speaker: Order, please. I assume that the hon. member's supplementary question is in the form of a suggestion. May I say to hon. members that I hope we will not pursue this morning the debate that took place last night. I appreciate the importance of the matter. I believe there are a number of supplementaries on this point, but I would invite hon. members to keep in mind that we spent some time overnight on this subject. I believe the hon. member for Calgary North has a supplementary question.

Mr. Woolliams: Mr. Speaker, I was not making any suggestion. Let me put my question again. The Acting Prime Minister said that the laws of Canada will be carried out. In view of the fact that the minister in charge of the Wheat Board said there would not be any payment made, I now ask the Acting Prime Minister whether the government is directing that the payments in question under the Temporary Wheat Reserves Act be made forthwith?

Mr. Sharp: This question, as you have said, Mr. Speaker, was discussed ad nauseam, I gather, last night, and the minister gave the answer of the government behind which I stand.

Mr. Gleave: Mr. Speaker, may I—

Mr. Nesbitt: On a question of privilege, Mr. Speaker—

Mr. Speaker: Order, please. I apologize to the hon. member for Saskatoon-Biggar. The hon. member for Oxford is seeking the floor on a question of privilege.

Mr. Nesbitt: Mr. Speaker, in view of the admitted and continuing refusal by the government to carry out the law of Canada as passed by the Parliament of Canada, which action clearly affects the privileges of all hon. members of this House—I refer, of course, to the proceedings in the House last evening—it seems quite clear that a motion to test the views of the members of the House on this continued lawbreaking should be debated at once. Accordingly, I move, seconded by the hon. member for Perth (Mr. Monteith):

That the motion in the terms filed by the hon. member for Peace River be now put.

If Your Honour agrees that such a motion would be in order, I am sure the hon. member for Peace River would be happy to proceed with his motion which reads as follows:

That a special committee of five members, having the powers of a standing committee under Standing Order 65(8), be appointed to examine and inquire into the continuing refusal by the appropriate government ministers to pay, as required under the Temporary Wheat Reserves Act—

Mr. Speaker: Order, please. The hon. member is seeking the floor on a question of privilege and suggests that there is a question of privilege which ought to be referred to a committee along the lines of a motion that is already on the order paper under the sponsorship of the hon. member for Peace River. That, of course, has given me an opportunity to determine whether the motion as posed by the hon. member for Peace River is truly a question of privilege or a privileged motion, which is what the hon. member for Oxford is seeking to move now in association, I assume, with the hon. member for Peace River.

Mr. Nesbitt: No, Your Honour.

Mr. Speaker: The hon. member is asking the Chair to rule whether there is a prima facie case of privilege. I would remind the hon. member that normally under the Standing Orders of the House he should give the usual notice of a question of privilege.

Some hon. Members: No.

Mr. Speaker: Order. The Chair is entitled to be heard by the House without all this noise.

Some hon. Members: Hear, hear!

Mr. Speaker: I assure hon. members that I am fully aware of all the circumstances of what is going on in the House at the present time. The suggestion is that the motion being made now is a motion of privilege. I am not prepared to entertain a lengthy debate on whether this is a question of privilege. It is the responsibility of the Chair to determine whether there is a prima facie of privilege. I am quite prepared to make my ruling on this point. The hon. member for Oxford seems to think that I have interrupted him. This is the last thing in the world I would wish to do and I will hear him further if he thinks he has other considerations to put forward for the guidance of the Chair.

• (11:50 p.m.)

Mr. Nesbitt: Thank you very much, Mr. Speaker. I was reading the motion to refresh the memories of hon. members. Or at least of those who have not seen the motion of the hon. member for Peace River. I shall not continue because it is on today's order paper. Your Honour has brought up a point that perhaps I have not given adequate notice to the Chair in view of the fact that this is a question of privilege. I submit in this regard that my question of privilege arises out of the reply of the Acting Prime Minister to the hon. member for Calgary North during the House proceedings and I raised the point at the very moment and as quickly as I possibly could. It is my understanding of the rules—

Mr. Speaker: Order, please. I know that rule. The hon. member does not have to explain it to me.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I suggest to the hon. member, and I made this point a moment ago, that I appreciated it was not necessary to give the usual notice. I am telling the hon. member now that I appreciate that point. If he has additional submissions to make for the consideration of the Chair they ought not to be related to this point on which I am in perfect agreement with him.

Mr. Nesbitt: I am glad to hear that, Your Honour. I hope your Honour would give very careful consideration to this point. This matter has become one of great urgency. I feel that Your Honour should rule there is a prima facie case of privilege since the privileges of all members of this House are affected by what the minister in charge of the Wheat Board said last night and which is on the record. Surely hon. members should have an opportunity for the earliest possible debate to express their views on this whole matter. It would seem to me that Friday afternoon is a good opportunity to do this. Many members can be present this weekend. There is no great urgency in respect of the present business before the House that it could not wait for half a day.

Mr. Speaker: Order, please. I appreciate the points made by the hon. member. He is suggesting, of course, that there should be a further special debate on this matter which has been raised by other hon. members by way of questions and motions during the last week or so. As I said, I would find it very difficult to overlook the fact that there has been a lengthy debate. Perhaps some hon. members would not want me to take that into consideration, but I do not think I can do that. I have to take into account that, the matter having been raised by the hon. member for Calgary North, the hon. member for Vegreville, the hon. member for Regina East and others during previous days, after much consideration and a great deal of hesitation I thought that the matter was so important that it justified the application of Standing Order 26. It is because of that that I thought a special debate should be held. Of course I could have suggested yesterday that the debate not be held yesterday but take place this afternoon and this evening, as now suggested by the hon. member for Oxford. In any event it has already been held. As to whether there should be a further debate today, I would have to be satisfied that there is a prima facie case of privilege and before the matter would go before the House for consideration of a motion and for determination by the House as to whether there is a question of privilege. That is exactly the ruling I have to make at the present time.

The suggestion made by the hon. member for Oxford, and I am sure by other hon. members who support his point of view, is that there is a question of privilege. Hon. members will remember that the matter was brought to the attention of the Chair earlier on a question of privilege and which was considered at that time. The suggestion at that time was that the law was not being followed and that there was therefore, in all the circumstances which have been explained for the guidance of the Chair, a breach of parliamentary privilege. Again, after looking at the

matter with all possible sympathy and as objectively as I could, I thought there was not a prima facie question of privilege.

Since the hon. member for Peace River put his motion on the order paper I have, of course, had to consider again whether the motion as drafted and placed on the order paper actually amounted to a privileged motion because, if that were so, it would have to be given priority. This was why I said to the hon. member for Oxford immediately at the outset of his remarks that the matter had to be considered because the decision in respect of a debate has to be made immediately.

The hon. member for Peace River gave notice of his motion the day before yesterday and I had to consider what place it should be given on the order paper. Again I spent a considerable amount of time reflecting on the matter and considering all its procedural aspects. The decision I reached at that point, which is obvious because of the priority given to the motion on the order paper, and which I am afraid I have to tell hon. members I have to stand by, was that there was not a prima facie case of privilege.

I could give citations, which I had to look into of course when a decision had to be made in connection with the motion of the hon. member for Peace River. I would think hon. members would want to refer them to the well known decision of Mr. Speaker Michener which is recorded at pages 581 to 586 of the *Journals* for Friday, June 19, 1959, and which I have quoted very often.

I am making strictly a procedural decision. Should this matter be debated again today but this time as a question of privilege? My suggestion to hon. members is that if there is to be further or continued debate on this very important matter, it should not be done under the guise or under the umbrella of a question of privilege. In the way in which the motion has been set down by the hon. member for Peace River it is essentially, as I see it, a non-confidence motion, a censure motion, if you will, which ought to be debated either as a formal substantive motion, on which the usual private member's notice has to be given, or as a supply motion which would require a vote of the House of Commons. I really do not see how the matter could come before the House at any time except in this way, unless by agreement among all members.

I respectfully suggest to hon. members that I have looked at the matter objectively and in a spirit of co-operation with hon. members on both sides of the House. This is evidenced, I think, by the fact that yesterday I agreed there should be a debate under Standing Order 26. But I do not think it would be procedurally correct to have a further debate under the Standing Order which provides for a privileged debate.

Mr. Baldwin: Mr. Speaker, we feel that the decision Your Honour gave yesterday in permitting the debate was a wise and proper one, but I think we are now in a different situation as a result of remarks made in that debate last night. Surely the purpose of an emergency debate on an issue so important and critical is to see what position is taken by hon. members. The rules do not permit a vote. Of course that is what the House has decided. However, as a result of statements made by the minister yesterday and repeated in effect by the Acting Prime Minister today a new situation has developed and we now know publicly by a declaration that the government intends to continue to refuse to obey the law.

An hon. Member: Right.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. Of course I do not wish to interrupt the hon. member for Peace River except perhaps for a moment. I should like to invite him to indicate what his point is. My thought is that the only question that is before the Chair now is whether there is a prima facie case of privilege. I have told all hon. members to the best of my ability and as clearly as I could—I know that is not always as clear as it might be—that I cannot honestly and fairly come to that conclusion. I have looked into the matter and, even if the hon. member says that a very serious situation has been indicated by statements made in this House, I was able to reach no other conclusion than that the matter should not be debated and considered by way of a question of privilege. I have indicated why I have reached that conclusion and made the ruling that there is no prima facie case of privilege. If the hon. member is trying to persuade the Chair there is a question of privilege, I do not think that would be in order. He may have other suggestions to make, perhaps on his own question of privilege or point of order, and I will hear him of course.

Mr. Baldwin: Mr. Speaker, I was leading up to that because Your Honour was good enough to indicate that you had examined the terms of the motion I had filed. It is because of the situation which developed that I filed that motion. In my opinion, it is a motion of censure or a motion of impeachment. Your Honour may want to hear argument on that point later. I do not propose at this stage to become involved in a long and difficult argument. I filed the motion reserving to myself, as I thought, the right to advance argument to indicate that if this motion satisfied your Honour, then under the circumstances it should be debated as a substantive motion. I thought, after listening to what the hon. member for Oxford said, that he tried to reach that same objective by a different route. I simply say that I am reserving that right for a later stage. But I do say, if the House agrees, that in view of the continuance of this serious situation, not only in western Canada but all over the nation, involving the continuing refusal of the government to obey the law, I believe some opportunity should be given to test, by recorded vote, the views of members of the House.

• (Noon)

Some hon. Members: Hear, hear!

Mr. Speaker: I fully appreciate the position as explained by the hon. member for Peace River, and I see that his approach is not the same as that taken by the hon. member for Oxford. Of course, the hon. member does not have to reserve the right to make that argument. He can always rise on a point of order to make an argument and he would be heard by the Chair, as he knows.

I think that, in the circumstances, there is no point in pursuing further the point raised by the hon. member for Oxford.

EXTERNAL AFFAIRS

PEOPLE'S REPUBLIC OF CHINA—DENIAL OF PRIVILEGES TO REPRESENTATIVES OF CANADIAN NEWSPAPERS

Mr. Jack McIntosh (Swift Current-Maple Creek): My question is for the Acting Prime Minister. Would he explain to the House why Communist China denies to the representatives of Canadian Press and other Canadian news media the privileges extended to the Red Chinese press by Canada?

Hon. Mitchell Sharp (Acting Prime Minister): We have been making representations to the government of China both before and since we entered into diplomatic relations. I can assure the hon. member that we would like to have further representation of Canadian newspapers in Peking. But of course this is a decision that can only be made by the Chinese government.

Mr. McIntosh: Would the Acting Prime Minister be prepared to table the documents in this House so that the Canadian people can judge for themselves whether or not Red China has breached the agreement that was entered into by Canada and mainland China when recognition took place?

Mr. Sharp: There are no documents of this kind. The only exchange that took place between our two governments that was of a formal character was the announcement of the establishment of diplomatic relations.

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GRAIN

WHEAT—REQUEST FOR PAYMENTS DUE UNDER TEMPORARY WHEAT RESERVES ACT

Mr. A. P. Gleave (Saskatoon-Biggar): May I direct my question to the Acting Prime Minister. In view of the fact the special debate last night revealed that the government has no authority to refuse payments to the Wheat Board under the Temporary Wheat Reserves Act for the benefit of farmers, will the government now issue instructions that these payments be made without delay?

Hon. Mitchell Sharp (Acting Prime Minister): I do not think I can add anything to what my colleague said last night in the debate. We do not consider that the government has breached the law.

Mr. Gleave: In view of this situation, is the government ready to take responsibility for all the consequences of its negative attitude toward western Canada?

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[*Translation*]

MANPOWER

DISCUSSION WITH QUEBEC RESPECTING ADULT RETRAINING

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, even though we worked late into the night, I see the Minister of Manpower and Immigration is here and I should like to put a question to him.

In his letter to the Prime Minister of Canada, the Quebec premier, Mr. Bourassa, said, and I quote:

— the Quebec government would also like to inform you that, in its opinion, there would be great advantages to using the same approach in dealing with both manpower centres and adult vocational training.

In view of the circumstances, can the minister tell the House whether there has been an exchange of views or correspondence between the Quebec and Ottawa authorities on this subject?

[*English*]

Hon. Otto E. Lang (Minister of Manpower and Immigration): The departments of the various provinces dealing with manpower, apprenticeship and training and the federal government are in fairly constant contact. In this particular case, we had special discussions over a period of time in regard to several issues, and these discussions may well occur again.

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HOUSING

LAVAL, QUEBEC—REQUEST FOR INVESTIGATION OF LES ABEILLES PROJECT

Hon. Marcel Lambert (Edmonton West): My question is for the Minister of State in charge of housing. Would the minister make the necessary investigation and report to the House with regard to the fiasco that has arisen with regard to the project called Les Abeilles in Laval and ensure that his investigation be sufficiently deep to establish whether there has been culpable incompetence or downright dishonesty both within CMHC and by other persons involved?

Hon. Robert K. Andras (Minister of State for Urban Affairs): The financial difficulties of the developer have been made known to me and, as of just a few days ago, CMHC has been able to take possession of the homes in the project and to move beyond that to reassure those people who have purchased homes of the satisfactory completion of the homes. We have, in addition, extended the guarantee for the repurchase of the homes for a period up to 18 months past the date when we say these homes are in fact completed. The reaction from the people involved has been a reasonable one. In fact, I was told a couple of days ago that only seven of the purchasers may wish to take advantage of the repurchase guarantee that we have offered. Indeed, we set up offices there the other day and, in addition to dealing with people in the project now, we are having to deal with other people who are coming to ask us how they can buy homes in that project.

We are going beyond that to review the whole process leading to this difficulty that was encountered, and I will be very glad at some stage, if the evidence warrants it, to report the findings to the House.

Mr. Lambert (Edmonton West): Would the minister kindly advise the House if he intends to indicate to the House whether there was incompetence in this regard and how much additional money it is going to cost CMHC to bale out this project which has arisen out of a number of

circumstances. If the solution is satisfactory, that is fine, but what is going to be the cost to get that solution?

Mr. Andras: I think I have indicated that when all these alleged facts are established as facts and not allegations, I will be glad to make them known to the House.

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[*Translation*]

AIR CANADA

TROIS-RIVIÈRES—DISCONTINUANCE OF SERVICE

Mr. Claude-G. Lajoie (Trois-Rivières): Mr. Speaker, I would like to put a question to the Minister of Transport.

Could he tell the House how far things have gone with regard to Air Canada's intention to discontinue its air service to Trois-Rivières?

[*English*]

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, so far as I am aware Air Canada have made known their intention to the Canadian Transport Commission, the body which deals with all such applications, but I do not believe it has been disposed of yet.

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WELFARE

INCREASED FINANCIAL ASSISTANCE TO PROVINCES TO MEET PAYMENT OF COSTS

Mr. J. M. Forrestall (Dartmouth-Halifax East): I have a supplementary question for the Acting Prime Minister related to earlier questions on the economy. In light of the Prime Minister's comment yesterday that he is desirous of meeting with the provinces with a view to reviewing the Canada Assistance Plan and other programs, can we construe from that that the government is prepared, if methods can be found, to pour more money into the provinces to help offset the cost of those programs under their jurisdictions during the coming winter?

Hon. Mitchell Sharp (Acting Prime Minister): If the levels of unemployment are higher than had been expected, with a resulting increase in relief, of course our expenditures will rise because we pay half of these costs.

Mr. Forrestall: My question was designed to ascertain from the Acting Prime Minister whether or not he would indicate if the government, in light of the Prime Minister's comment yesterday, is prepared to find methods of putting more money, not only the normal increases but additional funds, into the hands of the provinces?

• (12:10 p.m.)

Mr. Sharp: Mr. Speaker, I could not give any such assurance. I am quite sure that the provinces will be urging the federal government to take up a greater share of these costs, but what the position of the federal government will be I could not say for certain. At the moment, we are not considering any change in the arrangements.

[Mr. Lambert (Edmonton West).]

INDIAN AFFAIRS

DENIAL OF PASSPORT TO ELMER HILL—STATUS AS CANADIAN CITIZEN

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Is the hon. gentleman aware that when Mr. Elmer Hill, a Mohawk Indian born near Deseronto, Ontario, sought to acquire a passport he was advised by telephone on two occasions by the passport office here in Ottawa that he would first have to become a Canadian citizen?

Hon. Mitchell Sharp (Secretary of State for External Affairs): I will inquire into the situation and report, Mr. Speaker.

Mr. Howard (Skeena): Mr. Speaker, I wish to direct a supplementary question to the Minister of Indian Affairs and Northern Development. Would he be prepared, if he has not done so already, to make a declaration that people of Indian origin, born in Canada, are Canadian citizens?

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THE CANADIAN ECONOMY

REQUEST FOR STUDIES ON EXPECTED PROBLEMS THIS WINTER

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I wish to direct a question to the Acting Prime Minister supplementary to that of my colleague a few moments ago. In view of the statement he made earlier in the question period that the government has access to more facts than the opposition and the general public about the economic affairs of Canada, can he indicate whether any special studies have been made regarding expected economic problems in Canada this winter, and whether we can expect any of these studies to be made public?

Mr. Sharp: Mr. Speaker, there are studies under way continuously, and needless to say we are making a very special study of the kind of conditions that will prevail this winter. Whether these can be published, or whether it would be in the public interest to publish them, I am not quite sure. Certainly, however, the results would be revealed if the government decided to make any changes in its policies.

Mr. Lundrigan: Mr. Speaker, I wish to direct a supplementary question to the Minister of Manpower and Immigration. In light of the press conference that he held yesterday, can he indicate when he discovered that Canada has an expanding labour force, and how—

Mr. Speaker: Order, please. The hon. member for Moose Jaw.

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ST. LAWRENCE SEAWAY

DECISION ON POSSIBLE INCREASE IN TOLLS—REQUEST FOR REFERENCE OF CARR REPORT TO COMMITTEE

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I wish to direct a question to the Minister of Transport. In view of

the many submissions made to the minister in the past and of some that are being made at the present time opposing increased tolls on the St. Lawrence Seaway, can the minister say whether any decision has been made that increased tolls will be enacted before next spring?

Hon. Donald C. Jamieson (Minister of Transport): No, Mr. Speaker. The situation is as I have outlined to the House on several previous occasions. No decision has been made. Representations are still coming in. It is my intention to get as many representations as possible before considering the matter. In the interim, some talks are going on with the United States, as I believe is a matter of public knowledge, at the official level between the two Seaway authorities with a view to getting a better understanding of some of the findings of the Carr report, which in effect indicated that the U.S. portion of the cost is less than the value that the United States is getting out of the Seaway in relation to what Canada is getting out of the Seaway.

Mr. Skoberg: Mr. Speaker, would the minister give consideration to referring the Carr report to the Standing Committee on Transport and Communications so that submissions can be made to that committee?

Mr. Jamieson: Mr. Speaker, I will be very glad to give consideration to that, but it might be a more appropriate course for us to accumulate all of the submissions and then submit those as well as the report to the committee, perhaps at the time that the Seaway authority is being examined by the committee. I have no objection to the committee having a look at the whole picture.

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HARBOURS

THUNDER BAY—ALLEGED INADEQUACY OF FACILITIES FOR SEAGOING VESSELS

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I wish to direct a question to the Minister of Transport. In view of reports that facilities at Thunder Bay are not adequate for seagoing vessels and that there is a slow turn-around of vessels, will the minister investigate these allegations and report to the House or take steps to correct the situation?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker. Without going into details, I think it is fair to say that improvements are being made on a regular basis at Thunder Bay and other terminals. I would hope that those who are making representations with regard to increased costs on the Seaway, that is, users of the Seaway, and others who impose much higher charges than we do, would co-operate with us in trying to keep down the over-all cost of shipments on the Seaway.

[*Translation*]

EXTERNAL AFFAIRS

FRANCOPHONE CULTURAL AND TECHNICAL CO-OPERATION AGENCY—STATUS OF NEGOTIATIONS RESPECTING QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to put a question to the Acting Prime Minister.

Since a plenary session of the Agence de coopération culturelle et technique des pays francophones is scheduled for mid-October in Ottawa and Quebec City, and in view of the fact that according to an agreement reached in Niamey a year ago Quebec was considered as a participating country, could the Acting Prime minister advise the House whether Quebec's aspirations will be met during this conference? If not, could he inform the House as to the status of negotiations between the two governments?

[*English*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, there have been some discussions at the official level, and within the next few days I expect that my colleague, the Secretary of State, and myself will be having discussions with ministers of the Quebec government to determine the status of the Quebec delegation at the forthcoming meeting of the agency.

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AIR CANADA

REQUEST FOR LOWER DOMESTIC FARES

Mr. Charles H. Thomas (Moncton): Mr. Speaker, I wish to direct a question to the Minister of Transport. On June 30 the minister told the House that he had conveyed to Air Canada the desire of the government that Air Canada put together a package of special rates for travel within Canada. Now that Air Canada has filed special rates for trans-Atlantic flights, can the minister tell the House if it has acceded to his request and if we can expect an announcement soon on domestic rates?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I am not at all certain whether a specific package of fares has been filed in terms of domestic routes. I do know, however, as I imagine the hon. member does, that a number of special excursion package fares within Canada have been announced. I will inquire whether any special package has been filed and pass on any information I get to the hon. member.

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PACIFIC GREAT EASTERN RAILWAY

FEDERAL RESPONSIBILITY FOR SAFETY STANDARDS

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I wish to direct a question to the Minister of Transport. Having in mind the number of accidents which in recent years have afflicted the Pacific Great Eastern Railway, now known as the British Columbia Railway, has the federal Department of Transport any connection with,

influence over, or responsibility for the safety standards on that line?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I thank the hon. member for having given me notice of his intention to ask this question. However, I fear I did not have sufficient time to get an answer to it. I would like to examine it from a legal point of view, because clearly the answer is not the type that should be given without getting all of the details first.

* * *

GRAIN

RAPESEED—STOP ORDER ON DELIVERY OF VARIETIES LOW IN ERUCIC ACID

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I wish to direct a question to the minister in charge of the Wheat Board. In view of the stop order placed on the delivery of low erucic acid varieties of rapeseed, which quality was to have been a promotional feature for this seed, can the minister give any indication why this has occurred and when deliveries may be normalized?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Yes, Mr. Speaker. The Wheat Board reacted to the request of the industry expressed by the Canadian Rapeseed Growers Association which indicated that excessive delivery of low erucic acid rapeseed at the early stage of the year, compared with the later stages of the year, might cause difficulties in the use of that seed in the preparation of oil of uneven quality over the year and that it would be much more satisfactory if the flow of the low erucic acid type were more steady. As a result the board temporarily lowered the quota on that particular kind of rapeseed although, as I understand it, they have no difficulty in assuring that eventually during the crop year the quota will permit the taking of the whole crop of low erucic rapeseed.

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THE CANADIAN ECONOMY

EFFECT OF UNITED STATES IMPORT SURTAX—EXTENSION OF CREDIT TO SMALL BUSINESSES AND FARMERS AFFECTED

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Acting Prime Minister. In view of reports that the United States import surtax is not to be lifted so far as Canada is concerned, is the government considering urging Canadian financial institutions to extend credit to firms which are affected by this surcharge and, in particular, to extend credit to small businesses and farmers?

Hon. Mitchell Sharp (Acting Prime Minister): I thank the hon. gentleman for the suggestion, Mr. Speaker. I think it is a reasonable one, and it is an approach that we would certainly encourage.

[Mr. Mather.]

• (12:20 p.m.)

OIL

PROPOSED TAPS TANKER ROUTE—REPLY BY UNITED STATES TO CANADIAN REPRESENTATIONS

Mr. Heath Macquarrie (Hillsborough): I should like to ask the Secretary of State for External Affairs a question concerning his letter to the Secretary of State of the United States, with which he enclosed a copy of the report of the Special Committee on the environment. Could the minister indicate if he has had a reply from his American counterpart? Could he give the nature of that reply and, considering the very urgent situation, would he not obtain permission to table it?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, there has been no reply. I have followed up the communications I have had with the Secretary of State and he has assured me that our recommendations, particularly in relation to the Strait of Juan de Fuca and so on, are under study. Of course, no decision has yet been made because no decision has been made even about the TAPS line itself. As I say, I do not think there is anything more I can add. There are no other documents.

Mr. Speaker: Perhaps the House might allow the hon. member for Fraser Valley West to ask a supplementary to the previous question. We reached the end of the question period a while ago but I thought the House would want the Chair to prolong the agony for a few minutes because of the time spent on a very interesting point of order. Having said that, I should like to recognize the hon. member for Fraser Valley West on a supplementary question.

* * *

FRUIT

REQUEST BY BRITISH COLUMBIA GROWERS FOR EXPORT ASSISTANCE—LEGISLATION TO PROTECT AGAINST DUMPING OF AGRICULTURAL PRODUCTS

Mr. Mark Rose (Fraser Valley West): I wonder if I could direct my agony in the form of a supplementary question. It is related to one asked a moment ago by the hon. member for Winnipeg North Centre and is directed to the Minister of Industry, Trade and Commerce or someone who might reply for the Minister of Agriculture. In view of the difficulties faced by the Canadian apple industry as a result of the U.S. surcharge and also a poor apple crop this year, has the government made a decision yet on the request by the British Columbia tree fruit growers for $66,000 in export assistance similar to that contemplated for industries in Bill C-262?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I shall have to look into it if I am the one who is supposed to do so. As the hon. member knows, any processing of apples will be covered by the bill which is presently in committee. I shall look at other aspects of the question and answer as soon as I can.

Mr. Rose: I wonder if I could impose on your good nature to ask one more supplementary, Mr. Speaker. As Canadian agricultural marketing is constantly being threatened by dumped imports or foreign offers at distress prices, is the government preparing some protective legislation that can be applied instantly to protect Canadian producers of agricultural products?

Mr. Pepin: We have persistently protested this when done by other countries, so it is sometimes difficult for Canada to do the same thing. I will look more closely into the positive aspects of the matter.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Thursday, September 16, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Mr. James A. McGrath (St. John's East): I should say at the outset, Mr. Speaker, that it had been my intention to move the adjournment of the debate because of the failure of the government to implement the provisions of the Temporary Wheat Reserves Act, as well as the attitude taken by the government during last night's emergency debate and the attitude expressed by the government in the House today through the Acting Prime Minister. However, since Your Honour has indicated that you still have under advisement the motion standing in the name of the hon. member for Peace River (Mr. Baldwin) with respect to the substance of the motion and the priority of the motion, I shall refrain from doing so at this time, notwithstanding the fact that I feel we should not be proceeding with the normal business of the House until this matter has been resolved.

Some hon. Members: Hear, hear!

Mr. McGrath: In opening my remarks yesterday, I discussed the bill before the House in the context of the present economic situation in the country, emphasized and underlined by the statistics released yesterday by Statistics Canada with respect to unemployment and the rising cost of living. I said then, Mr. Speaker, that the bill was being discussed in an air of fantasy because the bill will not act as one of the important economic catalysts that it should be in this very critical period of high unemployment, rising inflation and the failure of present government policies to cope with those two facts.

The present policies of the government have failed to cure inflation. This fact is compounded by the increasing rate in unemployment—record unemployment.

Mr. Mahoney: Record employment, too.

Mr. McGrath: Half a million Canadians were unemployed in the month of August.

Mr. Mahoney: But 8½ million employed.

Mr. McGrath: This might not be a serious matter for the hon. member for Calgary South (Mr. Mahoney), but I can tell the hon. parliamentary secretary that it is a very serious matter in other parts of Canada. We had half a million Canadians unemployed during the peak month of August. What can we expect in the months of January, February, March? One shudders to think of a million people in this country without jobs.

I realize that this matter might not be very important to hon. members opposite, Mr. Speaker, and I suggest that if they have no interest in it they should at least leave the House.

An hon. Member: They will.

Mr. McGrath: One need not be an economist to think of what a million Canadians out of work will mean in terms of lost production, increasing welfare and the general economic contraction which will inevitably result. By deliberately operating the economy at less than its potential, the government is creating a substantial loss to Canada of millions of dollars a week in output and the result is a high level of unemployment.

Even yet, the full effect of the Nixon policies has to be felt. I am now talking about unemployment and inflation in this country prior to the Nixon 10 per cent import surcharge levelled on all imports by the United States government. And the unemployment rate continues to rise. Not only is it continuing to rise, but unfortunately it will escalate and worsen as a consequence of the Nixon policies.

It just does not make sense, Mr. Speaker, that we should be giving priority to a tax bill which does nothing to promote and improve the economy; which does nothing to create jobs for Canadians, which is the main issue and should be the main issue in this country today. The government must, as a priority, take urgent and immediate steps to prepare for the critically high winter unemployment which we know is coming. Even the Prime Minister (Mr. Trudeau) is now prepared to concede that fact.

Rather than occupying ourselves at the present time with a tax bill which deceptively presents itself as tax reform, the government should be moving ahead bringing into this Parliament a crash program to curb the rising unemployment—a program that will create jobs for Canadians, especially during the critical months of the winter when unemployment in this country will exceed one million at the present rate. My leader in his speech referred to the Opportunities for Youth program as a kind of summer works project. I will go one step further and suggest that we continue this kind of thinking or this kind of program under the general auspices of a winter works program, be it an opportunities for elders, an opportunities for youth or an opportunities for Canadians program. This is the type of worth-while project, worth-while thinking, that the government should be concerned about at present.

• (12:30 p.m.)

One provision in the bill before the House is worthy of immediate attention. It is one on which steps should be

taken immediately. I am speaking of the provision in the bill that would remove low level income Canadians from the tax rolls. That should be done this year and immediately, and not next year as anticipated by the legislation now before the House.

The official opposition has put forward in this House positive and definite proposals which would result in immediate action to stimulate the economy and fight the serious unemployment situation that hangs over this country like an omnimous, dark cloud. These proposals, enunciated by my leader, include the reduction of personal income taxes on a sliding scale, with the greatest reduction for Canadians in low and middle income brackets. These reductions should be implemented immediately, not next year. Our proposals include the elimination of the federal sales tax on building materials. That step should be taken now. That step would, at least, have the effect of providing jobs in the house construction industry. A consequential benefit would be that Canadians would be provided with additional, badly needed housing.

The government has admitted that $80 million will have to be drained from government revenues to soften the blow of the Nixon economic measures. That loss of funds means there will be a substantial cut in some of the funds available for housing. We should negotiate immediately with the provinces at a dominion-provincial conference, which should be called right away, in order that direct assistance to provinces and municipalities during the winter months may be made available under the Canada Assistance Plan. That would enable the provinces and municipalities to cope with increasing welfare costs and would provide them with more funds. Also, Mr. Speaker, we should re-introduce immediately a winter works program. If the government wants a vehicle for this winter works program, I suggest that it may be possible to use the Canada Assistance Plan as such a vehicle. Such a federal-provincial conference should have, as its first priority, the co-ordination of such a crash works program. The conference should be called now. It should be structured immediately. What we are looking for is a real winter works program that will produce jobs; we do not want a government snow job. We must provide such a program, because it is necessary and because the need for it is increasing. In addition, there should be a full employment budget. The Minister of Finance (Mr. Benson) should introduce a new, full employment budget in this House.

The figures relating to unemployment deserve examination. I am glad that the Prime Minister (Mr. Trudeau) agrees that they deserve study. I know that the statistics on unemployment and on the cost of living have been repeated in this House several times during the past 24 hours, but they ought to be repeated, again, again and again until the government gets the message and until it realizes that it must act.

The unemployment rate, seasonally adjusted for Canada in August this year, stood at 6.5 per cent. That was the national rate and represented an increase over the previous month. In the Atlantic provinces, traditionally an area of chronically high unemployment, the unemployment rate stands at 9.4 per cent. That means that 9.4 per cent of the work force in the Atlantic provinces is unemployed. This represents a total in the four provinces of 47,000 people who are looking for jobs. I am talking about August; I am not talking about last spring, last winter or next fall. In my province, Newfoundland, the situation is critical. I am sorry that the Minister of Transport (Mr. Jamieson) is not present in the House, because he has a great responsibility in this matter. The situation in Newfoundland is nothing short of critical and I hope the Minister of Transport will have something to say about it. We are talking about the month of August, the peak month of the year, the month when employment should be at full tilt, when the construction industry is operating at its peak and when the primary industries are at their peak. Yet, for the month of August the figure for the province of Newfoundland, unadjusted, is 8.7 per cent. So, 8.7 per cent of the work force, or 14,000 people, in my province alone are looking for work.

When one considers that these figures do not include people attending manpower retraining programs, people in vocational training schools and people attending summer schools and summer university courses, one can predict accurately that the actual rate of unemployment in Newfoundland for the month of August will be found to have been in excess of 10 per cent. Surely, it follows that if 10 per cent of the work force in that province was unemployed in August, one can predict that anticipated figures for the month of January will be nothing short of disastrous. They will reach depression proportions. I think economists say that when your unemployment rate exceeds 25 per cent, you are in a depression.

Across the country there are some areas of improvement. There are few such areas, unfortunately. The general picture remains critical, so critical, Mr. Speaker, that it dictates that this government take immediate steps to start implementing the suggestions made in this House by my leader, by members of my party, by members of other parties and by myself.

To me, one of the most disturbing aspects of the unemployment figures is the continued high rate of unemployment for young people between the ages of 14 and 24. The figure has increased by 23,000 over that for one year ago for people in that age group. Today, in Canada, there are 240,000 young people who are able to work and yet who are denied the opportunity to do so. What kind of Canada are we providing for them; what kind of outlook are we giving them and what future do they have? In my view this is a criminal state of affairs.

The report of the Committee on Youth, commissioned by the Secretary of State's department, reads in part:

> Both regionally and nationally the problems of youth have much the same chronic element usually associated with older workers. The trends repeated among the older youth groups as well suggest that high unemployment is a continuing problem of the young and also that their relative unemployment position has deteriorated further in the 1960's. This deterioration will continue. The tragedy of this statistical problem is that it becomes aggravated when national unemployment rises thus greatly understating the true magnitude of youth unemployment and the number of new jobs necessary to alleviate the problem.

I might add, Mr. Speaker, that as of April, this year, unemployment for teenage males stood at 2 5 times the national average and the unemployment rate for teenage females stood at a postwar high of 1.5 times the national average. It is fair to suggest that the young people of this country will turn this government off, and quite rightly so.

I ask, who has to bear the brunt of the government's ill conceived and outmoded concepts of economic policy. The young people, to speak of one group, have to bear the brunt. The regionally disadvantaged areas of the country have to bear the greatest burden. Those areas of the country cannot hope to gain from the government's regional development programs for some time if the government pursues its present course. That has been suggested by all the leading economists of the country. It has been placed on the record.

• (12:40 p.m.)

It is a fact and not a theory that for the disadvantaged regions of this country to be able to benefit both in the short and long term from the government's regional development policy, the regional development policy must work within a general government policy of full employment. Otherwise, one effectively cancels out the other. You cannot have one without the other.

This bill must be evaluated by asking if it moves the Canadian economy towards economic prosperity. What does it do for the Canadian economy at this critical point in our history? If it does not, and I suggest it does not, then the House should be more properly concerned with immediate and urgent crash programs to meet the serious situation in the country now and the serious situation that will flow from it in the months ahead. Unemployment in this country will reach disastrously high proportions.

This bill dictates to a degree Canada's economic climate. It must if it is to be what the government says. Economic prosperity in the sense of full employment is mandatory if regional economic expansion programs are to achieve their real potential. This government has been following a totally contradictory course with policies that are working at cross-purposes with the government's regional program. On the one hand, the government tries to solve economic disparity and, on the other, places a damper on the economy which will lead us to the darkest economic winter we have faced in many years. Full employment in Canada must be our immediate goal. It must be supported by a full employment budget.

The Economic Council of Canada defines full employment at 3.8 per cent; in other words, a national figure of 3.8 per cent unemployment. If you have 3.8 per cent unemployment, this means that in the province of Ontario, the industrial heartland of the country, you will have a rate of unemployment somewhere between 2½ and 3 per cent. In an area like the Atlantic provinces, you aim for a realistic rate of about 5 per cent, certainly not more than 6 per cent.

At the present time, the rate of unemployment in the province of Ontario for the month of August stands at a whopping 5 per cent, up over the previous month of July. What chance do we in the Atlantic provinces have if unemployment in Canada's industrial heartland is increasing at a time when it should be rapidly declining? What chance do we in the Atlantic provinces have if the unemployment rate in the province of Ontario stands at 5 per cent during the month of August? The consequence of that 5 per cent rate of unemployment in the province of Ontario for the month of August is that in the Atlantic provinces we have almost 10 per cent unemployment. That is a fact. The DBS figure for the Atlantic provinces is 9.4 per cent.

We have inflation because we have a double jeopardy here. We have rising unemployment and rising inflation. You cannot discuss one crisis without the other because they are both critical. What happens when we have high inflation? It takes its highest toll in the low income regions of the country which did not contribute to it in the first place. Inflation means real human suffering when we consider a shrinking dollar in an area of traditionally low employment and high unemployment in an area of high prices, an area plagued by transportation problems and geographical disadvantages. This government does not seem to appreciate or grasp the real suffering.

My own city of St. John's has a number of dubious distinctions. Hon. members can appreciate what this means there. That city has the highest per capita cost of living in the country and the lowest per capita income in the country. Couple this with the high rate of unemployment and you will realize what this means in terms of real human suffering. It means the difference between having beans on the table or not having beans on the table. Meat is out of the question. The present figures on the cost of living index released yesterday by Statistics Canada surely provide dramatic proof, if it is needed, that the government's policies to curb inflation have not worked. Not only do we have continuing, spiralling, runaway inflation, but we have spiralling unemployment at the same time.

Surely, the government must admit its mistake and proceed at once with a crash program to get Canadians back to work. It is as simple as that. If we did not have the present rate of inflation which, based on the July-August figures, represent an annual increase of 8.4 per cent and if we did not have the present rate of unemployment which, based on the August figures, stands at 6.5 per cent, perhaps we would have been able to weather the consequences of the present United States policy. If our economy had been in a healthy position, it would not have been necessary for us to have gone with our cap in hand to Washington plaintively begging for special consideration. The fact is that our economy has been weakened by the outmoded policies of this government.

Inflationary increases in costs are very serious. Everyone admits that. They are a very serious threat to our economy and can seriously cripple our economy. The government's obsession with their own blinker type strategy to fight inflation has deprived the economy of the vigour and vitality which could have been of so much value in helping us face up to the economic realities in the world today and the situation which we are in as a consequence of the present United States policy. As for inflation, this government has failed where it should have succeeded. As for unemployment, it succeeded where we all wish to God it had failed.

Another example of the economic brinkmanship in which this government seems to revel is the unpegging of the Canadian dollar and what that means to certain areas of the economy. In freeing the exchange rate and boosting the cost of our exports, this government has directly contributed to further unemployment. It certainly contributed to unemployment in my part of the country which, to a large extent, is dependent on exports of raw materials to

the United States. The government seems committed to adding one adverse economic policy to another. The sum total is a chain reaction which perpetuates and worsens the critical unemployment picture. The country has to suffer the consequences of these ill-conceived policies and nothing short of a drastic and immediate change in those policies will do anything to cure the situation. The story of this government has been a story of rising unemployment and increasing prices. This has been the hallmark of the government since it took office. It is a sad story, a story of unfulfilled expectations. In the midst of all this we are presented with a bill which would deceive the Canadian people, a measure presented as a tax reform package, which it is not. If it were passed, it would do little to strengthen the economy. The Economic Council indicates that the Canadian economy would have to grow at the rate of 5½ per cent per year even to prevent existing unemployment from worsening. With the tight rein the government has been holding on the country in its effort to combat inflation, unemployment was bound to increase.

• (12:50 p.m.)

In July of this year we witnessed the commencement of a government advertising program designed to pass the buck psychologically. "Canada's economic future is very much in your hands; our economy depends on the private sector to create new wealth and employment". This is how one advertisement read. One economist wrote about this campaign:

> The campaign would be comical if it were not so insidious, if it were not for this government's unadmirable tendency to solve hard-core economic and social problems with public relations dazzle.

Another advertisement read: "People are still the most important resource we have". I find this difficult to believe. I do not think the government is really convinced of it. The Prime Minister tells us we have to live with unemployment and describes the miseries of unemployment as an unfortunate side effect which cannot be avoided. The Prime Minister does not know what it means to be unemployed. Too few members of this House know what it means to be unemployed, the demoralizing effect on a human being, the wasted days, the impotence which is felt as this situation continues day after day.

An unemployed man finds himself surrounded by an affluent society which, through the medium of high-pressure advertising, would force down his throat messages about all the wonderful consumer goods he could enjoy—colour television and everything else. He cannot afford them, even on the never-never plan, because he is unemployed. Because he is unemployed he has no money, so he is frustrated. Society cannot find a place for him except as one of its wards and that is ultimately what he becomes. If he cannot find work he must fall back on the state. If he is fortunate enough to qualify for unemployment benefit at least he is able to maintain something of his dignity. Otherwise, all too often, he has to swallow his pride and go on welfare.

Does the Minister of Industry, Trade and Commerce (Mr. Pepin) know what this means? I do not think he does. I do not think anybody in this House really knows what it means. It is one of the real tragedies today that in this blessed land of abundance we should deny the right to work to so many of our people. One has to be with them to come even close to understanding what it is all about. Oh yes, it is most appropriate that we should be talking about eliminating the middle or, more particularly, the low-income people from the tax rolls. We should be doing this now, not making provision for it to be done next year. It should be done right now as a crash program because this is essential if we are to make a dent in the unemployment figures and get the economy moving. I find it difficult to understand parts of the bill before the House.

The Acting Speaker (Mr. Laniel): Order. I regret to interrupt the hon. member but the time allotted to him has expired unless he gets unanimous consent to continue. Does the House give unanimous consent to the hon. member to continue his remarks?

An hon. Member: Will his leader come back?

The Acting Speaker (Mr. Laniel): There cannot be any condition. I will ask the question again. Does the House give unanimous consent to the hon. member to continue his remarks?

Mr. Francis: With great pleasure.

Mr. McGrath: The clock will probably accomplish what some people would like to accomplish. The bill before the House is deceptive in that it does not accomplish what it proposes to do. More particularly, it does nothing to help overcome the critical situation we find in this country today as a consequence of the policies pursued by the government, and unless there is an immediate change in the philosophy of the government then the people of Canada are in for a dark, critical winter.

Mr. Gilbert: May I call it one o'clock, Mr. Speaker?

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. John Gilbert (Broadview): Mr. Speaker, this tax measure, Bill C-259, is a sad ending to nine years of intensive and exhaustive study to build a tax framework in Canada which would bring about justice, equity and economic growth for all Canadians. The bill is a clear indication of the government's rejection of the Carter report and a cave-in by the government to the business community. It is striking to me that less than 10 per cent of Canadians can dominate the other 90 per cent through their wealth and power.

Back in 1962, when the Conservative government passed an order in council appointing Kenneth Carter to look into the tax framework of Canada, it gave him specific instructions that, among other questions, he should report upon the distribution of the burdens among taxpayers resulting from existing rates, exemptions, relief and allowances provided by the personal and corporation income taxes, and secondly, the effects of the tax system on employment, living standards, savings and investment,

industrial productivity, and economic stability and growth.

After spending almost three years and $3.5 million on that study, Mr. Carter reported in 1965, and I should like to summarize some of his main findings. Mr. Carter found, first, that the present taxation system does not afford fair taxation for all Canadians; second, that the present tax structure has led to Canadians being less well off through lack of goods and services that could be provided through more efficient use of labour, capital and natural resources; third, that compliance and collection costs have been needlessly raised by duplication in provincial and federal administrations and that federal tax administration is open to political influence; fourth, that the fiscal situation has not been used as effectively as it could be to maintain full employment, contain inflation and encourage Canadian ownership of Canadian industries; and fifth, that Canadian federal procedures to obtain and analyse new ideas about tax increases or for hearing the views of taxpayers are inadequate.

He summed up his report by saying that the commissioners were fully aware that their conclusions constituted severe criticisms of the present tax system, that they were not arrived at lightly nor the result of preconceived opinions. Whenever conflicts arose in their proposals they were reconciled in favour of equity. They were convinced that preserving and developing the system by scrupulously fair taxes must override all other objectives. In that report, not only was that recommendation made, but he categorized some of the special privileges which are afforded to the resource industries in our country, the insurance and finance companies, land speculators, and the free-loaders who play the stock market.

What did Mr. Carter recommend as a result of his exhaustive study? He said that two basic principles should operate in our tax structure. One is that there should be a fair distribution of the tax burden based on ability to pay and, secondly, that all income should be taxable. When he said that income should be taxable, he had in mind the income derived from stock options, gifts, income of all kinds whether it be strike pay, unemployment insurance, compensation, sickness and group life insurance, tax credits and consumer dividends, tax free allowances, profit sharing, gambling gains, bonuses, premiums paid by employers for employees under medical insurance schemes, non-cash benefits provided by employers and death benefits, because in the past these areas of income have avoided the full tax power.

• (2:10 p.m.)

He suggested, too, that there should be a redistribution of the tax burden so that wealthy individuals and companies would pay their fair share and that this would result in $523 million more in corporation taxes to the federal government in one year, $271 of which would come from foreign investors. He also recommended there should be generous tax credits for post secondary education; that there should be capital gains appended to income and property with an exemption of $25,000 in respect to an owner's home which was occupied; that there should be top limits on travelling and entertaining expenses; that there should be tax credits for children which would be substituted for present tax exemptions; that there should be—and this is very important—an integration of personal income taxes; that the efficiency concessions for industry should be abolished and that mining companies should only claim for exploration development concessions at accelerated rates.

This was a bold, courageous document set forth by a man who had given his life to the study of the tax structure in Canada. What did we find as a result of the Carter Report? We found an effective campaign against the report. There are some people who today still call Mr. Carter a socialist. This is far from the truth. We have some people who claim that the development of this country would be inhibited by the implementation of the Carter report and that personal initiative would be restricted. That criticism comes from less than 5 per cent of the communities. From the time I came down here in 1965 we were deluged with reports, not from ordinary folk but from the main sector of the business community concerning the disastrous effects which might occur if the Carter recommendations were put into effect. The Liberal party, having a close ear to the public and a far closer ear to the business community, set out to castrate the Carter Commission recommendations. They brought forth what is known as a white paper for purposes of discussion and played with that for some time before they came forth with a budget and tax changes in June of this year.

I recall quite clearly the month of June when the present Minister of Finance (Mr. Benson) brought in his budget. I recall the reaction of the Liberal members. They were just as cocky as peacocks and quite boastfully said that they were prepared to fight an election at any time on these proposals. The Minister of Finance, in his Buddha-like performance, expanded himself and said that this is an expansionary budget which will create growth and full employment. That was in the month of June. Now, in the month of September we find a different picture. We find that the picture is somewhat shaded. We find that the cockiness is replaced by cautiousness and quietness. We find the smile off the face of the Minister of Industry, Trade and Commerce (Mr. Pepin) as a result of the surtax imposed by his so-called friend, President Nixon, to the south. Everybody here remembers the Minister of Industry, Trade and Commerce, as being a strong integrationist, feeling that it was necessary to integrate the industry of Canada with that of our neighbour to the south. He rather smiled and gloated at the apparent success which was being achieved, but when the great master to the south came down with his heavy hand it made the minister realize just what a friend we had in time of need.

After going down to Washington with cap in hand and on bended knee—

Mr. Pepin: I never wear a cap.

Mr. Gilbert: —he now realizes the disastrous mistake he made in making Canada dependent on the United States in respect of exports. I recall the hon. member for Waterloo (Mr. Saltsman) exhorting him on many occasions about the necessity to diversify and scatter our export programs so that we would not be caught in this terrible position. When the Minister of Industry, Trade and Commerce heard the report in respect of unemployment yesterday, and the rise in inflation, he must have realized that he and some of the other integrationists on that front

bench made a serious mistake in giving direction to the Canadian economy. I would hope he would see the light and take steps to meet the unemployment and export problems we face.

Bill C-259 is a classic example of the legal maxim problems we face, that equity varies with the length of the chancellor's foot. The maxim has now been changed to equity varies with the closeness of friendship to the Liberal party. Who are the friends of the Liberal party? Are they the old age pensioners?

Mr. Knowles (Winnipeg North Centre): No.

Mr. Gilbert: The answer is no. The Exemption of $650 for individuals aged 65 and over, replacing the exemption of $500 at age 70, does not begin to catch up with the increase in the cost of living. A short while ago the Economic Council of Canada indicated that a single person requires a minimum of $1,900 a year to meet the essential needs of the day. What has this generous government done with regard to old age pensioners? The very maximum of the old age security pension and the guaranteed income supplement amounts to $1,620 for a single person. According to the Economic Council of Canada a married couple requires $3,200 a year and yet these people are being given $3,060 to meet the essential needs of the day.

This must be small comfort to people who have given their lives to build this country. I just heard a slight groan from the Minister of Industry, Trade and Commerce. I wish he had been with me on Monday of this week when I attended at the home of an old age pensioner who had written to me asking if anything could be done in respect of rent control. I had the sad duty of telling her that rent control came under provincial jurisdiction rather than under federal jurisdiction. She pointed out that a few years ago she had rented a modest apartment for $78 a month, that this rent had been increased to $95 a month and that now it is $135 a month. I am sure the Minister of Industry, Trade and Commerce does not feel at all happy about imposing such a hardship on a person who has given her life and strength to build a better Canada. Are the working people the friends of the Liberal party?

Mr. Knowles (Winnipeg North Centre): No.

Mr. Gilbert: The answer is no. The basic exemption which increased from $1,000 to $1,500 for a single person and from $2,000 to $2,850 for a married couple does not begin to meet the demands of the day. On many occasions we have said that the exemption should now be $2,500 for a single person and $5,000 for a married couple. If these people had these exemptions maybe they would be able to get by. I think it is time the government realized just what it means for the average working couple to meet the requirements per day.

• (2:20 p.m.)

The employment expenses to workers at 3 per cent of employment up to $150 a year are just a government ploy to distract the workers from realizing the extent of the deductions given businessmen, their business expenses, dividend credits and other tax allowances on gifts and estates. Do you know, Mr. Speaker, that the best experience that the Minister of Finance and probably the Minister of Industry, Trade and Commerce could have had would have been to try to live on $30 a week which, the Minister of Finance boastfully stated, a single person could do. Then, they would realize that 20 per cent of all Canadians are experiencing desperation living, and at least 60 per cent of all Canadians are experiencing what is known as minimum living, merely getting by. I am sure the workers will realize that the meagre deductions that have been given to them in the form of the increase in tax exemptions and the abolition of the 3 per cent surcharge will have little effect, since some of them will have to pay income tax on employment insurance benefits, medical premiums paid by employers, and retraining allowances. The effect will be nil.

May I ask you, who are the real friends of the Liberal party? They are the businessmen who enjoy the tax benefits from capital gains, dividend income, the mining and petroleum income allowances. These are the real friends of the Liberal party. Let me give you an example. When a person pays tax on capital gain based on 50 per cent of that taxable capital gain at his own personal rate, it amounts to dividing the incomes of all Canadians into two classes; first, the income that people derive from labour and enterprise and, second, the income that people derive from capital gains. Let me give you a striking example, Mr. Speaker. If a worker has a taxable income of $3,000 from his job, he pays at the rate of 26 per cent. Yet, if a person has a taxable income of $3,000 which has been gained from a capital gain windfall, he pays half that amount or 13 per cent. This is neither right nor just.

With regard to the resource industries, there is little reform in the taxation of resources. Elimination of the 3 per cent tax exemptions on mining profits by 1974 will probably reduce the incentive to high-grade mining; in other words, mining by companies of richest ore to increase their highest profits for the first three non-taxable years. The inclusion of capital facilities, exploration and development costs as depreciable items, thereby allowing companies to deduct $4 from profits for every $3 spent, would leave these companies virtually in the same privileged position as they have experienced for the past 10 to 15 years. I recall vividly the dramatic example that the hon. member for Timiskaming (Mr. Peters) gave with regard to Elliot Mines. The uranium companies moved into Elliot Lake, raped the resources there in a very short time, paid little or no tax, created a community where many people bought homes, many of them through CMHC financing, and then picked up their profits and marched away leaving people in the community with no resource to develop and having large mortgages to meet. This is the tragedy of many of the mining companies that operate in Canada.

If we are going to give special consideration to the mining companies, it will not be long before the Minister of Industry, Trade and Commerce and the Minister of Finance will hear cries from the pulp and paper companies asking for the same privilege that the mining companies enjoy.

I read a striking article in the *Star* a short while ago setting forth who receives the big government handouts. This was reported in the Toronto *Daily Star*. It reads:

> Three hundred million dollars a year is what it costs the Canadian taxpayer to subsidize, the mining, oil and gas industry, according to a survey reported in the Toronto Daily Star.

This subsidy has doubled in seven years since 1964 when it was $150 million.

The survey also shows that the money excused in federal taxes is in effect diverted to an industry which employs less than 10 per cent of the working population, and is predominantly owned by U.S. and other foreign investors.

The best—or worst—lobbyists for these subsidized industries are the provinces, especially Quebec, "eager for the economic growth and jobs they believe the resource industries bring".

Large corporations would pay a 50 per cent tax if they paid on all their net income, but in practice most companies get tax relief through depreciation and other allowances.

The mining, oil and gas industries get extra allowances.

In 1968, "42 companies which own metal mines reported a profit of $497 million on which they paid federal and provincial taxes of $45.4 million, or slightly more than 9 per cent".

The 145 companies in mineral fuel operations—mainly oil and gas wells—reported a profit of $340 million on which they paid federal and provincial taxes of only $40 million or 12 per cent.

The hardpressed printing and publishing industry paid federal and provincial taxes of $53 million, or 41 per cent, on net profits of $128 million.

The even harder pressed textiles and mill companies paid taxes of $37.7 million, or 47 per cent on profits of $79 million.

When it comes to the high taxes that the textile companies pay, surely the Minister of Industry, Trade and comedy—I mean Commerce—

Mr. Knowles (Winnipeg North Centre): You were right the first time.

Mr. Gilbert: —should take up the cudgels for the textile industry. But no, he sits like a silent sphinx, smiles and does nothing. I think that if smiling could create jobs and lower taxes, all one would have to do would be to appoint the Minister of Industry, Trade and Commerce to be our next minister of finance because certainly he brings to his position nothing more, nothing less than a big smile.

Some hon. Members: Oh, oh!

Mr. Gilbert: What about the people who derive large dividend incomes? What about those people who receive these dividend income cheques? Just how does the Liberal Party treat them? No questions are put as to the source from which the money is derived. Was it earned or was it inherited? No, all they want to do is to increase that tax dividend credit from 20 per cent to 33 per cent. I am sure that those people who receive a dividend income are laughing all the way to the bank.

Have you ever seen the boardroom watchers in a stock-market office? These are the Jim Dandy's of society who appear at these brokerage offices at about 10.30 in the morning. They are dressed as though they had just stepped out of Esquire. From 10.30 until three o'clock in the afternoon they stand watching the board, gambling on the stocks. They use all the jargon—"The market is slightly off today; there is a slight dip; the Dow Jones isn't up today." These are the trademarks of these contributors to the community who sit in stockbrokers offices all day until three o'clock in the afternoon. And then they say, "Isn't it terrible that the workers don't work? Isn't terrible that the welfare people get such large amounts?" It is to these people that the Liberal party says, "We will give you a tax dividend credit which will increase from 20 per cent to 33 1/3 per cent."

• (2:30 p.m.)

What about the elimination of estate and gift taxes? Surely, their abolition will further stratify the Canadian people into an economic caste system. Many of us shrink and cringe when we think of the caste system in India, but surely we have the same system in Canada. When one reads "The Vertical Mosaic" one gets the full impact of the economic caste system in Canada.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Laniel): Order, please. Hon. members should allow the hon. member who has the floor to complete his remarks. It is very difficult for the Chair to hear the detailed remarks of the hon. member.

Mr. Gilbert: Thank you, Mr. Speaker. The question just crossed my mind while I was waiting for the pleasant boys on the other side to stop applauding: does the ever-smiling and happy Minister of Industry, Trade and Commerce believe in the elimination of estate and gift taxes? I am sure he would have difficulty answering that question because, after all is said and done, he is a man of compassion, a man of kindness. I wonder if he really believes philosophically in the elimination of estate and gift taxes, and the impact this will have on the further stratification of Canadians in an economic caste system. What does he think about allowing a millionaire to pass on his money to a son, with the people of Canada having to pay the son interest on that money, and with the son not having to pay any taxes? I just cannot believe that the compassionate Minister of Industry, Trade and Commerce would consent to that type of legislation. The government has reversed—

[*Translation*]

The Acting Speaker (Mr. Laniel): Order. The Minister of Industry, Trade and Commerce (Mr. Pepin) knows that he can ask a question only if the hon. member who has the floor gives him leave to do so.

[*English*]

Does the hon. member for Broadview accept a question from the minister?

Mr. Gilbert: Certainly.

Mr. Pepin: Mr. Speaker, I wonder if you would kindly ask the hon. member for Broadview if he would be interested in knowing why I was smiling?

Mr. Gilbert: Mr. Speaker, maybe the acoustics are at fault. I just did not catch what the minister said. I think he said something about smiling.

An hon. Member: He wants to know why he was smiling.

Mr. Gilbert: He wants to know why he was smiling? Mr. Speaker, Nero fiddled while Rome burned, and our Minister of Industry, Trade and Commerce smiles while Canadians go down the drain.

The government has reversed the Carter Report recommendations by putting growth before equity and fairness. It has improved the tax position of 10 per cent and worsened the tax position of 90 per cent of all Canadians. It has put the production of private goods above public

goods and services, thereby ignoring our needs with respect to housing, schools, health facilities, transportation and the fight against pollution.

When I heard the hon. member for Calgary South (Mr. Mahoney) speak yesterday of his fear concerning the rapid growth of Canada, and the possibility of inflation as a result of that growth, and when he cited as an example housing starts over the past eight or nine months, I could not help but think that he was far removed from the unemployed people, from people who have felt the effects of inflation and the pangs of hunger. He lives in an ivory tower.

What should we do? We should have followed the Carter recommendations as closely as possible, creating a tax structure which would be fair and equitable to all Canadians. We should have given tax relief to the majority of Canadians. We should be studying the guaranteed annual income plan. The figures given yesterday on the high rate of unemployment and the increase in the cost of living indicate that immediate attention must be given to tax relief and a guaranteed annual income.

In the past, governments have used the tax instrument to try to develop an equitable redistribution of income. It is obvious that that instrument has been a failure, particularly when we have 6.5 per cent of Canadians unemployed. Back in the early sixties, the thought of a guaranteed annual income was rejected by most people on the North American continent. But as we enter the seventies the thought of a guaranteed annual income becomes more appealing to a lot of Canadians. May I remind you, Mr. Speaker, that at one of its recent conventions the Liberal party adopted the idea of a guaranteed annual income.

Mr. Haidasz: Hear, hear!

Mr. Gilbert: But may I also remind the hon. member for Parkdale (Mr. Haidasz) that the Prime Minister scuppered the idea—

Mr. Haidasz: He did not.

Mr. Gilbert: —and said it would cost too much. With excessive technological changes confronting us we will have to direct our minds to a guaranteed annual income, and the sooner we do so the better it will be for all Canadians.

The change from the work ethic to the non-work ethic is very difficult for most Canadians to accept. The experience we have had with our welfare programs has not been a happy one because of the division created among the different groups within Canada. Apparently the conclusion has been reached that we must have a certain number of unemployed. The sooner we realize this, and the sooner we develop a guaranteed annual income, then the sooner a great deal of the agony, misery, apprehension and stigma attached to unemployment and welfare will be gone. I would hope that the Minister of Industry, Trade and Commerce would use his influence not only to diversify our imports and exports, not only to try to clear up the resource industries and not only to make the tax structure more equitable, but also to develop a guaranteed annual income. We would be spending our time much better this way than by wondering about Bill C-259 which is retrograde and not worthy of support.

• (2:40 p.m.)

Mr. Mac T. McCutcheon (Lambton-Kent): In taking part in this discussion on Bill C-259, Mr. Speaker, one must ask on behalf of the Canadian people, is this bill tax reform? I had no idea that my remarks were that funny so soon, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. McCutcheon: Thank you, Mr. Speaker. If I may repeat, we must ask ourselves the fundamental question that is in the minds of most Canadians, is this bill tax reform or does it just impose more taxes? Optimistically and charitably, one can say that it is tax reform; realistically, I am afraid that it may just impose an increase under a new guise. I have hoped for tax reform because hope springs eternal and naïvely, I presume, I had hoped for tax reductions. Above all, what I had hoped for, and I think I speak for a good many Canadians, was less government intervention in the business life of the country and in the private lives of the Canadian people.

As I understand developments in this country of ours, the history of taxation has inevitably been to climb progressively higher and higher. This is particularly true of the last 30 years since the adoption of a Keynesian socialistic philosophy by the government of the day under the late Mackenzie King. In fairness, I must say that this trend has never been arrested by successive governments. I would be the first to admit that this answer is too simple, but these are the fundamentals. We provide selective subsidies to industry and to people and couple them with specific government spending. This is our program versus a program which I would favour of genuine tax cuts providing incentives which would allow the people of Canada to make their own decisions. My criticism is chiefly of the philosophy of governments of all stripes, and the philosophy of some political parties, that seem to think they can spend your money and mine to better advantage than we can.

Free enterprisers have prophesied trouble for this country, but due to the great expansion period we went through, followed by an inflationary period, the day of reckoning was postponed. However, it is here now, precipitated by a lack of action by this government on economic matters. It was really brought to a head, however, by the action of President Richard Nixon. I have been a member of this chamber since 1963, Mr. Speaker. I think that most members who have been here during that period will agree that in this House we have spent more time on ways and means to extract money from the population than we have spent on ways and means to put money in their pockets. There was always the promise of more goodies for the people, more bread and circuses. The price has always been more taxes. From every corner of this House we are attempting to present the shortcomings of our existing tax structure. The government is beginning to admit what the population has known, that total taxes are too high. As things stand at present we have no particular co-ordination or linking of federal, municipal and provincial taxes. In other words, the same people are paying at all levels.

I was interested in an article which appeared in the Montreal *Gazette* on September 16, 1971. It bears out

something which I have been saying but puts it in much better language. With your permission, Mr. Speaker, I should like to read a short extract from this article:

> Almost half the value of Canada's production of goods and services—46 per cent—is taxed into the treasuries of the federal, provincial and municipal governments. This includes the compulsory premiums paid for government hospital insurance plans and the Canada and Quebec pension plans, amounting to a total of nearly $4 billion a year. If these payments are excluded, total government revenues of $38.5 billion are equal to 42 per cent of the gross national product.
>
> It's still far too high for a developing country whose most important single requirement is the investment capital for creation of new industry and the expansion and renovation of existing industry. In the United States, by contrast, the total tax take of the federal, state and municipal governments amounts to only 29 per cent of the gross national product. And the Americans have been fighting a war for almost a decade.
>
> Governments are belatedly coming to realize they're overtaxing. None, however, shows any disposition to reduce their expenditures. Instead they offer selective forms of tax relief—development grants to industry or tax rebates to the aged and impoverished. They're all more or less infected with the conviction that they know better than the taxpayers how the taxpayers' money should be spent.
>
> This is the real problem in Canada and the taxpayers themselves are as much to blame for it as governments. No government could spend as Canadian governments have spent, without the acquiescence of the voters. That acquiescence now, at long last, can no longer be assumed by governments.

• (2:50 p.m.)

A "by-product" of certain forms of aid to industry and to people of course is a loss of freedom. Invariably, when you are the recipient of largesse and you receive money, shall we say, for nothing, some freedom is lost. Some freedom involving the decision-making process is lost. This applies to businesses and to individuals.

So, Mr. Speaker, having taken a brief look at Bill C-259, which we shall shortly study clause by clause, I cannot find anything concrete that indicates to me that low income people will be removed from the tax rolls in the numbers claimed. I should like to paraphrase an expression used by a former member for Lambton-Kent, the late Hugh Mackenzie, because his words, when used to describe the numbers of people who allegedly are to be removed from the income tax rolls, fit the case perfectly. Mr. Mackenzie said, "The benefits appear more apparent than real". That, I think, applies in this case. May I continue in that regard.

Inflationary pressures, we must admit, are still present. I have nothing to say about that, except in passing. The latest civil service pay award granted this week was for a 19.5 increase over a three-year period. If that trend continues, it will mean that those employees will get a 60 per cent increase in income in ten years. My reading of the tax rates indicates to me that, although the income of those people and of other Canadians may go up by 60 per cent over 10 years, which is a normal rate at 6 per cent each year, income tax rates over that same period will go up by 97 per cent. This is not, I humbly submit, tax reform, but is what accountants call "elasticity". A 10 per cent increase in wages is accompanied by an 18 per cent increase in taxes. Accountants describe that, as I say, as elasticity. Also, elasticity means that as incomes rise, taxes rise at a faster rate.

Under the new tax bill, every 10 per cent increase in income is accompanied by an 18 per cent increase in taxes, as I said. Elasticity is best explained by looking at people with low incomes. A person earning $1,700 a year would, under the present system, claim exemptions of $1,100 and pay $70 tax on his taxable income of $600. If his income rises to $1,800, his taxable income is $700 and he pays $82 in taxes. His income has thus risen by 6 per cent but his taxes have increased by 17 per cent. So, despite all the statements and publicity to the effect that so many people will not be paying income tax, one must wonder if one can believe all those figures. Really, some of this stuff is not credible any more. For example, I recall when it was decided to remove the 3 per cent surcharge on income tax. There was great fanfare at the time, but what happened? The rate was later upped to 5 per cent. Certainly, we have increased exemptions for our lower paid people; at the same time we are taxing unemployment insurance payments.

I remember another classic example that makes me just a little suspicious of the fine print that may be in the bill. In 1968, I believe, a resolution came before the House for imposing estate taxes or succession duties on estates valued as little as $20,000. We had a great hassle in the House about this. I forget whether it was just prior to Easter or Christmas. At any rate, the minister of finance of the day agreed that the value of the estate ought to be $50,000 rather than $20,000 for succession duty purposes. This was a big deal. When the regulations came forward we found that although estates of $50,000 and less were exempt, if the estate was valued at $50,001 the rate reverted back, for taxation purposes, to the $20,000 level.

We had an important debate last night. It was alleged that the law of this land was being circumvented by the executive. So, I ask, is it any wonder that Canadians are suspicious of a bill that is this thick—it is five or six inches thick—and that has been prepared by this government. Really, we have been "sucked in" too many times already.

The taxpayer's home is not subject to capital gains. Is that so? That is what the newspapers say and what government press releases say. Yet the fine print of the bill shows that that suggestion is not always correct. We will talk more about that when we study the bill clause by clause. What about the family farm, Mr. Speaker? Canadians have been lulled to sleep by publicity indicating that the family farm is not to be subject to a capital gains tax. I have news for them. If they read the bill they will see that is not always the case. But, Mr. Speaker, happy, happy days are here for you if you win a lottery or a car. You will not pay capital gains on that. But I put it to you, Sir, that your chances of winning a lottery are about the same as a taxpayer's chances of obtaining a tax reduction under this bill. The odds are about one to 499,000 or one to 1 million against you.

I am concerned about what has happened to Canada and to Canadians. I submit that our initiative has been eroded by progressively more oppressive taxes imposed on the independent businessmen and the willing workers of this country. I was interested in hearing an hon. member speak about the guaranteed annual wage. I do not know whether he is aware that the government, reportedly, is to spend $15 million on a study to find out whether the guaranteed annual wage will destroy initia-

tive and the will to work. I will make a proposition here and now that will save the government $14 million, and I will not take four years before bringing back an answer. If the government gives me a cheque for $1 million, it can save the other $14 million and get its answer. I think I could give the government a definite answer to this question right now. As a matter of fact, I might even do it for nothing and save the government $15 million. I have had an increase in salary and am persuaded to do it for nothing.

An hon. Member: Watch it, Mac.

Mr. McCutcheon: May I refer to the *Gazette* again:

—$15 million finding out whether a guaranteed annual income would cause the recipients to lose their "work drive".

• (3:00 p.m.)

Those are the words. There is another facet which concerns me. Governments have had more and more free labour provided by industry and individuals in this country than you can shake a stick at. The ordinary businessman is threatened by law if he does not fill in DBS reports—I should have said Statistics Canada because the name has been changed—unemployment insurance reports, manpower reports, Canada pension plan reports and income tax reports. Large companies have whole departments completing government forms, and small concerns must have specialists and auditors to complete compulsory governmental statistical reports. Why? So that the government can continue to play their paternalistic role. What is happening? Commerce is being hampered, business is being hamstrung. The poor individual Canadian has to pay for it through the increased cost of goods and services brought about by buckshee labour demanded by government departments. Search as I can, there is no indication in this legislation that there will be a diminution in this respect—not a bit.

In view of the technicalities uncovered in this document the Department of Labour should not have anybody with accounting expertise seeking employment. These people should never have to receive unemployment insurance because they will be the most demanded profession in the country. When the transport bill went through this chamber the minister responsible demonstrated a more flagrant approach: he got himself a job. But the Minister of Finance (Mr. Benson) is looking after his bookkeepers. There is no question about that, because they will be in demand. There is nothing wrong with bookkeepers, but why should every Canadian have to hire them? I do not know where it is going to end, but I submit we are close to the saturation point, the point of no return.

Welfare costs are escalating. Some say that welfare payments are high enough to destory initiative. I want to point out something to the minister. Last week the welfare officer in a municipality in my area was having a little difficulty with some of the municipal officials. He said he was going to quit his job, that it was not worth while, and he was going to apply for welfare. This is the welfare officer. He is going to quit his job. He is no longer going to work as the welfare officer but will apply for welfare himself.

How does one react to being a second-class citizen in his own country? I shall relate an experience I had a week ago Friday. I drove into a place on Highway No. 7 which had cedar posts for sale. My son needs some cedar posts for his farm. I asked the man if he sold cedar posts. He replied yes and asked where I lived. When I told him I lived in Chatham, Ontario, he said he was sorry but he would not sell me any posts. When I said, "Come again?" he said it was not worth his while. When I asked what he meant, he replied, "If you think for one minute that I am going to keep a double set of books, a duplicate set of records and a trust account so that I can pay the federal government a building tax of 12 per cent on those posts because I am selling them to you, you are crazy; and I have to repeat that again by keeping the same thing in duplicate in paying the province of Ontario 5 per cent sales tax. Why in hell should I do that when I can sell all my posts in the state of New York and I do not have to do any of this damn government bookkeeping?" Because I am a Canadian I could not buy the posts. How do you like that? We are spending $15 million to find out if anything is going to reduce our work effort.

Throughout my remarks I have tried to be charitable, but I must come to the conclusion that the benefits of tax reform will be wiped out unless public spending is confined to the natural growth of tax revenues. There is no evidence that the total tax burden carried by the individual has been considered in the development of this plan. Nor has any attention been paid to the necessity of developing a co-ordinated federal-provincial-municipal tax structure. Rather, an examination of this legislation can only lead to the conclusion that it is concerned solely with taxes levied by the federal government to raise money to meet the needs of the spending programs of the government, with no regard for the position in the total tax picture of the provinces and municipalities.

As I mentioned earlier, we had some pretty severe estate and gift taxes applied in 1968. In 1972 they are to be completely abandoned. This may be desirable, but it places some Canadians in a pretty invidious position, depending where they live. I expect to hear the classic answer—"Let the provinces look after themselves".

That is the crux of my remarks, Mr. Speaker. We are looking at this situation as a monolithic structure—federal government versus provincial government versus municipal government. This is wrong. After all, what are they? Governments are not impersonal structures; governments are people, and it is about time we started to think about the people. This measure is not reform; it is balkanization of this country. I suppose it could be called an extension of the chicken-and-egg war.

If we are to have reform, Mr. Speaker, all types of taxes must be considered, particularly the major ones such as property, sales and income taxes. A mechanism to provide offsetting credit relief from property, sales and excise taxes, etc., would be a good system to adopt. This method could be used when assessing income tax liability. Tax credits could also be an effective vehicle to give tax relief to the 2½ million Canadians who are too poor to pay income tax. They will not be removed from the income tax rolls; they have never been on them. This area has been completely overlooked. Because a citizen does not pay income tax it does not necessarily follow that he does not need relief from taxes.

• (3:10 p.m.)

I say in all sincerity that this is a national problem and so long as it remains with us the goal of real reform will not be realized. I am speaking of the need to link up and control federal, provincial and municipal tax burdens while developing a coherent, over-all package of tax and social security measures.

It is very difficult to comment on this measure without criticizing, and it is not my intention to be overcritical because I believe much that is good is contained in the legislation, at least as far as I am able to understand it. What frightens me is that some people may think, perhaps due to the size and incomprehensible nature of this document, that we can put a label on it such as "national tax reform" and then say our troubles are over. If we cannot develop a new tax structure which distributes total tax burdens fairly—and this means the taxation imposed by all three levels of government—if we cannot relate our tax system to our social security policies, and if our taxation system does not permit and reinforce broad national objectives such as increased Canadian participation in economic development and support of all kinds for activities on an international basis, I do not think we should delude ourselves by talking about national tax reform.

In conclusion, above all let us try to get in this country a scheme to foster incentive among the people. The people are better qualified to carry out their own decision-making than government bureaucracy. Let us try, when we study this bill, to maximize free choice for the individual.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, my intervention in this debate will be very brief. It seems to me that the amendment before us fails to concern itself with the main purpose of the bill, which is for tax reform. I remind hon. members of the long story of tax reform in Canada going back over ten years. It started with the appointment of the Carter commission by the then government, now the official opposition. The report of that commission in 1966 was in many ways a textbook document, revolutionary in its concepts and thorough-going in the way in which it applied those concepts—a model, in many ways, of the kind of tax system which might exist in a Utopian society.

The Canadian public and business community then had a considerable period in which to consider and discuss those proposals. The white paper of 1969 was an expression of what the government felt possible to achieve and in the most democratic way for any country to achieve tax reform, the government put forward its proposals and invited the people to say what they thought about them. Two committees, one in this House and one in the other place, sat for most of 1970 hearing from individuals and groups concerned, seeking the very best of what could be offered by way of improvement to the white paper proposals. Now we have the bill before us.

The business community of Canada, those who are trying to make plans, not only for themselves but for those who are to follow them, have the right to know what the results are to be for a reasonable period ahead, say ten years. I see that the hon. member on the other side is snickering, but it is a reasonable expectation and it is an objective which is before us in this bill. There is no knowing what future parliaments and governments may do or what their monetary requirements may be. But in this bill there are certain provisions to make sure that the total demands of the government will not increase over a period of time. For instance, there are the provisions related to marginal rates of corporation tax which will go down from 50 per cent in 1972 to 46 per cent in 1976. The marginal rate on personal income tax will decrease from 17 per cent to 6 per cent.

The purpose of such provisions is to give an assurance that the intention of the government is not to increase the total amount of taxation but to implement tax reform. If a future parliament were to decide it needed more money it would have to amend the act, argue its case and obtain the support of parliament itself. I am not an expert on democratic procedures but I do not know any other way in which one could do more to ensure that those affected by tax measures have every opportunity to make their point of view clear.

This bill, which was introduced in June, was left over the summer recess for tax experts to study. I hope the House will quickly give second reading to the measure so that we can get to the clause by clause analysis. All of us recognize that in a bill as voluminous and as complicated as this one a number of amendments will be offered. I am sure they will be considered. I have read some of the speeches of my hon. friends on this side of the House and I wish to associate myself with the remarks of my friend the hon. member for Grenville-Carleton (Mr. Blair) respecting the taxation of co-operatives. The subject is a complex one but I think there is merit in the argument which he used.

The way to deal with this legislation is not to go on discussing subjects more appropriate in a budget debate or the debate which took place last week relating to the United States surtax and its effect on Canada, the need to stimulate the economy and to do something to encourage regional development. It is true that all these things are affected by taxation, but the basic objective of the legislation before us is to set ground rules for a period of time during which the business community may have confidence in the arrangements we can reach—

Mr. Lambert (Edmonton West): Whether they are good, bad or indifferent!

Mr. Francis: It is our task to make them as good as they can be. The hon. member for Edmonton West (Mr. Lambert), the financial critic of the opposition for whom I have the greatest respect, says, "Whether they are good, bad or indifferent." I look forward to hearing his contribution when we reach committee of the whole. I know his contribution will be very lengthy. We are all looking forward to it. We simply ask: Why not get on with the business? What is the purpose now of putting on record speeches which are more appropriate to other debates?

I cannot help but express regret at the errors which repeatedly are put forward in some quarters. I am not a tax expert, I am not an authority on the details of this bill, but I could not help regretting that the hon. member for Broadview (Mr. Gilbert) who has just spoken should have discussed the abolition of the estate tax without in any way linking it with the capital gains tax. As the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) pointed out, the capital gains tax has to be

related to the estate tax. He called it a pay-as-you-go estate tax.

• (3:20 p.m.)

There is no way in which, in all honesty, one can pick out one aspect of the bill, ignore others and then make the demagogic announcement that this is something that will help the rich people.

Mr. Peddle: It would take a long speech to cover every aspect of the bill's 707 pages.

Mr. Francis: There is no question of that. I invite hon. members at this time, in all sincerity, to restrict themselves to reasonable comment. The hon. member for Winnipeg North (Mr. Orlikow) keeps talking about the dividend credit as though the increase from 20 per cent to 33.33 per cent is giving something to rich people only. What he fails to add is that the tax credit itself is taxable and that there is a breaking point at 40 per cent on marginal tax rates. If you are on the 40 per cent rate or better, you will be worse off under these proposals than you are under the previous law. But the hon. member for Winnipeg North never tells us that story. He goes on to claim that this is a straight giveaway to the rich. I suggest that when members who should know better insist in making that kind of error, understanding in this House is not helped.

The measure before us is one of long term tax reform. The business community has been asking for this. Many decisions in this country rest on a knowledge of what our tax rules are going to be. The least of our obligations now, after ten years of keeping the entire picture as confused as we could, is to come back to this House, agree on these rules, have a clause by clause analysis of this measure and give the business community and individual taxpayers in Canada an assurance that Parliament has acted in the most democratic way it can to formulate the general rules of our taxation system.

Mr. Charles H. Thomas (Moncton): Mr. Speaker, the initiative of my colleague from Edmonton West (Mr. Lambert) in proposing this amendment has served once again as a vehicle for showing how empty and barren are the policies of this government. It has given us the opportunity to expose the government's true intentions, to cut through the fog of pretence and misinformation with which they are trying to delude the Canadian people into believing that the so-called tax reform bill is the be all and end all.

If any further proof of this approach by the government were necessary, it is amply demonstrated by the speech of the hon. member for Ottawa West (Mr. Francis) which we have just heard. Again, he is trying to build up a fog around this bill. He said the bill is the most important thing that has happened to the country. He completely obscures the fact that what the country needs now is something to get the economy moving again. This tax reform can wait. What we need now is something to get people back to work so that they can earn money to pay taxes.

Proof that the government's bluff has been called was very obvious from their dismayed reaction to Your Honour's decision to allow this amendment. When their shock and dismay began to settle, their first reaction was to boycott this debate, to refuse to take part in the hope that the opposition might run out of steam. How else can one explain the complete silence of the hon. member for Don Valley (Mr. Kaplan), who had so much to say when the white paper was before the committee, or the silence of the hon. member for Etobicoke (Mr. Gillespie), who issued so many press releases on his pet taxation theories? Why the sudden silence? Do these members now agree with proposals which only a few months ago they could not stomach, or have they been taken out of the line-up and told to sit quietly on the sidelines? If so, I wonder whether they are happy with their replacements.

Are these members satisfied that the only contributions by government members to this debate so far have been a few minor interventions by backbenchers? Are they satisfied with the contributions of these members who lashed out at the opposition in the manner of people obviously stung by valid criticism? About all that I could gather from their remarks was that the tax reform bill was the most wonderful legislation ever to come before this House and that the opposition was doing a great disservice by not letting it pass without debate so that all Canadians could begin to enjoy this benevolent government's largesse as of January 1. This implied that we were being very unfair to the millions of people who were to be given tax relief. Do these hon. members really believe their own remarks? Perhaps, as the Leader of the Official Opposition (Mr. Stanfield) said, the most charitable conclusion would be that the government has made such a mess of this bill that they themselves do not know anything about it.

Would they have us believe that this bill is going to cure all of Canada's economic ills, that it will bring relief to the half million or more Canadians who do not pay taxes anyway because they cannot get jobs in this "just" society? Would they have us believe that there is anything in this bill to encourage the private sector of the economy to expand and to provide new jobs for our rapidly growing work force? Do they really believe that increased taxes, disguised as tax reform, are the solution to the many ills of our economy? If they believe all this they are completely out of step with the economists, accountants, businessmen and almost every other Canadian who has repeatedly said there is nothing in this bill to cure the long-term problems of the Canadian economy. Perhaps they do believe all this—for is not the hallmark of a Liberal the unswerving belief that everybody is out of step but him?

After listening to government spokesmen in this debate I read with interest an editorial in that great mouthpiece of Liberalism, the Winnipeg *Free Press*, of September 14—the same day that Liberal spokesmen were telling us that everybody in Canada wanted us to rush the tax bill through the House. Obviously there had been no consultation between the *Free Press* and these members because this paper expressed views so contrary to those of our Liberal apologists that I should like to read them into the record. This editorial is captioned "The mists of autumn" and commences:

> Through the autumn mist of politics Canada's primary economic need stands out as clearly as a mountain peak. It is, of course, capital investment to provide jobs for the fastest growing labour force in the western world. When something like $50,000, on aver-

age, must be invested to make one new job in modern industry, the nation's capital requirements are almost unlimited.

The writer goes on to say:

The chief immediate barrier to investment for the time being is the worldwide uncertainty caused by the new economic policies of the United States. But uncertainty existed in Canada long before President Nixon launched these policies and will continue to exist, however they turn out in success or failure, unless the Canadian government changes its ambiguous attitude toward business.

Of such a change there is no current sign. On the contrary, the government has aggravated the uncertainty by pressing ahead with a taxation program quite incomprehensible to parliament or public and adding to it a competition act still less understood. In literal fact the tax bill, chopped and changed through countless revisions, baffles the ordinary businessman and, in many tangled clauses, bewilders the most experienced auditors and lawyers. Parliament will need months—

These are not my words; they are the words of the writer of this article.

—to study its obscure and often inscrutable language and then will not foresee its full effects on the national economy.

Does that sound as though we of the official opposition are the only ones who say that this tax bill should not be rushed through the House? The editorial continues:

The government could not have chosen a worse time to introduce this climate of doubt about the future. It appears when all the government's efforts to solve the twin dilemma of unemployment and inflation have failed, when the world economy is facing a bitter moment of truth after years of unreality, when Canada suddenly finds that all its hopeful expectations are more excessive than they looked even a month ago.

How, then, could the government clarify this confusion and encourage the investment which alone will ensure adequate economic growth?

Here is where the writer parts company once again from the government. He continues:

It could abandon, or at least postpone until the international crisis has passed, the whole bungled attempt to build a new tax system on social theories regardless of economic results.

• (3:30 p.m.)

If that is not an endorsement of the validity of the amendment of my colleague, I do not know what is. That last statement describes perfectly this government's inept economic policies, its ad hoc approach to voter appeal rather than the national interest, and its patchwork attempt to paper-over problems rather than look for cures to a sick economy. This approach has never been more evident than under this government. It has been well said that the Trudeau government is more concerned with style than substance.

This government boasts about all legislation it has put through. Let us analyse it. We have had legislation to promote bilingualism and to change the rules of Parliament. We have had legislation to change labour relations laws and to alter the Criminal Code. But we have not had one piece of legislation to promote the economic growth of this country. The approach of this government continues to be a "big brother" one of taking the taxpayer's money and spending it for him.

Despite the *Bonaventure* fiasco, the Arts Centre mess and the hundreds of millions of dollars spent on reports now gathering dust in various minister's offices, they are still trying to "con" the Canadian taxpayer and convince him he should gladly spend his hard-earned income and let them squander it in their own inimitable fashion. I suggest that the Canadian taxpayer is becoming just a bit fed up with the action of the Minister of Finance (Mr. Benson). Sure, the taxpayer wants tax reform, but he also wants expenditure reform. He wants equity in the tax system. But he also wants the government to leave him some encouragement to work harder and develop this growing country.

My colleague from Lambton-Kent (Mr. McCutcheon) referred to an article in the Montreal *Gazette* which emphasizes the growing trend of government to take a bigger and bigger bite out of the gross national product. He pointed out the fact that taxpayers are beginning to question the wisdom of turning over so much of their money and letting the government make all the decisions. He mentioned the $15 million which apparently is being granted for another study to decide whether a guaranteed annual income would cause the recipients to lose all their drive.

I wonder how many members on the government side are receiving letters from their constituents angrily denouncing the $500,000 spent on the Secretary of State's latest boondoggle, the report of the Committee on Youth. I know my desk is beginning to fill up with letters which are extremely critical of this latest misuse of the taxpayers' money. As this article in the Montreal *Gazette* pointed out, resentment is beginning to build up among the taxpayers and they feel that they cannot and will not continue to let the government make all the decisions concerning how their dollar should be spent. The pendulum is beginning to swing back from the extremes of paternalism—personal and corporate—through which it was taken in the sixties.

Canadians are re-learning that the best security they can have is the security of employment. That security is increasingly denied them when the means of employment are taxed as heavily as they are now. This government's paternalism and political opportunism have clouded all its legislation. When the Canadian people wanted jobs and wanted the Prime Minister (Mr. Trudeau) to do something about it, he instead gave them new unemployment insurance regulations at a cost of hundreds of millions of dollars to the taxpayers. Even the Minister of Labour (Mr. Mackasey) has not been able to come up with any accurate estimate of how much more money this will take away from the private sector of the economy.

We in this party who served on the labour committee while this legislation was being examined over and over again expressed the view that while we were certainly agreed that the needy unemployed must be looked after, we were very concerned that the minister's proposals were too rich for our economy's blood. We feared that this extra bite would lead to a further slowdown in the economy, which would lead to more unemployed, which would mean heavier drains on the fund and eventually would mean higher insurance premiums. Despite all the minister's assurances that the fund is actuarially sound, we still doubt the soundness of his approach.

Would it not have been far better to do something to stimulate the economy in order to provide more jobs which would take people off the unemployment rolls and eventually lead to lower drains on the industry and individual? But not this government! There was more

political clout, or so they felt, in saying to people—I think the Minister of Labour used these words, in effect, in the House one day in reply to a question—that they are sorry they are unemployed but that really does not matter too much because they are to be given more when they are out of work. This is the attitude of the government.

The recently announced program of the Minister of National Health and Welfare (Mr. Munro) in respect of family allowances carries on the established approach of this government. Dressing it up as a step in the redistribution of income and more assistance to the needy, he tries to justify the additional expenditure of some $150 million. This new tax will further decrease the ability of the Canadian economy to expand and create newer and better jobs so that less government assistance will be necessary. On September 15 the Ottawa *Journal*, in commenting on the new family allowances proposal, had this to say:

The real challenge is to provide greater opportunities for more Canadians to prosper in their own land. The very need for larger family allowances and the growth of the unemployment rolls show how far that challenge is from being met.

Mr. Speaker, the most damning indictment of this government's approach to economic matters is the disgraceful way in which it is trying to sell the Canadian people the idea that this bill will take from the rich and give to the poor. Over and over again we have heard the Minister of Finance and his colleagues hale this measure as one which will bring great tax relief to millions of Canadians. They have told us that if we will let these proposals rush through the House some 750,000 Canadians will be removed from the income tax rolls. They have also told us that 1.4 million Canadians will pay less taxes and that, in effect, the only ones to feel the bite of the new proposals will be the wealthy. They have tried to blackmail us into rushing these proposals through the House with the veiled threat that we are in danger of losing the support of the millions of voters about whom a benevolent government is concerned. What utter nonsense!

Why do government members continue to insult the intelligence of the Canadian voter? Do they think the voters really believe that tax relief in the form of increased exemptions or tax credits can only be granted if this bill is passed in its entirety? Do they not realize that the Canadian taxpayer knows that if this government were sincere in its intentions to bring tax relief it has other measures available to it to take immediate action to remove low-income people from the tax rolls?

The Leader of the Official Opposition has repeatedly asked the government to take steps to grant immediate relief to the low-income earner and has pointed out to them that our party would not block such attempts. We agree that the low-income earner should have tax relief, but we will not agree that this can only be bought at the expense of complicated and, indeed, antiquated tax legislation which could well cripple our whole economy. If the government is sincere in their desire to grant relief to these people, let them take the measures that are already available to them.

• (3:40 p.m.)

The Minister of Finance keeps telling us about the tax cuts contained in his legislation. But are these tax cuts real or imaginary? The minister, during his budget speech, made the claim that all married taxpayers will pay less tax in 1972 than they do at present if their entire income is derived from wages or salaries. This is not so. Once again the minister is overlooking other government levies which, no matter how the government tries to disguise them, are still taxes. In his typical fashion the minister will not admit that payments made to social welfare programs, no matter what they are called, are still a tax on income. But the new legislation broadens the concept of income to include, for example, employer-paid medicare premiums.

If we consider the increased levies for unemployment insurance premiums and the fact that the act has been broadened to include people who did not pay before, we will find in most cases that under the new legislation the minister's claim is not correct. For example, the new unemployment insurance regulations will bring more than a million new subscribers into its net. All these people not have been covered under previous regulations and so have not been paying insurance premiums. While it is true that they will not pay on their total income but only on the first $7,800, they will still have to pay approximately $62 a year for the privilege of joining this scheme, although they will be allowed to deduct this amount from their taxable income.

These premiums are not literally a tax, but effectively that is what they are. They constitute an enforced contribution to an insurance fund from which the contributor may or may not ever receive benefits and to which he has not seen fit to contribute of his own volition. If that is not the definition of "tax," it will do until a better one comes along. Similarly, many people contribute to an employer-employee medical scheme and until now their contributions have not been taxable. Under the new concept of income in this bill the employer's share of the premium will have to be shown in the employee's income. It has been estimated that on average this will amount to about $75 a year on which the individual will have to pay tax.

The Minister of Finance has made much of the fact that under the increased exemptions the average taxpayer's base income will be reduced, but he continually glosses over the fact that because of new increased basic tax rates much of the tax benefit disappears. He has told us that the rate increases are not large enough to completely offset savings which would result under the new reduced taxable income. In theory this is correct but it ignores other provisions of the tax reforms which have changed the concept of total income. The examples I have given in respect of medicare premiums and unemployment insurance premiums are a good indication of what I am referring to.

While I know that the government has some weird idea that there is a distinction between a federal taxpayer and a provincial taxpayer, and that moneys paid by an individual to finance the many social welfare schemes of this government are not properly taxes, I think the average taxpayer would be quite prepared to argue that, the Minister of Finance's opinions to the contrary, all these additional levies are nothing but additional taxes and must be considered in the over-all tax structure. So we see that the minister's claim that all married taxpayers will

pay less tax in 1972 if their income is derived from wages or salaries is not quite correct.

The minister would also have us believe that his new tax proposals will bring relief to all people in the lower-income bracket and, even though middle-income wage earners might pay slightly more, this cannot be helped, and since it represents only a small section of the population it is not too serious. But what he does not tell us is that with Canada's rate of inflation, which often runs as high as 6 per cent a year and rarely is below 3 per cent, many wage earners who once were considered in the low-income bracket are rapidly moving into the $8,000 to $15,000 range and this is the area where these tax proposals will have the most impact.

With inflation and with higher wage settlements of the last few years, many people who once were considered low-income have moved into the income bracket which was once considered the exclusive property of executives and white-collar people. Consider, for example, the recent wage settlements with electricians, with plumbers, with bulldozer operators in Toronto and many others, wage settlements which have given these people incomes which once were considered only the prerogative of executives. These people will feel the heaviest impact of the new tax proposals. They will not begin to realize that although they have moved into a higher tax bracket they will have no increase in their real income.

Our income tax structure is geared to bring in ever-increasing revenues as incomes rise, and in fact as incomes rise taxes rise at a faster rate. Under the new tax bill starting at the lower end of the scale—I realize that there are many factors to be considered in different incomes—every 10 per cent increase in income is accompanied by an 18 per cent increase in tax, and as an individual's income rises he moves into a higher bracket and many more people also move into this income bracket, thus paying a higher tax. The result is a rapid progression of revenue accruing to the federal government.

I make this assertion despite all the statements of the Minister of Finance who would have us believe that the government will not take more money in taxes than they are at present. But what the minister is not telling the Canadian people is that at the higher end of the income scale this elasticity is much less pronounced. For example, for someone earning over $25,000 a year an increase of 6 per cent in his income would result in only an 8 per cent increase in his taxes. Does this sound like robbing the rich to give to the poor? The minister's hypocrisy in promoting this legislation as a system of tax relief to lower-income earners must be exposed for what it is. That is why our party has moved this amendment and why we are not prepared to let the bill pass until the Canadian public is made aware of the real intentions of the government.

Let me turn briefly to a matter which has been referred to by several members during this debate. I refer to the implications of the new tax provisions as they apply to co-operatives and credit unions. I will not go into the background of the co-operative movement because it has already been referred to by other speakers. I commend the hon. member for Grenville-Carleton (Mr. Blair) on his plea for the co-ops, but I hope that if satisfactory amendments are not allowed by the government he will back up his verbal position by casting his vote against this bill.

I do not want to get into the argument that has raged for years as to whether or not co-operatives have been paying their fair share of taxes, other than to say that I am convinced that when we consider the nature of the services that co-operatives render to many communities in our country we realize they have been carrying their fair share of the load. Coming from the Maritimes, I can well remember the hungry thirties when many of our people had a very hard time to exist. Had it not been for the birth of the co-operative movement at that time many of our farmers and fishermen would have been in dire straits. When I think back to those days and consider the services that the co-ops and the credit unions provided for our people—services, incidentally, which private capital was unwilling or unable to provide—I am deeply disturbed at any proposal which might force these valuable institutions out of existence.

• (3:50 p.m.)

Along with other hon. members I have listened to representations from the co-operatives and from those who feel that the co-operatives should be paying more taxes. The co-operatives maintain that the proposed legislation is bad because it does not recognize the basic nature of their organizations. They also feel that the application of the regulations is not realistic and could lead to the elimination of co-ops which presently are operated at a loss but only because they provide service to their customers. I cannot imagine private entrepreneurs being willing to provide these services on the same basis. As I understand it, the estimated revenue accruing, if these proposals go into effect, is not large. It is certainly not large enough to risk the existence of many of these institutions. The requests of the co-ops do not seem unreasonable. I for one am prepared to support them and do whatever I can to have those clauses of the bill amended.

Speakers on the government side have taken the position that this amendment is frivolous and unnecessary. We also heard that from the speaker who preceded me. Members on the government side have said that we should dispose of it quickly and go on with second reading. If Bill C-259 contained anything that would contribute in any way to curing the ills of our economy, we on this side would be happy to give it speedy passage. But we will not be bulldozed into pushing through a bill which not only does nothing to solve our immediate problems but in fact may aggravate and intensify them.

This government has more urgent priorities than tax reform. Let the government grant immediate relief to low-income taxpayers by special legislation that would make increased exemptions effective now, rather than next year. Then let it set aside Bill C-259 and bring in a budget with effective, concrete measures to help this country recover from three years of Liberal mismanagement.

Surely the sorry figures on the state of the economy released yesterday by Statistics Canada must have got through even to the members on the other side of the House. Surely they must now realize that the policies, or lack of policies, of the government have been completely wrong. I do not want to go into the statistics in detail.

They have been referred to already. But I do want to point out to the House the dismal picture that these statistics paint of the condition of our economy.

All the economic indicators are pointing in the wrong direction. We have higher unemployment and higher prices, pushed on by rampaging inflation. We have a lower seasonally adjusted value of manufactured shipments and a lower volume of seasonally adjusted new orders. We have lower seasonally adjusted unfilled orders and higher seasonally adjusted inventory for our manufacturing industry.

It is obvious that these statistics demand immediate and drastic action by the government. They do not call for tax reform; they call for reform of the government's economic policies; they call for a policy of high employment for Canada, a policy that will provide a job for every Canadian who is willing and able to work. Confidence must be restored immediately.

For the past 18 months the leader of this party has implored the government to take effective measures to restore the health of the economy. These measures should include across-the-board personal income tax reductions on a sliding scale, with the greatest reductions for low and middle-income Canadians, instead of this camouflage the government is throwing out that it is reducing taxes—but it is not telling the people that taxes will be going up during the next two years.

There must be an elimination or substantial reduction of the federal tax on building materials. The Minister of Industry, Trade and Commerce (Mr. Pepin) has referred to higher building starts—but what about the situation over the next three or four months when the money for the building program dries up? That is what the minister in charge of housing is worrying about. A new budget should include some sort of crash winter works program to make constructive use of our human resources. The government made a great play about the money it spent on summer employment. Let members of the government put their money where their mouths are, and do the same thing for unemployed people this winter.

Lastly, Mr. Speaker, a conference should be held with the provinces with the object of providing more assistance to provinces and municipalities to take care of the ever-mounting welfare costs with which they will be faced this winter. Such a high-employment budget would lead to jobs being created for Canadians, increased efficiency of production and demand for goods and services, raising shipments, new orders, unfilled orders and stimulating the economy constructively. Business confidence would be restored and no longer would Canadians be paying so dearly for the government's failure to bring in policies which will cure unemployment and curb inflation. If the government is prepared to take such action, we in this party will give it our wholehearted support.

Mr. Doug Rowland (Selkirk): Mr. Speaker, I was interested to listen to the remarks of the hon. member for Ottawa West (Mr. Francis) in which he urged those on this side of the House to stop speaking in generalities, take this bill into committee of the whole and get down to the job of amending its clauses. He is forgetting that this bill could be objected to on two points, its specifics and its generalities, and it may be that on this side of the House there are such fundamental differences in philosophies and assumptions with respect to what a tax system should be, both in its goals and objectives, that really there is nothing we can do but discuss it on second reading. There is no point in sitting down and talking about the specifics of a bill with which you do not agree.

[Mr. Thomas (Moncton).]

Mr. Francis: Then just vote against it.

Mr. Rowland: We intend to do that, but we have a duty to explain why. The Canadian public have a right to decide between the policies propounded by the government in its tax bill and the philosophy which those on this side of the House would like to see incorporated in a tax bill. That is why we are taking this course.

Mr. Deputy Speaker: Order. It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, notices of motions, private bills.

PRIVATE MEMBERS' PUBLIC BILLS

INTEREST ACT

RATE OF INTEREST TO BE PRIME LENDING RATE OF CHARTERED BANKS

On the order:

Second reading and reference to the Standing Committee on Finance, Trade and Economic Affairs of Bill C-40, an act to amend the Interest Act—Mr. Chappell.

Mr. D. Gordon Blair (Grenville-Carleton): Mr. Speaker, I rise on a point of order. On behalf of the hon. member for Peel South (Mr. Chappell) I would like to make a statement with reference to Bill C-40 which stands as item No. 2 on the order paper under public bills. The hon. member has authorized me to make the following statement on his behalf:

I ask the unanimous consent of the House to have order No. 2 under public bills discharged and my Bill C-40, an Act to amend the Interest Act, withdrawn.

Mr. Deputy Speaker: The House has heard the hon. member. Is it agreed that consent should be given?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It is so ordered.

Order discharged and bill withdrawn.

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ELECTORAL BOUNDARIES READJUSTMENT ACT

PROVISIONS IN RESPECT OF REPORTS OF ELECTORAL BOUNDARIES COMMISSIONS

Hon. Marcel Lambert (Edmonton West) moved that Bill C-44, to amend the Electoral Boundaries Readjustment Act, be read the second time and referred to the Standing Committee on Privileges and Elections.

• (4:00 p.m.)

He said: Mr. Speaker, this afternoon we had the usual Friday afternoon attendance in the House which is so somewhat like the summer congregation in church where the people present are the converted.

All hon. members who have studied this bill will be struck by its reasonableness and logic. This is the third time since 1968 that I have presented the bill. It has been debated on previous occasions, once when it was a notice of motion and again 18 or 20 months ago when it was a bill in the present form. I have come back to the charge because time is getting short with regard to any effective change to the Electoral Boundaries Readjustment Act. A decennial census was held last June and preliminary figures on population should be available in May or June of 1974. Upon presentation of those figures the representation commissioner must begin acting on what was then known as Bill C-72 of 1964 and which appeared as chapter 31 in the Revised Statutes of 1964. What its appellation is in the Revised Statutes of 1970 I could not say, and it is quite immaterial.

Mr. Blair: To me, too.

Mr. Lambert (Edmonton West): "To me too," says the hon. member for Grenville-Carleton (Mr. Blair) and I rather expect he has read the bill. I should like to review what has happened and why I present this rather minor amendment. The representation commissioner will set up the electoral boundaries commission which will examine the situation in each province relative to each riding. It is directed to hold public hearings and to make a report. Under section 12 of the act the commission shall—

—prepare a report setting forth its recommendations concerning the division of that province into electoral districts and its recommendations concerning the description of the boundaries of each such district and the representation and name to be given thereto.

Section 13 of the act outlines the factors that each commission shall consider in determining the size of a constituency, its boundaries and in particular the quantum of derivation from the norm. As hon. members know, there is a tolerance of 25 per cent up or down from the quotient or the provincial norm. There are few members present in the House, but most on this side who attended the hearings of the provincial commissions in 1964 will remember that in many instances their recommendations were completely ignored. Many of the re-fashionings of the electoral map of this country were not carried out by the commissions but were the product of some group in Ottawa that played with maps and figures from the census figures. They seemed to have the most abysmal ignorance of any constituencies except those in the city of Ottawa where they might have been able to examine the lay-out.

I do not know where the commission for the province of Ontario started, but the residual portion must have been in southeastern Ontario. Without pointing the finger at any particular seats, my heart goes out to some members on the other side of this chamber who were left with what could be considered a fashioned abortion of districts—not as to the people but as to the disparate nature of the constituencies. Any relationship to the factors outlined in section 13(c) of the act were apparently totally ignored. I recall that in my province the chairman of the commission insisted that actual figures, totals, were the primary rule; in other words, as close an adherence as possible to the rule of one man, one vote. As to the other factors, they might be considered if they had an incidental application. There was, naturally, some elasticity in numbers.

In talking to members and noting the size of the objections ruled on by Mr. Speaker pursuant to section 20 of the act, one can readily understand that on the whole the job did not meet with the approval of Members of Parliament. This bill somehow had its origin in ideas of superpolitical purity. I do not know whether the idea that anything that a Member of Parliament touches must be tainted is prevalent in academic circles, or whether it is something buried in the dust of editorial offices. In my considerable experience as a Member of Parliament and the actual servicing of a constituency where one is dealing with the community which is, frankly, the political family related to a Member of Parliament, I can say unhesitatingly that no man understands how a constituency is put together as a workable representational unit better than the Member of Parliament.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): There may be exceptions, but the man who has worked his constituency and attended to it knows its inner details. I live in Ottawa and occasionally I have been reproached by individuals who ask what I know about Edmonton and what goes on in my constituency. Mr. Speaker, I would wager that I know more about what goes on in that constituency and its perimeter than anyone who is bound by his particular neighbourhood and his own particular interests. Whether consciously or unconsciously, we all pay attention to details in respect of the whole area. We know the mix of the people; we know what interests they have.

• (4:10 p.m.)

My constituents are very fine people. Mine is an urban constituency, yet it covers two areas of the city of Edmonton, the western side on the north of the river and the far north-eastern side—and never the twain shall meet so far as having a community of interest is concerned. I do not say that everybody should be of the same income group in a community; I just point out that there is that particular mix.

I want, through my amendment, to make certain that when fashioning its report a commission gives reasons for its decision. I put it to hon. gentlemen that there is nothing worse than coming into this House and debating a report on the basis of objections when no reasons have been given for changes which have been made. In other words, under this act the representation commissions are simply given carte-blanche within certain perimeters to make the changes they wish. They can change the name of an hon. member's constituency and they do not have to say why; they can just sit back and the burden is entirely upon the one who objects.

It seems to me, now that we have adopted this system of a representation commissioner and the setting up of electoral boundaries under a so-called independent system—and it is not independent of certain prejudices, let me assure the House—that if changes are to be made in any

province the burden should lie on those who are to make the change or suggest the change. If the name of the constituency is to be changed, the commission should let the constituents know why this is being done. If boundaries are to be extended or contracted or altered, or if this parish or that part of a township is to be removed or added to another constituency, let it be said why that is being done; let it not be merely said that this is done simply on a population basis. What is the affinity—that is the question. Let the commission, to use popular parlance, put its reasons where its mouth is, because then, I can assure hon. members, there will be much less frustration.

In the last revision, that being the first revision under this act, there was not one province without a constituency where there was not complete frustration because the people did not know why a change was made. Why was something done this way or that? Let us have the reasons. I do not have much time, and I propose to give hon. members an opportunity to ask questions. We ask: Why was this done this way?

I will simply say that if there are objections they will be more cogent and, I think, more objective if they are directed toward reasons that are given. I think, too, that in other instances where the reasons appear reasonably sensible most hon. members will accept them and we will not have any objection. This amendment is trying to establish this communication, shall we say, between members of the House and the commission. Hon. members are very much in the picture since they are the ones who are affected.

It must be remembered that under the act hon. members cannot change the reports. That cannot be done in any way, there is no provision for changes under the act. Members of the House can only air their grievances and set up counter-reasons for their objections. Then the reports are referred back to the commissions along with the verbatim report of what was said by hon. members in regard to particular constituencies, and the commissioners will either reject, accept in part the objections or start the work afresh. At least an opportunity is given for Members of Parliament, who I think know more about their constituencies than anybody, to serve their people. Merely representing a constituency for the purposes of election is nonsense. What one has to look at is a constituency which can be properly serviced by a Member of Parliament. That means a lot. In the last revision that was the lowest reason on the totem pole.

I propose merely to amend the definition section of the act to provide that the report shall contain recommendations and that each recommendation can only be considered as a recommendation if there is appended to it the reason therefor. Therefore, any report would come in with recommendations and, naturally, with reasons. That is all. I hope that hon. members will see fit to approve the amendment of this act because a great deal of, shall we say, the future of their constituencies and their ability to serve them lies in determining that we have appropriately determined constituencies.

Mr. Blair: Mr. Speaker, may I have your permission to ask the hon. member a question?

Mr. Deputy Speaker: I believe the hon. member has indicated that he will answer questions.

[Mr. Lambert (Edmonton West).]

Mr. Blair: I wonder if the hon. member can tell us whether there is anything in the statute at present which prohibits or shall prohibit a commission from giving reasons for its report and for the division of a province into constituencies.

Mr. Lambert (Edmonton West): No, Mr. Speaker, there is nothing that specifically prohibits that. I have the reports from the last distribution; all are before me and I would offer them to the hon. member in the hope that he might find one solitary, minor reason stated in the whole lot of them. There seems to be a uniformity of presentation. I will not attribute this to the actions of the representation commissioner who is a member of all the representation commissions. Let me assure the hon. member, however, that there is a rather rigid uniformity in presentation, and all without a single reason.

I know that when I spoke to a couple of the chairmen of provincial commissions and suggested that reasons would have been helpful, they simply said it was not necessary and "why should we bother our heads with it?"

Mr. Maurice Foster (Algoma): Mr. Speaker, I should like to add a few words to the debate on Bill C-44, in the name of the hon. member for Edmonton West (Mr. Lambert). It refers to the electoral boundaries commissions and the reports they file with the Secretary of State. The hon. member suggests in his bill that these reports should give not only the boundaries of constituencies but reasons for establishing those boundaries and the way in which they are established.

It took many years, Mr. Speaker, for the Parliament of Canada to get around to developing an independent commission to fix electoral boundaries independent of Parliament and independent of politics. This was done in 1964. It was a great step forward. Prior to that time there were a tremendous number of complaints and criticisms about setting the boundaries to suit the political advantage of the government in power. The whole idea of an independent commission was to get away from this type of criticism.

• (4:20 p.m.)

The hon. member stated that we do not have a completely independent boundary set-up as a result of this commission. The arguments and complaints against this are now much fewer than in the past. By setting out the reasons for establishing boundaries the commission invites rebuttal from Members of Parliament. In effect, we established a continuing debate. It took many years to get this matter out of the hands of the government and into the hands of an independent commission. By this proposal we are bringing it back as though the commission is only a bargaining body, and inviting members of the House of Commons to rebut this. Obviously, the reasons which the commission will give will be those set out in section 13 of the act, which states the reasons for establishing the boundaries. I quote that section:

In preparing its report each commission for a province shall be governed by the following rules:

(a) the division of the province into electoral districts and the description of the boundaries thereof shall proceed on the basis that the population of each electoral district in the province as a result thereof shall correspond as nearly as may be to the electoral

quota for the province, that is to say, the quotient obtained by dividing the population of the province as ascertained by the census by the number of members of the House of Commons to be assigned to the province as calculated by the representation commissioner under section 12—

(c) the commission may depart from the strict application of rules (a) and (b) in any case where

(i) special geographic considerations, including in particular the sparsity, density or relative rate of growth of population of various regions of the province, the accessibility of such regions or the size or shape thereof, appear to the commission to render such a departure necessary or desirable, or

(ii) any special community or diversity of interests of the inhabitants of various regions of the province appears to the commission to render such a departure necessary or desirable,

but in no case, except as may be necessary in order to give effect to rule (b), shall the population of any electoral district in the province as a result thereof depart from the electoral quota for that province to a greater extent than twenty-five per cent more or twenty-five per cent less.

The reasons always fall into the category of the statements set out in section 13, which is the basis for representation. Members certainly have an opportunity to make their voices heard, because under section 17 of the act we have the system of public notice. It sets out that there shall be hearings. As a matter of fact, the commission must advertise in a newspaper in the area a proposed plan of redistribution to show the number of people and the areas they designate. If a member is not happy with the plans of the commission, the battle should be fought at the public hearing; they should make their voices heard in their own back yard, not in Parliament. If this is brought back to Parliament we may as well bring it back the whole way and do away with the independent commission which everyone agrees is a real step forward for democracy.

The hon. member for Edmonton West (Mr. Lambert) said that in his opinion a terrible job was done. That is his opinion and he is entitled to it. In my constituency a map was prepared by the commission. It was duly advertised in the newspapers. The group in the constituency which did not feel this was a good electoral arrangement, that the community of interest had no geographical background and there were certain geographical disadvantages in the arrangement, made representations at the public hearing in the normal way. The commission saw fit to change the map and bring it more into line with what we historically had in that area for electoral boundaries. I feel that the system works very well. It certainly did in the Algoma federal riding in the 1966 redistribution of seats.

One problem facing constituencies in northern Ontario is the very large area which they attempt to encompass. This is because of section 12 of the act which sets out the way in which the number of members will be calculated in each province. It states that there shall be 261 members from the provinces and two from the territories. It provides special instances, like Prince Edward Island which will have a special number, which happens to be four, and provides that certain other criteria will be applied in respect of determining the number of members; for example, no province shall have less than 15 per cent fewer members than in the previous redistribution. There are other special arrangements.

In provinces with very large, growing populations, such as Ontario, the members have to take in a much larger territory. For example, in 1966 I believe the median number of constituents in an Ontario riding was 65,000. It varied 25 per cent up or down from this figure, whereas in Prince Edward Island it was something like 25,000. I understand that when the 1971 census results are in, which will be the basis of the election after 1972, it will be somewhere around 87,000 with a flexibility of 25 per cent up or down.

• (4:30 p.m.)

The government has proposed Bill C-257 which would cover these circumstances, giving an additional number of members to provinces such as Prince Edward Island and Saskatchewan. The added representation would bring the number of members in the House of Commons to above the 263 or 264 we now have. This would certainly work to the advantage of provinces such as Ontario. It would be of special advantage in large northern constituencies of Ontario where there is a sparse population while southern parts of the province have a large and fast-growing population.

The hon. member for Edmonton West said no one was more qualified than a Member of Parliament to make representations concerning constituency boundaries. I tend to agree with him. However, I feel the place for him to make such representations, if he is not satisfied with what is proposed by the commission, would be at the public hearings. There, before a final decision is reached, he could put forward his case and bring people with him to support his views.

Section 20 of the act sets out the manner in which objections can be filed with representation commissioners. It reads as follows:

If within a period of thirty days from the day the copy of the report of any commission for a province is laid before the House of Commons or published pursuant to section 19, an objection in writing, in the form of a motion for consideration by the House of Commons of the matter of the objection, signed by not less than ten members of the House of Commons is filed with the Speaker specifying the provisions of the report objected to and the reasons for the objection, the House of Commons shall, within the first fifteen days next after the expiration of that period that the House of Commons is sitting, take up the motion and consider the matter of the objection, and thereafter the report shall be referred back to the representation commissioner by the Speaker, together with a copy of the objection and of the House of Commons debates with respect thereto, for reconsideration by the commission having regard to the objection.

The procedure to be followed is set out in clear terms. It seems to me that hon. members will know the reasoning of the commission and will be able to set forth their arguments right here in the House of Commons. In conclusion, I do not really see that the proposal before us would do much to prevent objections. There will always be differences of opinion. If an hon. member has already made his case at a public hearing before a decision has been reached, if he is unhappy about a name change, for instance, this can be dealt with in the House of Commons as has been done many times in the past. With regard to the boundaries themselves, we decided several years ago to set up an independent commission to take these things out of politics. I believe we should retain that system.

Mr. D. Gordon Blair (Grenville-Carleton): Mr. Speaker, the most interesting discussion initiated in connection with the bill in the name of the hon. member for Edmonton West (Mr. Lambert) is one which engages the concern of all of us. The hon. member for Algoma East (Mr. Foster) has referred to the major reform which took place in 1964 when the procedure for defining the boundaries of constituencies in Canada was taken out of politics. This reform had been long advocated by public-spirited and responsible citizens.

Mr. Knowles (Winnipeg North Centre): And long opposed in Parliament.

Mr. Blair: Yes. The hon. member for Winnipeg North Centre (Mr. Knowles) should know. It was long opposed in Parliament. I was about to say it was for a long time a principle to which political parties and politicians paid much lip service but it was always observable that they were much more concerned about the principle of the non-political definition of political boundaries when their parties were out of office than when they were in office.

Mr. Knowles (Winnipeg North Centre): We were consistent.

Mr. Blair: The hon. member's party is always out of office and, therefore, always consistent. In any event, this was a major change and I believe it was a change which none of us would wish to disturb. However, like all changes, it produces disturbance. I conclude from what the hon. member for Edmonton West has said, and perhaps from what others have said, that virtue does not always bring its own reward: it sometimes leads to pain and tribulation.

However, I am sure that in the country in general there will be disagreement with the proposition which was advanced by the hon. member for Edmonton West and supported at least in part by my hon. friend from Algoma, that is, that we in this Parliament, as Members of Parliament, are the best judges of the type of constituencies we should represent and the boundaries of those constituencies. I think we should adopt a much more modest posture and recognize that the people of this country in every way possible have made it clear that they do not think we are the best judges at all. Our judgments on these matters in the past have always been partisan, they have been coloured by considerations of political advantage and we should do nothing in this chamber to undermine the new system by preparing the way for any type of regression to the old system.

There was a dark undertone in some of the remarks of the hon. member for Edmonton West. He seemed to labour under the suspicion that the redistribution which took place under the new system was not free of political influence.

Mr. Lambert (Edmonton West): It certainly was not.

Mr. Blair: I do not know whether to be saddened by that charge or whether to be reassured. I might explain that statement by saying that at the time redistribution took place under the new system I was president of the Liberal Party in Ontario. When we first looked at the new electoral map in a serious way, a way which was not uncoloured by consideration of what it did to our party, our first conclusion was that it must have been organized by those awful fellows in other parties.

I think the conclusion of everyone who seriously examined the new electoral map was that the commission had not done a very good job and that politically it would be of advantage to other parties. This is precisely why Parliament in its wisdom and with the support, I am sure, of the majority of the Canadian people decided that the determination of boundary lines should be entrusted to independent commissions. I submit that we in this Parliament, because of our close involvement with the political process, are not able to judge this question equitably and fairly. Because of our intense involvement in the political process we are simply not able to judge these matters objectively and fairly in the interests of all.

• (4:40 p.m.)

I asked a question of my hon. friend from Edmonton West when he was speaking. His proposal is that if the provincial commissioners who determine the boundaries were to give extended reasons for the boundaries that they describe, this would make it easier for Parliament to understand what they had done and also, quite obviously, easier for him to object to what they have done. First of all, I should like to suggest to hon. members that there is nothing in the words of the hon. member for Edmonton West either today or on at least two other occasions in this Parliament to indicate for a minute that he has been inhibited or hampered in any way from objecting to what happened to his seat because reasons were not given for the boundaries that were set. He has been eloquent in his complaints against what the commission in Alberta did. But he needs, of course, bigger porters to carry the message.

The hon. member has had his opportunity in this Parliament to object to the procedure, but what he is really objecting to is the result. I am sure that he is in the position of all of us who have argued cases in the courts. When we lose the battle it is sometimes hard to accept the decision, but it must be accepted. As my hon. friend from Algoma (Mr. Foster) pointed out, when these kinds of decisions are made, the proper course is to draw back and perhaps accept the fact that the tribunal which makes the decisions is better informed and instructed than those of us who have particular points of view to argue.

I have not been unduly harsh with my hon. friend from Edmonton West because I know he is not using this bill in any sense as a vehicle to accommodate some difficulties he has had in his constituency. He has used his constituency, and others in the province of Alberta that he knows well, as examples of the difficulties that have occurred under this new method of redistribution.

Mr. Lambert (Edmonton West): I want to eliminate incompetence and ignorance in these matters.

Mr. Knowles (Winnipeg North Centre): People who live in glass houses should be careful.

Mr. Blair: The difficulties that are bound to occur are obvious to all of us. There are certain practical factors that nobody can get around. The first is that there has to be a basic numerical unit of representation, because no

matter what we think, we must try to achieve the principle of one man, one vote. In view of the nature of this country, variations are called for. There is the well known tolerance of 25 per cent up or down on the electoral quotient. Because of the vastness of this country we also have problems of geography and the problem of connecting in one constituency areas with different traditions, different occupations, different attitudes.

These problems are inescapable. The only way we can avoid them is by greatly increasing the number of constituencies or by doing violence to the principle of one man, one vote. Clearly, there is a limit on the number of constituencies that can effectively be represented in this Parliament, and certainly no one would wish to incur the greater danger of not having some equality of representation in order to get over these other problems. There is no perfect solution, and probably never will be in our country, to this problem of forming constituencies that are consistent in terms of their interests and occupations and which at the same time bear some rough proportion to the electoral quotient and bring about equality of voters.

We have established procedures which should enable all of these various points of view to be given their full weight and full play. The statute provides that before electoral boundaries are determined by a commission, the commission must hold public hearings. This gives everybody in the province and in the constituency affected an opportunity to make their views known, including Members of Parliament and prospective Members of Parliament. It will include in the next year or so any member of this House who, on the basis of his experience, has profound and sensible observations to make on the decisions of the representation commissioners.

Added to that is the procedure which has been referred to at length both by the hon. member for Edmonton West and by the hon. member for Algoma, of having a formal discussion in this chamber of the effect of the redistribution proposed by the commissions. This gives Members of Parliament a specialized forum, an opportunity which other citizens do not possess, to register their objections to the decisions. I do not suggest that objection would be registered personally by every Member of Parliament because I am quite sure they would speak responsibly on behalf of substantial bodies of citizens. Again, the procedure provides that after debates of this kind in this House the representation commissioners are to review their decisions and make such changes as they deem necessary.

On top of all this procedure the hon. member for Edmonton West proposes one small addition. He says it would add to public understanding and facilitate debate if in their report the commissioners give detailed arguments for the decisions they have made. There is nothing that prevents them from doing that. It may be some of them feel that if they endeavour to write long and involved reasons for complicated decisions it would have no effect other than to stir up debate. On the other hand, it may be that some of them feel there is no need to offer explanations after a subject like this has been in the domain of public discussion. Perhaps some of them feel that in future there are special areas where a full explanation is required in order to bring about full understanding of what has been done.

• (4:50 p.m.)

Great responsibility and great discretion resides in these commissions. I doubt that they would be assisted with the results they achieved if they were forced to explain in detail and at length the decisions they have made. Personally, I am not persuaded that the hon. member's bill, if adopted, would add anything of substance to this total process. I think there are reasons to believe it might even complicate the process. I do not think a case has been made for a change of this magnitude, and if the bill were to come to a vote I would be disposed to vote against it and would urge others to do so.

Mr. Len Marchand (Kamloops-Cariboo): Mr. Speaker, I have listened with a great deal of interest to the debate on Bill C-44 put forward by the hon. member for Edmonton West (Mr. Lambert). Being a neophyte in this chamber, I did not pay too much attention to the redistribution bill when its effects were first felt before the last election. At that time I was in the civil service and did not pay too much attention to such things. However, as a matter of principle I feel very strongly about this bill and the establishment of an independent commission to set the boundaries of electoral areas or constituencies in an objective and non-partisan manner.

I was interested in the remarks of the hon. member for Edmonton West to the effect that such boundaries were not necessarily set in a non-partisan manner and that perhaps other influences came to bear when the boundaries were set. After looking at the bill, however, I find both merit and some disadvantage in the intentions of the hon. member in his amendment. As I have indicated, I support his desire to have the members of commissions give reasons for their decisions in respect of boundaries but I cannot support any suggestion that the independent actions of the commission be jeopardized. To undertake such action would be a backward step.

The removal of partisan considerations in the redrawing of electoral boundaries in favour of independent non-partisan commissions was in my opinion a major step forward for democracy in this country. We are aware that debate in the House of Commons would of necessity add a partisan tinge to redistribution, and surely we do not wish this to happen. I gather from the remarks of the hon. member for Grenville-Carleton (Mr. Blair) and others that up to the last election there was much debate as to where boundaries should fall within constituencies. The hon. members had several advantages or disadvantages to consider. I suppose the greatest advantage sought by all was a political one because of the voting habits of the people in certain areas. Furthermore, the prospect of the House of Commons having to debate objections raised, however well-founded they may be, for each of the 264 electoral districts of Canada is staggering and, I venture to add, a waste of the time of Parliament.

Surely it is our duty to govern and take action on the important issues facing the nation. I for one do not believe a debate on particular electoral boundaries should consume time that Parliament could devote to the more important issues which face us now and which will face us in the future.

Mr. Lambert (Edmonton West): That is an example of the political purity I was talking about. It is great stuff.

Mr. Marchand (Kamloops-Cariboo): It is unfortunate that the commissions, at the time of the last redistribution under the act, did not have to provide their reasons for so doing, especially in relation to those boundaries which drew strong objections at the public hearings which were held. In my riding of Kamloops-Cariboo several decisions were made by the commission which appear to be against the sentiments expressed in section 13 (c) (i) and (ii) of the act. These subsections relate to special geographic considerations and community of interest.

In order to reach the northern sector of the Cariboo part of my riding I must travel through the communities of 100 Mile House and Williams Lake, both of which are part of the Coast-Chilcotin riding. I must do this to reach Quesnel. These three centres are on the Cariboo highway, but Quesnel is the most northerly. Even though Quesnel has a great deal in common with the rest of my riding, it makes little sense to have to travel through a large part of the constituency of Coast-Chilcotin. Using geographic considerations, it would have been much more sensible to include Williams Lake and 100 Mile House in the Cariboo riding and have Quesnel attached to the Prince George-Peace River electoral district. I know there were objections raised by the community of Quesnel, the city council, the Chamber of Commerce and other citizens. They felt there was a very strong community of interest with Prince George and that they were not part of the Kamloops-Cariboo constituency. I am not making these remarks in any way to indicate that I am unhappy with having Quesnel as part of my riding. I have developed a great relationship with the people there. I know they have made a great contribution to the contribution I am able to make as a Member of Parliament.

Mr. Deputy Speaker: Order, please. The hour provided for the consideration of private member's business has now expired. It being five o'clock, this House stands adjourned until Monday next at 2 p.m., pursuant to Standing Order 2 (1).

At five o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, September 20, 1971

The House met at 2 p.m.

ROUTINE PROCEEDINGS

TRADE

REPORT BY MINISTER OF FINANCE ON GROUP OF TEN MEETING—TABLING OF COMMUNIQUÉ AND STATEMENT OF CANADIAN POSITION

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I would like to make a brief report to the House on the meeting in London last Wednesday and Thursday of ministers and governors of the Group of Ten.

I wish to table copies in English and French of the communiqué issued by the Group of Ten and of my statement of the Canadian position.

This was the first opportunity for ministers to examine the world monetary situation in light of the program announced on August 15 by President Nixon to correct the very serious balance of payments deficit of the United States.

All ministers recognized that a fundamental disequilibrium exists in world payments and that action on a wide front will be necessary to deal with it. We have all come away from the meeting with a much clearer understanding of positions. All of us appreciate that difficult work lies ahead, and nobody expected overnight solutions. As far as I am aware, the world has never been faced by a financial and economic negotiation of such complexity and sensitivity. The plain fact is that differences of opinion have emerged among leading nations as to the order of priorities for the major policy adjustments that are necessary. It will take time for governments to decide on such actions in light of the positions of every other government. In the meantime important work will proceed in Working Party Three of the Economic Policy Committee of the Organization for Economic Co-operation and Development, as well as among the deputies of the Group of Ten. The ministers and governors will meet again on September 26 in Washington, in advance of the annual meeting of the International Monetary Fund.

In my remarks to the meeting as Minister of Finance of Canada I emphasized the urgency of the situation and the need to grapple positively with the issues involved. I stated frankly that the most important steps of the United States—the surcharge, the investment tax credit and the so-called DISC proposal—are protectionist in nature. They represent a departure from traditional American policies. I suggested that action is long overdue to dismantle protectionist policies on the part of Europe and Japan that have hindered the process of adjustment and that have too often been directed at U.S. products. I said that immediate adjustments would be assisted if the U.S. could make a more precise statement of essential preconditions for the removal of the surcharge.

Canada recognizes that the payments position of the United States will be corrected, one way or another. We have suggested that the real issue is the way in which the correction will occur. We hope it will occur in an environment of continued economic expansion in the world. We hope it will not occur through an unravelling of the freer trade arrangements secured in the last quarter century. We must act together in constructive ways before such a pattern of restriction sets in.

• (2:10 p.m.)

No country has more at stake in these matters than Canada. We intend to participate actively and responsibly in these discussions and provide leadership wherever we can.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to welcome the Minister of Finance (Mr. Benson) back to Canada and to the House of Commons. There was a little concern that he might not be allowed to return, that his services might be required to deal with these financial and economic negotiations of such complexity and sensitivity.

I do not intend to speak at any length, Mr. Speaker. I think the minister will agree with me that we have already read in the press just about everything that he said in the House today. We understood that there were no solutions. We recognize, as he pointed out, that a good deal of time will be required to work out some of these difficulties. We understood, too, that there were fundamental differences of opinion among some of the important countries and blocs attending the conference. We agree that it would be helpful if the United States were to state its preconditions for the removal of the surcharge a little more precisely. However, I gather from the minister's statement that the United States is not yet prepared to do so.

The minister has confirmed the press reports of what he said at the meeting about the positions of other countries. We can agree with his expression of opinion about the protectionist aspect of the move taken by the United States. He also expressed his opinion about what the European Common Market and Japan should do. However, I think it would have been more helpful to the House and the country if the minister had told us what measures, if any, the other countries have suggested that Canada should take. This has not been disclosed and I suggest it is very important.

There were rumours, for example, that the IMF had suggested that we should peg our dollar well above that of the United States. The minister has not told us whether other countries, the United States, for example, are insisting that Canada should move in any particular direction.

He has not told us whether the European Common Market countries are taking any position as to the direction which Canada should take with regard to the Canadian dollar or other aspects of Canadian policy. The minister has simply told us what he suggested other countries should do. I suggest it is very important to Canadians, in considering our position and our difficulties, that we have what we have not yet had, a frank disclosure by the minister or the Prime Minister as to what pressures, if any, for a change in position have been directed against Canada and by what countries.

Mr. David Lewis (York South): Mr. Speaker, there may well be a reason why the minister had to be so unrevealing in his statement. It may well be that the discussions which were held in private and the negotiations which will continue made it impossible for him to tell Parliament and the people of Canada anything at all. But I must say as one member of the House that I am becoming increasingly frustrated by these non-statements and generalizations that there were differences of opinion when everyone in the world knows that to be so, and these generalizations and platitudes about the need for corrections to take place in a state of economic expansion rather than contraction, with which everyone agrees. I have a feeling that if ministers cannot say more than that, if they cannot be more meaningful than that, perhaps the practice of making these reports ought to be abandoned, because the minister said nothing at all.

I and the people of Canada would like to know whether there was any indication from the Secretary of the Treasury of the United States that consideration is being given to the removal of the surcharge. We do not merely want to know what are the preconditions but are they going to remove it? I had hoped the minister would tell us whether he discussed with Mr. Connally Canada's appeal for the removal of the surcharge with respect to Canada, and whether he had any encouragement. I suspect, since he did not refer to it, that either he did not discuss it, which I find unimaginable, or he discussed it and did not get encouraging answers. If that is the case he ought to have told us.

What the minister has brought back to us is an admission that he refused to make some weeks ago, namely, that what Canada and the western world face is not a short-range problem but a long-range problem, that the various protectionist, or what I have called in the House reactionary, policies of the Nixon administration that are working against the western world, which is what they are doing, are not going to be of short duration and are not going to disappear. Neither the surcharge nor the tax credit nor the DISC program is going to disappear in a short time. Therefore it is important for the government and Parliament to consider some long-range economic adjustments to meet the evils and undoubted serious consequences of the American protectionist policy.

I think the minister's report underlines the inadequacy, almost the irrelevancy, of Bill C-262 which we debated here. The temporary measure that the government produced cannot really meet the position at all. I also suggest that the minister would do the country and Parliament a great deal more service if he would tell us what Canada and the Canadian government are preparing to do in order to deal with the long-range economic problem that will get worse before it gets better, if it gets better, in less than a year or two. From my reading of the American temper at the moment, it is clear that Washington does not intend to abandon this protectionist role, that the policy of turning inward to deal with the problems of the United States is one that will be of long duration, that their determination to make the western world help to solve these problems is very strong, and that, therefore, we must look at some long-range solutions of our own and in unison with other countries if we can find a general policy.

Finally, I would hope that when speaking in Europe the minister pointed out to the United States, as I hope he will when he speaks again, that it is not only world trade by any means that is responsible for the American balance of payments problems but that their military commitments carry a major responsibility, and that reducing them is, perhaps, the way in which to help peace as well as the international economic security.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I read very quickly but I listened very closely to the statement made by the Minister of Finance (Mr. Benson) in which he said the following:

So far as I am aware, the world has never been faced by a financial and economic negotiation of such complexity and sensitivity.

Mr. Speaker I am certainly not an expert in international problems. However, if we use the good common sense with which one should study the problems we now have in Canada and which do not seem to be different from those encountered by the United States and several other countries, it appears that countries, as a rule, are faced with overproduction and goods of all kinds and that each country is trying to protect its own domestic economy by resorting to the means taken by the United States on August 15, 1971.

In view of the circumstances, and even if those problems are considered very serious, I feel that if we were up against a world famine, we would probably be wiser and perhaps more capable of finding solutions. It would seem easier to me, judging from the discussions held by the Group of Ten.

Without resorting to "overnight solutions" as the Minister of Finance said a while ago, we must look into those problems more rapidly. We must not spend years doing it. Indeed, Canada should set the example: instead of retorting with statements which may only embroil matters, the government should enact a discount on prices, stimulate consumption of goods made in this country develop our Canadian economy. This would be an example for the United States where doubtless there are as in Canada, families whose needs are not being satisfied. Even though it is said that the Americans number 200 million and that theirs is a rich country, I have had the opportunity this summer of visiting certain regions of that country and to see there, just as in Canada, poor families in a rich country.

I feel that at the new meeting of the Group of Ten, the Minister of Finance will advocate, without prejudice to Canada, the application of a policy fit for human beings

who happen to be willing to reach the objective of production, by making all other people benefit from it.

In order to enable Canada and the United States to attain this objective, it will be necessary to steer off the beaten tracks, to adopt a new policy and, instead of overtaxing, to grant discounts leading to a decrease in prices and an increase in purchasing power.

In my view, unless different measures are taken, we shall see, as we did during the period from 1935 to 1940, economic rivalry between countries which can only lead to war.

• (2:20 p.m.)

I would not wish that we take the same means at this time because we would undoubtedly get the same results, which would be unfortunate. We are in peacetime and we have huge stocks of products manufactured by the population. Let us be wise enough, at least with our possibilities throughout the world, to transport that wealth to those who need it. Let us be wise enough to find the financial means to reach that goal.

That is my suggestion in answer to the statement of the Minister of Finance.

* * *

[*English*]

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I ask leave under Standing Order 43 to present a motion of urgent and pressing necessity. I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That, in the opinion of this House, the government should immediately pay to the Canadian Wheat Board the sums required by law to be paid, as specified in the Temporary Wheat Reserves Act of 1956.

Mr. Speaker: The House has heard the motion proposed by the hon. member for Saskatoon-Biggar. Under the terms of Standing Order 43 this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Questions

AIR CANADA AND CPA—POOLING OF SERVICES

Question No. 1,293—**Mr. Mather:**

Is consideration being given to pooling the services of Air Canada and CPA in the international flight field to offset the costs of the new larger aircraft and the operational losses entailed by the airlines?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. No consideration is being given to the pooling of air services between Air Canada and CPA in the international flight field. However, some technical discussions between the carriers are being held with a view to exploring certain common problems of cost saving in the operation of new large aircraft.

CLASSIFICATION ADJUSTMENTS AS A RESULT OF LAST REPORT OF CLYNE COMMITTEE

Question No. 1,515—**Mr. Orlikow:**

1. How many classifications of public servants have had their salary ranges adjusted as a result of the last report of the Clyne Committee, as of June 1, 1971?

2. What are the classifications?

3. What were the adjustments?

Hon. C. M. Drury (President of the Treasury Board): 1. As of June 1, 1971, the following classifications had had their salary range adjusted as a result of the last report of the Clyne Committee.

2. The classifications were Senior Executive Officers 1, 2, 3 and 4 (SX 1, 2, 3 and 4), Senior Executive Group, Executive Category, and Deputy Ministers 1, 2 and 3.

3. The adjustments effective January 1, 1971, were: SX 1 Former range, from $20,000 to $25,000 (with increments in multiples of $250); new range, from $21,000 to $26,000 (with increments in multiples of $100). SX 2 Former range, from $22,000 to $27,000 (with increments in multiples of $250); new range, from $23,000 to $29,000 (with increments in multiples of $100). SX 3 Former range, from $24,000 to $30,000 (with increments in multiples of $250); new range, from $26,000 to $32,000 (with increments in multiples of $100). SX 4DM 1 Former range, from $29,000 to $35,000 (with increments in multiples of $250); new range, from $31,500 to $37,500 (with increments in multiples of $100). DM 2 Former range, from $35,000 to $39,000; new range, from $37,500 to $42,000. DM 3 Former range, from $39,000 to $42,000; new range, from $42,000 to $46,000.

Note: Senior Executive Officers and Deputy Ministers are paid on the basis of merit.

REPRESENTATIONS FROM SASKATCHEWAN ANTI-TUBERCULOSIS LEAGUE AS A RESULT OF INCREASED POSTAL RATES

Question No. 1,597—**Mr. McIntosh:**

1. Has the Postmaster General received representations concerning the problem encountered by the Saskatchewan Anti-Tuberculosis League as a result of the increased postal rates on third class matter applicable to the League's Christmas Seal Campaign and, if so (a) what where they (b) what action has been taken?

2. Has the Minister given consideration to the effects of the increased postal rates on the Tuberculosis Prevention Program and, if so, what are such effects?

3. Will the Minister give consideration to the proposal that the increased postal rates for third class matter not apply to voluntary associations whose program funds are raised by a mail appeal?

Order for Return

Hon. Jean-Pierre Côté (Postmaster General): 1. A request was received from the Saskatchewan Anti-Tuberculosis League that the increased third class postal rates not be applicable to voluntary associations whose program funds are raised by a mail appeal and in fact asked that a reduced third class rate be made applicable to such organizations. As we had received other similar requests the matter was already under study when this request was received.

2. The Saskatchewan Anti-Tuberculosis League maintains that the adverse effects of increased postal rates will be to the detriment of their over-all program.

3. By virtue of the powers vested in me by the Post Office Act, I could establish preferential postage rates for non-profitable charitable, humanitarian or voluntary organizations. Such measure would, however, be fraught with far reaching consequences extending beyond the scope of the Post Office. It would entail the setting of special postage rates based upon extraordinary welfare or social considerations; this would be tantamount to shifting the burden of foregone postal revenue to users of other classes of mail or to the general taxpayer. The question would have to be resolved as to how the Post Office could pass value judgment on the individual merits of particular charitable, humanitarian, welfare or voluntary organizations (of which there are some 35,000 registered with the Department of National Revenue as charitable institutions for income tax purposes) as opposed to organizations engaged in other worthwhile endeavours, without running the risk of being accused of discrimination. It would be impracticable and inequitable to set rates favouring a particular type, or types of organizations whose members may claim that their activities are of benefit to the public at large.

DEPARTMENT OF AGRICULTURE PUBLICATION "THE LIGHTER"

Question No. 1,626—**Mr. Mather:**

1. What is the annual cost of the Department of Agriculture's publication *The Lighter*?

2. What consideration is being given to ceasing production of *The Lighter*, in view of the Department of National Health and Welfare's efforts to reduce tobacco induced diseases?

Hon. H. A. Olson (Minister of Agriculture): 1. Cost for printing and typesetting annually for four issues, $3,480; cost of editorial services, etc., (departmental) approximately, $3,000; approximately per annum, $6,500.

2. No consideration is being given to discontinuing publication of The Lighter. This periodical does not promote the use of tobacco but conveys information to producers and the industry on current research to develop less hazardous tobacco products, a research objective quite consistent with the aims of the Department of National Health and Welfare.

* * *

QUESTION PASSED AS ORDER FOR RETURN

RESEARCH IN ARCTIC

Question No. 1,610—**Mr. Brewin:**

1. Does the government participate in the Arctic Institute of North America and, if so (a) what is the extent and purpose of its participation (b) does it do so through the Department of National Defence or the Defence Research Board?

2. Was access to the St. Elias Mountain Range in the Yukon granted to the United States military for research and study and, if so, what is the nature of the research and study carried on by the United States military?

3. Have Canada and the United States undertaken joint military research in the Arctic and, if so (a) where and what is the nature of such military research (b) are any such joint research projects now under way and what is their purpose?

4. Has research conducted in the Canadian Arctic over the past five years included research in chemical and biological warfare and, if so (a) by whom was such research conducted (b) was it under the supervision of the Canadian Armed Forces?

Return tabled.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNEMPLOYMENT—ADDITIONAL GOVERNMENT MEASURES TO CREATE JOBS—ESTABLISHMENT OF SHORT-TERM FORECASTING UNIT

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to direct a question to the Prime Minister. Last Thursday the right hon. gentleman expressed some uncertainty about the need for immediate additional governmental measures to create jobs in the country. Now that he has had time for reflection and, indeed, for consultation within the government, I should like to ask him whether he has determined upon a course of action and when we may expect to see some action with regard to job creation?

Right Hon. P. E. Trudeau (Prime Minister): I have nothing to add to what the Acting Prime Minister said on Friday—that the government is considering all forms of action and that an announcement will be made in due course if further action is decided upon.

Mr. Stanfield: In order to give the context I should like to remind the Prime Minister of a statement he made on July 23: "The unemployment rate as a trend is falling and we are convinced our policies will lead to good results." I should like to ask the right hon. gentleman whether he still holds to that assessment of the unemployment trend, and what he means, in a word or two, by "good results".

Mr. Trudeau: As I indicated, on Thursday, I believe, the assessment still holds for all workers over 25. Indeed, I think it holds for workers over 20 years of age. The problem is with the teenage group which has entered the work force, or which has not left the work force after the summer period, at a vastly different rate from the past. This is the aspect of the problem with which we are concerning ourselves.

Mr. Stanfield: I am sure the Prime Minister would be among the first to agree about the importance of young Canadians as well as of other Canadians. I should like to put to him a question I have frequently addressed to the Minister of Finance in connection with a recommendation made several times by the Economic Council of Canada.

Is the Prime Minister now prepared to have the government support the establishment of a short-term economic forecasting unit independent of the government but receiving government support? I ask this question in view of the very bad forecasting, indeed, the disastrous forecasting which has been forthcoming.

With respect, Mr. Speaker, that is the recommendation of the Economic Council of Canada, and certainly the forecasts are questionable. I ask the Prime Minister whether he is prepared to have the government carry out that recommendation?

Mr. Trudeau: I do not agree with the statement in the question that the forecasting was disastrous. I would admit that in the matter of statistics one cannot arrive at the utmost precision. However, I am not convinced that setting up a department to control a department which is already engaged in short-term forecasting alongside the Department of Finance and the Bank of Canada is necessary at this time.

Mr. David Lewis (York South): May I ask the Prime Minister whether I understood one of his answers correctly—that the government feels no special measures are necessary with respect to unemployed people aged 25 years and over, that everything is going well for that group of unemployed and that the government is considering only the problem of teenage unemployment? Did I understand the Prime Minister to say that?

• (2:30 p.m.)

Mr. Trudeau: No, Mr. Speaker, the hon. member did not understand me correctly. What I said was that the forecasting we had and the budgetary measures we took were showing very positive effects as regards these other age groups, and that as regards these other age groups I saw no need at this time to announce further measures. But the figures released on Thursday did bring to light the new phenomenon of the drastic rise in unemployment of those registered as unemployed among the teenagers. That is what I answered to the Leader of the Opposition.

UNEMPLOYMENT—FURTHER BUDGETARY MEASURES TO DEAL WITH ECONOMIC SITUATION

Mr. David Lewis (York South): Without accepting the Prime Minister's statement last week about what the statistics mean, a statement which I think is not accurate, I should like to ask the Minister of Finance whether he has any intention to bring in a budget or budgetary measures to deal with the economic situation?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, this is a matter for decision by the government and of course it is under review. I should like to point out that the actual number of unemployed in the above 25 age group is 3.7 per cent among men and 2.7 per cent among women and has been declining since mid-1970.

GOVERNMENT GOALS RESPECTING EMPLOYMENT AND INFLATION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is supplementary to those asked by the Leader of the Opposition of the Prime Minister. Last Thursday I directed a question to the Prime Minister concerning whether the government had any goals or projections and the Prime Minister answered yes to part of that question. I should like to ask a very direct question today. In view of the fact that President Nixon did present some goals to Congress in his state of the union message last week, has the government any goals—I do not want to get into disagreement about projections—relating to employment and inflation and, if so, what are they?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, but they would be expressed in very general terms. We believe in a progressively expanding economy. We believe in the lowest possible rate of unemployment and, as the Leader of the Opposition now refers to, the idea of a just society.

Mr. Speaker: Order, please. Again we have six or seven members rising on supplementaries. I would suggest to hon. members that we should try to limit supplementaries to individual members, go on to another subject and eventually, I hope, return to the original question. For the moment the hon. member for Annapolis Valley has a supplementary.

Mr. Nowlan: Mr. Speaker, reducing some of the general terms of the answer of the Prime Minister to something a little more specific, does the government have any goal with regard to the rate of inflation and/or the percentage of unemployment which are unacceptable, necessitating further government programs to alleviate either or both of these conditions?

Mr. Trudeau: Yes, Mr. Speaker. What we are aiming for is the slowest possible rate of employment—

Some hon. Members: Oh, oh!

Mr. Trudeau: —the slowest possible rate of inflation—

An hon. Member: You were right the first time.

Mr. Trudeau: —with the highest possible employment.

UNEMPLOYMENT—FORECAST FOR COMING WINTER

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a supplementary for the Minister of Finance. In view of the confidence that has been expressed by the Minister of Finance in the House that unemployment will continue to decline and in view of the fact that the minister has at his disposal elaborate forecasting machinery, would he care to predict to the House the level of unemployment we may expect in September and in the coming winter months?

Hon. E. J. Benson (Minister of Finance): No, Mr. Speaker.

Mr. Nystrom: Would the minister care to explain to the House why his unemployment forecasts are consistently wrong—

Mr. Speaker: Order, please.

Inquiries of the Ministry

ESTABLISHMENT OF PRICE AND WAGE GUIDELINES TO CONTROL INFLATION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a supplementary to the question asked by the hon. member for Annapolis Valley. Is the government now giving consideration to the establishment of price and wage guidelines with effective penalties to prevent non-compliance in order to try to control inflation which increased during the first eight months of the year at an annual rate of 6 per cent? If so, when does the government intend to announce such guidelines?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not agree, as usual, with the figures quoted by the hon. member, but if he will look back he will see that we have been answering to the House for some time that we were considering this. As to an announcement, of course we would only announce it after the government had made up its mind.

Mr. Hees: Mr. Speaker, if the Prime Minister will check with Statistics Canada he will find that my figures are correct.

Mr. Speaker: Order, please. Does the hon. member have a supplementary?

Mr. Hees: Yes. In view of the very serious and rapidly rising inflation, how long does the government intend to persist in its business as usual or do nothing attitude?

Mr. Speaker: Order, please. That of course is debate. The Chair will recognize the hon. member for Gander-Twillingate on a supplementary and then the hon. member for Greenwood on a different subject, returning eventually to this subject after a number of other questions are asked.

GOVERNMENT POSITION RESPECTING UNEMPLOYED UNDER AGE 25—REMOVAL OF SALES TAX ON BUILDING MATERIALS TO STIMULATE HOUSING CONSTRUCTION

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I have a question for the Prime Minister. In view of persistent statements on Thursday and again today that the government considers it has not lost the fight to create jobs because there are not as many unemployed in the age group above 25, has the government taken the conscious position that unemployed people who are under age 25 are not as important as those above age 25, and will we see in the government's program any policy which reflects this kind of thinking?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the answer to the first part of the question is no. In respect of the second part, the hon. member will see any announcements if and when and they are made.

Mr. Lundrigan: Mr. Speaker, I have a supplementary. I wonder whether the Minister of Finance could indicate to the House whether he has received representations from Harold G. Shipp, president of the Housing and Urban Development Association of Canada, suggesting that there will be a very substantial increase in the cost of housing in the last quarter of 1971 and asking whether the minister will accept the positive suggestion that the 11 per cent sales tax on building materials and other related taxation on housing be reassessed in order to try to stimulate growth in this particular area?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, from the forecasts I have seen this is going to be the best housing year in Canada's history with housing starts over 225,000.

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COMMUNICATIONS

CLOSING OF TORONTO "TELEGRAM"—SUGGESTED MEETING OF PRIME MINISTER, ONTARIO PREMIER AND PUBLISHER ON PLAN TO MAINTAIN OPERATION

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is for the Prime Minister. In view of the economic dislocation which will result from the shutdown of the operations of the Toronto *Telegram* and in view of the public interest in maintaining a competitive press in the metropolitan areas of Canada, will the Prime Minister get in touch with the Prime Minister of Ontario and the publisher of the Toronto *Telegram* with a view to seeing whether some plan can be worked out for the continued operation of the newspaper?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, of course the shutdown of the *Telegram* is of concern to those who are interested in seeing the pursuance of the policy of a free and vigorous press in this country, but I do not believe the suggestion of the hon. member is one I could take up because I understand the publisher himself has said he does not want any form of government intervention.

Mr. Brewin: If that suggestion would not work, would the Prime Minister, in light of the expressed willingness of the employees of the Toronto *Telegram* to invest in the continued operation of this paper, suggest to the publisher that he should defer shutting down the operation until an effort is made to continue the operation by a co-operative including employees and readers of the newspaper?

Mr. Trudeau: Mr. Speaker, that is a different line of questioning. If it were necessary for me to serve as a go-between between the workers and their employer and if they have that confidence in me, I do not see any impossibility in following the suggestion, but I have had no request from the workers to put their point of view to the employer and it seems to me they are perfectly able to do that themselves.

CLOSING OF TORONTO "TELEGRAM"—INVESTIGATION OF ALLEGED BREACH OF COMBINES ACT

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Are the minister or his officials in receipt of a telegram from Robert Pryor, chairman of the Council of Toronto Newspaper Unions, with regard to the sale of the Toronto *Telegram* assets constituting a breach of the restrictive trade practices provisions of the Combines Inves-

tigation Act and, if so, is it the intention of the minister and his officials to investigate this matter?

• (2:40 p.m.)

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, the wire I got was sent to my colleague, the Minister for External Affairs, who immediately referred it to me for attention, being the good member for Toronto that he is. In the normal course of events the Director of Investigation and Research under the Combines Investigation Act would examine the effects of a major development such as this in order to determine whether the provisions of the Combines Investigation Act were breached. This will be the case in these circumstances. I should point out that even if the Combines Investigation Act were violated in some way, that violation would hardly be of assistance to the newspaper in carrying on its business.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a supplementary question for the Prime Minister. Does he not believe that the continuation of the third largest newspaper in this country is of sufficient importance for him or one of his ministers to get in touch with the publisher of the Toronto *Telegram* to determine whether something can be done to keep that newspaper going?

Mr. Speaker: Order, please. I suggest that this is an argument rather than a question.

Mr. Hees: Mr. Speaker, if we cannot ask these important questions of the Prime Minister, then Parliament is at a loss—

Mr. Speaker: Order, please. It seems to me that the hon. member finds ways to answer these very important questions.

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[*Translation*]

REGIONAL ECONOMIC EXPANSION

REQUEST FOR GRANT TO ESTABLISH CARDBOARD MANUFACTURING PLANT AT CABANO

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion.

Has an application for a grant been filed with his Department by the Société populaire des pâtes et papiers du Québec which plans establishing a cardboard plant in Cabano but is now facing major financial problems? If so, what reply has been given to that company?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I shall inquire, Mr. Speaker, and report to the hon. member.

[*English*]

INCOME TAX

SUGGESTED CREDIT TO CANADIAN FARM MACHINERY MANUFACTURERS TO OFFSET FOREIGN COMPETITION AND STIMULATE EMPLOYMENT

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I should like to direct this question to the Minister of Finance. In view of the fact that sales of foreign-made tractors and other equipment in this country are rapidly increasing, will the government give consideration to authorizing a corporate income tax credit of 10 per cent of the value of made in Canada capital equipment purchased during the year as a stimulant to employment?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, if we were considering any such announcement it would, of course, affect tax policy and would be made in the normal manner through a budget.

AMENDMENT OF BILL TO INCREASE EXEMPTIONS ALLOWED FOR CHILDREN

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is directed to the Prime Minister. In light of the FISP decision to take family allowances away from 1.4 million Canadian families, and in light of the government's acceptance that the costs of raising a family today have risen dramatically, which the Prime Minister will know soon, is the government going to amend its new tax bill to substantially increase child exemptions for all Canadian families?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Mr. Paproski: Mr. Speaker, would the Prime Minister describe FISP as an example of the government's selective or sleight-of-hand humanitarianism?

Mr. Speaker: Order, please.

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EXTERNAL AFFAIRS

U.S. CLAIM TO MACHIAS SEAL ISLAND AND COASTGUARD INVASION OF WATERS IN DIXON ENTRANCE—CANADIAN POSITION

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Would he tell the House the extent to which Canada is exerting itself in pursuance of our sovereignty over Machias Seal Island which is apparently also being claimed by the United States? Can he explain what steps we are taking in that regard?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, we have always regarded this island as a Canadian island, and that continues to be our position.

Mr. Howard (Skeena): Am I to take it then that apart from that declaration the government is taking no deliberate action?

Inquiries of the Ministry

Mr. Sharp: Mr. Speaker, I can think of nothing stronger to say than that it is our island.

Mr. Howard (Skeena): Mr. Speaker, would the minister like to be as definite and forthright about that area off the Pacific coast in Dixon Entrance which is Canadian territory but which has been invaded from time to time by U.S. coastguard vessels?

Mr. Sharp: Yes, Mr. Speaker, we do regard that also as Canadian territory, but the United States does not accept our position.

* * *

UNITED NATIONS

CANADIAN PROPOSAL FOR RESTORATION OF FINANCIAL STABILITY

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of Mr. U Thant's statement that the United Nations is financially bankrupt, has the Canadian government any proposal to put before the General Assembly or the Security Council in order to get this organization in a more satisfactory financial situation?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, you will recall that I made some proposals for economies in words as well as in expenses of the United Nations, and these have been acted on to some extent but not as far as we would like to have been. We hope this will be of some value, and of course we always pay our own contributions promptly, which is more than can be said for some countries.

Mr. Harkness: Mr. Speaker, will the Canadian government put forward any resolution at the meetings of the United Nations in an attempt to get those nations which are in a deficit position as far as their payments are concerned to pay up?

Mr. Sharp: Yes, Mr. Speaker. We have been endeavouring to do this for a number of years but with indifferent success.

[*Later:*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is supplementary to the question regarding the statement of the Secretary General of the United Nations about the intolerable financial situation of the organization. Does the government intend, when Premier Kosygin is here next month, to bring up with him the matter of the unpaid dues owing by the U.S.S.R. to the United Nations?

Mr. Sharp: No, I would not think so, Mr. Speaker. We have other matters of at least as great urgency of a multilateral character and also bilateral relations between Canada and the Soviet Union to discuss. We have been pressing for a resolution of that question where we should, at the United Nations itself. There are more countries than the Soviet Union involved.

[Mr. Howard (Skeena).]

CANADIAN POSITION RESPECTING TYPE OF SECRETARY GENERAL REQUIRED

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a supplementary question in relation to the United Nations. Perhaps it is more of a related than a supplementary question. Does the Canadian government subscribe to the position of a weak Secretary General as outlined yesterday over the Canadian Broadcasting Corporation by our ambassador to the United Nations?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I doubt very much that our ambassador would have said any such thing, but I can certainly say the government of Canada hopes that the successor to U Thant will be a strong and very imaginative man because the world needs a strong Secretary General at the United Nations.

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INQUIRY OF THE MINISTRY

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, in view of the fact the Prime Minister will be visiting Winnipeg before the Kosygin visit, and plans to speak to the Ukrainian-Canadian community of that area, would he have the hon. member for High Park proofread his speech so he will not again alienate the Ukrainian Canadians?

Mr. Speaker: Order please. Is the hon. member rising on a question of privilege?

Mr. Deakon: Yes, Mr. Speaker. I should like to thank the hon. member for Edmonton Centre for his kind and gratuitous remark. I can assure him I have not reached this esteemed position yet, but I would like to recommend to all Canadians, especially those of Ukrainian and other ethnic origins, that they should listen to the Prime Minister's speech as I am sure it will be interesting and informative.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, speaking of the Prime Minister's speeches, I notice he has been making a study of the practices of businessmen among the ancient Phoenicians, and I was wondering whether this is the origin of the government's current economic theories and standards?

Mr. Speaker: Order, please. May I suggest to hon. members that we should perhaps limit the number of supplementary questions. I make this as a suggestion to hon. members as we will be running short of time in a few minutes. Perhaps we should make an attempt to give as many members as possible an opportunity to ask questions.

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ECONOMIC COUNCIL OF CANADA

APPOINTMENT OF NEW CHAIRMAN

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I should like to ask the Prime Minister when he

will announce the new head of the Economic Council of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Rather soon, Mr. Speaker.

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AGRICULTURE

ACTION TO OFFSET IMPACT OF UNITED STATES IMPORT SURTAX ON SMALL FRUITS AND POTATOES

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to direct a question to the Acting Minister of Agriculture. What action is the government taking in light of the statement by the Minister of Agriculture, found at page 7588 of *Hansard*, having regard to stabilizing the prices of certain agricultural products which are adversely affected either directly or indirectly by the United States surcharge, and I am thinking especially of such items as small fruits, including blueberries, and potatoes?

• (2:50 p.m.)

Hon. Otto E. Lang (Minister of Manpower and Immigration): The Department of Agriculture is looking at the variety of products, product by product, in an effort to see what should be done in a variety of situations about the impact on the price of the Canadian producer.

REQUEST FOR ALLOCATION OF PORTION OF FUNDS UNDER EMPLOYMENT SUPPORT BILL TO PRODUCERS

Mr. A. P. Gleave (Saskatoon-Biggar): I should like to address a supplementary question to the Prime Minister. Has the government received representations from Mr. Turner, president of the Saskatchewan Wheat Pool, that a portion of the $80 million designed to assist those sectors of the economy affected by the U.S. import surcharge should be allocated for agricultural producers? If so, can he inform the House as to the nature of the government's reply?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did reply to a letter along these lines indicating that certain sectors of the agricultural community would benefit from their share of the $80 million when it had to do with agricultural products which were processed in some way. As to the others that would not qualify for any share of that amount, I repeated what the Minister of Agriculture had told the House, namely, that we would use existing legislation where possible and necessary to assist the agricultural sector of the economy.

Mr. Speaker: The hon. member for Surrey-White Rock.

Mr. Gleave: I have a supplementary question.

Mr. Speaker: I apologize to the hon. member for Surrey-White Rock but perhaps I might allow a supplementary question to the hon. member for Saskatoon-Biggar. Again I bring to the attention of hon. members that if we have three, four or more supplementary questions we will again run short of time.

Mr. Gleave: May I ask the Prime Minister whether in the Department of Agriculture or any other agency of the government there is in hand a definite program which will attempt to deal with various agricultural products as they are affected by the U.S. policy?

Mr. Trudeau: I will refer the question to the Minister of Agriculture and perhaps he can be invited by the hon. member to answer the question in the House.

Mr. Speaker: The hon. member for Surrey-White Rock.

Mr. MacDonald (Egmont): Mr. Speaker, I wish to rise on a point of order.

Mr. Speaker: I am sorry; the hon. member for Surrey-White Rock has his difficulties today. Again I have to apologize to him, but the hon. member for Egmont is rising on a point of order.

Mr. MacDonald (Egmont): Mr. Speaker, this is the second occasion on which the Prime Minister has indicated that the House will have to wait for the Minister of Agriculture. As the question involves many perishable products and the minister has been absent from the House for some days, would it not be possible for some member of the administration to answer these important questions so that the farmers of this country may know where they stand?

Mr. Speaker: The hon. member for Surrey-White Rock.

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COMMUNICATIONS

CLOSING OF TORONTO "TELEGRAM"—PREVENTION OF CONCENTRATION OF PUBLIC INFORMATION IN FEWER HANDS

Mr. Barry Mather (Surrey-White Rock): My question is for the Secretary of State. It is in connection with the impending shutdown of the Toronto *Telegram*. Would the minister be prepared to receive and consider representations from interested parties, including Members of Parliament, aimed at preventing a further concentration of public information in fewer and fewer hands, which will be the result of this closure?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, when representations are made to a federal department, I fail to see how the minister can possibly refuse to receive them.

* * *

[*English*]

SOCIAL SECURITY

REQUEST FOR STATEMENT ON STUDY OF DEVELOPMENT OF GUARANTEED INCOME PLAN

Mr. Jack Marshall (Humber-St. George's-St. Barbe): My question is for the Minister of National Health and Welfare. Would the minister advise the House if and when he is going to make a statement with regard to the $15 million study of a guaranteed income development plan, outlining

comprehensively the terms of reference and the objectives?

Hon. John C. Munro (Minister of National Health and Welfare): As I have already indicated, we are prepared to participate with the provinces—and the government has so indicated to them—in experimental guaranteed annual income projects. Manitoba has put forward a project that we have indicated we are prepared to look at, and I believe Ontario is considering one also.

Mr. Marshall: In view of the answer given would the minister advise whether, since the government is making this study, the family income security legislation just introduced will meet the needs of the people, or does this study mean that it will not meet the needs of the poor people of Canada?

* * *

THE MINISTRY

SUGGESTED REPLACEMENT OF MINISTER OF FINANCE BECAUSE OF ALLEGED UNCERTAINTY OF ECONOMIC ANALYSES

Mr. J. M. Forrestall (Dartmouth-Halifax East): I should like to come back to earlier questions on the economy. Because many of us are concerned about the Prime Minister's uncertainty regarding economic trends, is the Prime Minister prepared now to admit that he has some very serious doubts about the economic analyses put forward by the Minister of Finance and his department with respect to where we are and where we are going and, if he does, has he given any consideration to asking the Minister of Finance whether he would voluntarily step aside and let someone else take over that portfolio?

Mr. Speaker: Order, please.

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GRAIN

STUDIES OF HANDLING AND TRANSPORTATION

Mr. J. H. Horner (Crowfoot): I should like to direct a question to the Minister of Manpower and Immigration who is in charge of the Canadian Wheat Board. Has the study on grain handling and transportation been completed and when can we expect him to make it public?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Certain parts of these studies have reached a stage at which discussions are going on in a confidential way with some of the companies most interested in them. No decision has been made yet about the date when the final form of the study may be available.

Mr. Jack Murta (Lisgar): I should like to direct a supplementary question to the minister responsible for the Wheat Board. Does the report make any recommendations concerning the building of inland grain terminals on the Prairies for cleaning and processing grain in order to make the operation more efficient?

[Mr. Marshall.]

Mr. Lang: As has been indicated many times, the studies are very comprehensive and deal with a whole variety of possibilities, including the cost of the existing system. The basic object is to put the facts of the various choices before the producers so as to enable them to make a decision about the eventual system. The studies as such, therefore, do not make recommendations but set out facts and figures which will give some guidance to the people who will want to look at them.

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REGIONAL ECONOMIC EXPANSION

CLOSING OF PULP MILL, SHEET HARBOUR, N.S.—GOVERNMENT ACTION

Mr. Elmer MacKay (Central Nova): I have a question for the Minister of Regional Economic Expansion. In view of the critical economic condition which besets the east shore of Nova Scotia, occasioned by the closure of the Scott Maritimes Pulp Mill, practically the community's only industry, can the minister tell us what steps, if any, are being taken to alleviate the situation?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I will inquire and report to the hon. member.

Mr. Muir: Don't you know anything at all?

[*Later:*]

Mr. J. M. Forrestall (Dartmouth-Halifax East): My question is supplementary to an earlier one asked by my colleague from Nova Scotia, and I direct it to either the Minister of Regional Economic Expansion or the Prime Minister. I am very disturbed. By nature of the reply I wonder whether the implication is that the Premier of Nova Scotia has not been in touch personally with the Prime Minister or with the minister in connection with the situation at Sheet Harbour?

Mr. Speaker: The hon. member for Kootenay West.

Mr. Hees: No answer, as usual.

Mr. Forrestall: Mr. Speaker, I rise on a question of privilege. I must make some comment on the very misleading statements made by elected representatives both in the government opposite and in the government of Nova Scotia in regard to what is being done by these governments with respect to the unemployed at Sheet Harbour. I must object in the strongest possible terms. They have either been in touch or they have not been in touch, and I think the people of Sheet Harbour are entitled to a direct answer.

Mr. Marchand (Langelier): Mr. Speaker, the answer is the same. I think I am authorized to make sure of the facts before giving an answer. I will do that immediately and you will get the answer tomorrow.

CANADA ASSISTANCE PLAN

IMMEDIATE INTRODUCTION OF AMENDMENTS TO ASSIST PROVINCES TO MEET WELFARE PAYMENTS

Mr. S. Perry Ryan (Spadina): My question is addressed to the Prime Minister. Last Thursday the Prime Minister would not say what the government was going to do about reforming the Canadian Assistance Plan because he wanted to have an opportunity to discuss the whole matter with the provinces. Does this mean that the government is prepared to reform the Canada Assistance Plan and to pay out more money to the provinces this winter to help finance their added welfare costs?

Right Hon. P. E. Trudeau (Prime Minister): Not at this time, Mr. Speaker.

Mr. Ryan: In light of the fact that Bill C-259 will not affect the economy immediately, is the government considering changing its legislative priorities and bringing forward tax cuts, FISP and CAP reforms now?

Mr. Trudeau: No, Mr. Speaker. The House knows that the taxation reform bill is the one which has great urgency and that we still want to keep it before the House as much as possible and get it through as soon as possible. But as the House leader has indicated, when that bill has been dealt with we hope there will be sufficient time to deal with other matters, including some that are suggested by the hon. member.

• (3:00 p.m.)

EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—REQUEST FOR ACTION BY CANADA AT UNITED NATIONS TO HALT BLAST

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the need for urgent and immediate action to stop the proposed nuclear test at Amchitka Island early in October, will the Secretary of State for External Affairs consider having the Canadian delegation at the United Nations present a resolution to the General Assembly calling for a halt to the proposed nuclear test by the United States at Amchitka Island?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I can assure the hon. gentleman and the House that the Canadian government will be pressing as hard as it can for the stopping of all tests of all kinds by the Soviet Union, by France, by China, and by the United States, including the Amchitka test which is the largest.

Mr. Harding: Mr. Speaker, will this request be made at the United Nations before the proposed test blast takes place early in October?

Mr. Sharp: I shall certainly be speaking before that date.

AGRICULTURE

CORN—REQUEST FOR POLICY STATEMENT ON DECLINE IN MARKETS

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I wish to direct a question to the Acting Minister of Agriculture. When may we expect the Minister of Agriculture back in the House, and is the government prepared at this time to indicate its policy with regard to representations made on the very serious decline in corn markets in Canada?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, as I understand it, the Minister of Agriculture is busy with Japanese trade missions in western Canada and will be back in the House within a couple of days. I am not sure when he will make a statement on that particular item, but I will bring the hon. member's question to his attention.

[*Later:*]

Mr. Lang: On a point of order, Mr. Speaker, I wish to apologize to the House. Earlier I referred to the Minister of Agriculture meeting with Japanese trade missions at the present time. I understand now that those meetings are finished and that he is presently visiting important agricultural areas in Ontario.

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BUSINESS OF THE HOUSE

POSSIBILITY OF COMPLETING ITEMS ON ORDER PAPER BEFORE END OF SESSION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I wish to direct a question to the government House leader. In view of the exchange earlier about House business, is it the intention of the government to complete consideration of all the business on the order paper before this session ends and does the government intend, before this session ends, to introduce any new legislative proposals?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I am not even equipped with short-range forecasting equipment, like the Minister of Finance.

Some hon. Members: Oh, oh!

Mr. Hees: Thank heavens for that.

Mr. MacEachen: I find it difficult to forecast even what will happen in the chamber. The answer will depend a good deal on what does happen here. With all that qualifying uncertainty, I would like to advise the hon. member that before ending this session we propose to try to clear off the order paper all the items that have advanced to the report stage. It is not planned at the moment to introduce any new legislation to be dealt with before the end of the session.

While I am on my feet, Mr. Speaker, maybe I could advise the House that in order to change the atmosphere I would like to announce that for tomorrow I will be calling Bill C-244.

Inquiries of the Ministry

THE CANADIAN ECONOMY

REQUEST FOR STUDIES ON EXPECTED PROBLEMS THIS WINTER

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I have a question for the right hon. Prime Minister, supplementary to earlier questions on the economy. May I ask the Prime Minister whether any special studies have been made regarding the economic problems expected in Canada this winter and, more importantly—Mr. Speaker, let me repeat my question. The Prime Minister cannot hear because of the excitement caused by the recent statement made by the House leader. May I ask the right hon. Prime Minister whether in fact any special studies have been made regarding the economic problems expected to face Canada this winter and, more importantly for the House and the country, whether we can expect any statement or any release of this kind of information to the public and the members of this House?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I missed the final words but I think I got the gist of the question. The question has been asked before. If any announcement is to made it will be made in the House.

Mr. Lundrigan: Mr. Speaker, the Prime Minister certainly did not hear my question. Have there been any special studies made into expected economic problems facing the country this winter, and can we expect the release of these studies to the public?

Mr. Trudeau: No, Mr. Speaker.

Mr. Lundrigan: I rise on a question of privilege, Your Honour. As recorded at page 7946 of *Hansard* for Friday last, the Acting Prime Minister made a statement to the House which certainly cannot go unchallenged. His statement was in response to the same question I just raised about special studies and the release of this information to the Canadian public. In response to that same question, the Acting Prime Minister said:

—we are making a very special study of the kind of conditions that will prevail this winter. Whether these can be published, or whether it would be in the public interest to publish them, I am not quite sure.

And he continued with his answer. I think somebody has to challenge the two conflicting statements, the one by the Prime Minister today and the one by the Acting Prime Minister on Friday, to see in fact who is telling the truth to the Canadian people—

Mr. Speaker: Order, please. As the hon. member well knows, and as I am sure all hon. members do, that is not a question of privilege. Debate as to facts or as to the accuracy of statements cannot be raised by way of a question of privilege, or else I fear we should spend all our time on questions of privilege. I suggest to the hon. member that this is essentially a point of debate rather than a question of privilege.

Mr. Lundrigan: If we cannot get factual statements from the opposite side of the House, we might as well cancel the question period altogether.

Mr. Speaker: Order, please. I have indicated to the hon. member that I thought from a procedural standpoint the matter could not be raised by way of a question of privilege. Hon. members know that this is a basic rule. I would think it comes up practically every day. When a question is asked the hon. member asking it may not think the answer is quite accurate, and he might get different information on another occasion. When hon. members think an answer is not entirely factual or cannot be reconciled with a statement made on another occasion, then I suggest to them that is good, fertile ground for debate, but not under the guise of privilege. Orders of the day.

[Mr. MacEachen.]

• (3:10 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Friday, September 17, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Mr. Doug Rowland (Selkirk): Mr. Speaker, on Friday last the hon. member for Ottawa West (Mr. Francis) in his remarks recited a litany of the efforts made by the government of Canada over the past number of years in the area of tax reform. He drew to our attention that we first had the Carter Report—the Royal Commission on Taxation in Canada—then the government white paper on taxation, then rather vigorous public discussion, then the referral of the white paper to a committee of the other place and to a House of Commons committee, their reports, more representations from the public, explanations, alterations, and backtracking from the minister, advertising campaigns, letter writing campaigns, and now finally Bill C-259 before us in all the splendor of its 707 pages. No one can accuse the government of not having laboured on the matter of tax reform. They have produced an immense tome and many changes. However, from the point of view of reform as opposed to change, the government's labours have produced a mouse—a mouse in the form of a mountain, let it be said, but a mouse none the less.

It is only proper for me to admit frankly at the outset that some of the changes are beneficial, long overdue and highly welcome. For example, thousands of taxpayers in the lower income brackets, those families earning up to $3,500 a year, will no longer pay income tax. Old age pensioners, those living on widows' allowances, blind and disabled pensions, veterans who have no other income but their pensions, will benefit. The provision of a deduction of up to $150 for expenses incurred by a wage earner in the course of equipping himself for his employment represents an advance. Moreover, the implementation of a capital gains tax provides the government with a source of income which removes some of the potential burden of taxation from the shoulders of those who pay taxes on wages and salaries.

But all of these changes together mean neither meaningful reform nor equity when balanced against other features of the legislation. Take for example the first change which I mentioned, the virtual elimination of income tax for families earning $3,500 a year or less. This represents an improvement yes, but equity no, because the poverty level in this country has been determined by the Economic Council of Canada to be $4,000 for a family. It has been 28 years since the personal exemptions in the Income Tax Act have been revised upwards. Why, in the name of justice, did not the government raise the personal exemptions to $2,000 for an individual and $4,000 for a family? Individuals and families earning less than those figures are living in a state of deprivation in relation to the rest of society. How can anyone professing to be just, professing to be concerned with equity, demand the further reduction of such marginal incomes by the payment of taxes? Yet that is what this legislation is doing.

Where is the justice in limiting a wage earner to a maximum deduction of $150 a year for expenses legitimately incurred in the course of his work while, at the same time, business executives and self-employed persons are allowed virtually unlimited deductions for expenses incurred in the course of their work? Moreover, they are allowed to deduct those expenses under provisions which everyone knows are subject to massive abuse. Where is the justice? Where is the justice in taxing income obtained through capital gains at only half rates, income gained through windfalls, gifts and inheritance not at all and at the same time taxing income gained through wages and salaries at full rates? Where is the equity in a system which enables a single person earning $100,000 a year to pay $1,000 less in income tax and at the same time requires a single person earning $11,000 a year to pay $78 more? Where is the equity in a system which requires people whose incomes are below the poverty level, as set out by the Economic Council of Canada, of $2,000 for a single person and $4,000 for a married couple to pay income tax and which at the same time permits those who have accumulated large amounts of wealth to transfer their assets to relatives or friends without paying inheritance of gift tax at all?

I have been asking a series of rhetorical questions. Obviously, a law containing such provisions is completely barren of justice and equity. Not only is this bill barren in terms of equity and justice, but it is also sterile in terms of the kind of innovation and imagination that is required to stabilize the economy of this country, required to remove the economic disparities which exist among the various regions of this country, required to redistribute income in order to provide some measure of equality of opportunity, some measure of equality of condition for individual Canadians. It is sterile also in terms of ideas for developing economic institutions which conform to the changing system of values and social attitudes which are taking place.

Let me take those charges one by one. First, I have said that this bill will do little or nothing at all to introduce some stability into the Canadian economy, an economy now in a chronic state of inflation and unemployment. Obviously, neither of these two illnesses can be completely cured by the manipulation of our system of taxation. However, properly utilized the tax system can contribute in a major way to controlling inflation and providing needed jobs. By placing manufacturing and service industries in an advantageous position in relation to other industries, the government could encourage the flow of investment capital toward those industries. Investment capital would make possible the rationalization and updating of existing manufacturing industries, thus enhancing the productivity of that sector of the economy and so reducing inflationary pressures. Moreover, it is the manufacturing and service industries which are, relatively speaking, labour-intensive. We need jobs, hundreds of thousands of them. They will be provided more quickly by encouraging the development of new and the expansion of existing manufacturing and service industries.

Instead of this, Bill C-259 continues the practice of the present tax system of taxing the profits of manufacturing industries at double, triple and quadruple the rates of the extractive industries—oil and mining—thus ensuring that the smart money will continue to flow in the direction of the extractive industries. The extractive industries, which are big users of capital and relatively small users of labour, keep most of their special privileges and their exceptional tax concessions under the terms of the present legislation, even though both the Carter commission and the government white paper advocated massive reductions in the special tax privileges accorded to the extractive industries.

Where is the sense in such an approach? Why encourage, at a time when the country is faced with chronic unemployment, the development of an industry which employs relatively small numbers of people at the expense—since there is only so much capital to go around—of the manufacturing sector of the economy which is labour-intensive? Why encourage the same rapid pace in development in a sector of the economy, the extractive industries, which has already developed an overcapacity in areas such as oil and gas, in gold, uranium and potash, thereby distorting our trade patterns and introducing problems for our economy which need not exist? Why, for example, are we rushing to develop and exploit oil and natural gas deposits in the north, before we have developed the technology which would ensure that the ecology of the area is not damaged when, at the same time, wells in the Prairie provinces are producing at as low as 40 per cent of their capacity? Bill C-259 perpetuates this situation and continues the distorted development of our economy. That is why I have said that the bill lacks the policies require to stabilize the economy.

I have also said that this bill will contribute little or nothing to the removal of regional economic disparities. One looks through it in vain, for example, to discover measures designed to reduce the possibility of provinces continuing the practice of competing for industry by the counter-productive method of seeing who can offer the most in the way of tax concessions—a game in which the poorer provinces are always the losers. That is an error of omission. An error of commission is the federal government's decision to withdraw from the field of estate and gift taxes instead of collecting that revenue and distributing it on the basis of an equalization formula. Again, the poorer provinces are the losers. Beyond that, what if one of the richer provinces decides not to impose gift taxes and succession duties? Even though the poorer provinces

desperately require that revenue, they might well be forced to follow suit in order to prevent the flow of money out of their economy.

I have said that this bill would not contribute in any meaningful way to the necessary redistribution of income if we are to provide real equality of opportunity for Canadians and some measure of equality of condition. The bill perpetuates many of the means whereby corporations and the rich avoid paying their fair share of taxation, thus shifting a disproportionate share of the burden for providing government revenues onto the shoulders of low and middle income taxpayers. The bill does not use corporate and personal income taxes or the capital gains tax to produce the additional revenue needed if provinces and municipalities are to be able to reduce their dependency on the inequitable and regressive property tax for the provision of education, health and welfare services. The bill does not even go so far as to provide the alternate sources of revenue to enable provinces to eliminate or even substantially reduce property taxes paid by pensioners and others on fixed incomes, taxes which are forcing many of these people out of their homes.

I submit that had the government been serious about more equitably distributing income in this country it would have abandoned tax deductions in favour of tax credits. The effect of a tax deduction is to reduce a taxpayer's taxable income and therefore to lower the highest marginal rate of tax he will pay. One of the basic purposes of a tax deduction is to give tax relief to lower income taxpayers. However, the actual result is to give greater benefits in terms of dollars to wealthier taxpayers. Let me illustrate this phenomenon by quoting from an article by Jack R. London which appeared in the Winnipeg *Tribune*. Mr. London uses these examples which follow in comparing tax credits as against deductions:

• (3:20 p.m.)

For instance, assume John Smith is a married but childless taxpayer earning $13,850 per year. Under the new legislation he will be allowed to deduct from his earnings, a marital allowance of $2,850. His taxable income (after the deduction) therefore will be $11,000. On the first $500 of that taxable income he will pay tax at the rate of 22 per cent. On the last $2,000, he will pay at the rate of 35 per cent, with varying rates in between. If he were not allowed the marital deduction, his taxable income would be the full $13,850 and the tax rate on his income between $11,000 and $13,850 would be 40 per cent.

In terms of tax savings the $2,850 marital deduction will be worth $1,180. In other words, that deduction allows John to keep $1,180 more of his income after tax than would otherwise be the case. One can easily calculate the amount of tax saving achieved by any taxpayer merely by multiplying his marginal rate (before taking the deduction) by the amount of the deduction allowed.

No one would quarrel with that result viewed only from John's perspective.

The inherent problem comes to light only when John's situation is compared to that of other taxpayers with lower incomes. For example, consider Peter Jones whose marital circumstances are identical to John's but whose income is only $5,000. Because Peter's income is lower than John's, his highest marginal tax rate is only 27 per cent. The same $2,850 marital deduction will save Peter only $770 compared to John's saving of $1,180. The reason for the $410 differential is that a tax deduction increases a taxpayer's tax saving as his marginal rate rises.

Mr. London went on to say in the same article:

A tax credit neatly avoids that trap. Since it is a fixed dollar saving which a taxpayer may deduct from his actual tax liability, it is no more valuable to a wealthier than a poorer taxpayer. In fact, in terms of relative relief the opposite result occurs to an even greater degree than with a tax deduction.

John and Peter once again will illustrate. If the government decided that the amount of the tax credit should be, say, $300, then both John and Peter would be allowed to subtract that amount from their tax bills. Their dollar savings would be identical. However, since Peter's tax on his $5,000 income would be much lower than John's tax on his $13,580 income, Peter, in terms of percentages, would be saving more than John. In that case, the tax relief would be received where it was most needed.

By restricting the tax savings of higher income taxpayers in this way, the government then could make even larger tax concessions in the form of higher credits which would in turn be relatively more beneficial to those with lower incomes.

I apologize for reading at such length, Mr. Speaker, but I thought that article contained a concise and easily understood explanation of the reasons for tax credits and tax deductions. In reading it, I thought I might illustrate why the government could well adopt the tax credit technique in this legislation in an effort to introduce some equity into the system. That is the kind of imagination and innovation we had hoped to find in this bill. Unfortunately, it is dismally absent from it.

Finally, I have charged that this bill in no way encourages the development of economic institutions which will operate in accordance with the changing system of values and social attitudes of Canadians. Increasingly, younger Canadians especially are seeking methods of mutual self-help through co-operative endeavour to achieve individual goals; increasingly they are abandoning the ethic of cut-throat competition. One of the few economic institutions which fits into this new approach to life is the co-operative. Yet, not only does this legislation not encourage the development of the co-operative and credit union movements, it also inhibits their growth. Indeed, it actually threatens the life of many existing co-operative institutions.

Beyond their significance in relation to newly developing attitudes, the co-operatives have for many years been key institutions in the farming sector of our economy. It may very well be that without the co-operative enterprises such as the wheat pools, the western grain industry would be in the hands of American industrialists, just as is our oil industry. Until the introduction of this bill, co-operatives had been taxed at a minimum of 3 per cent on employed capital. Why this formula has been employed no one knows. One suspects that it was devised because co-ops kept only as much working capital as they required at any given moment. Earnings above their immediate capital needs were distributed to their participating patrons, usually in relation to the use they had made of the co-op facilities rather than in relation to the amount of capital the patron had invested. There was probably no other way for the Department of National Revenue to get at the co-ops except through levying a tax on the capital employed. One wonders why they felt moved to do so, since the participants pay full tax on dividends received and the co-ops pay full rates of tax on retained earnings. Nevertheless, a 3 per cent tax on capital employed was levied. Now, the government has decided to raise the tax on capital employed from a minimum of 3 per cent to a minimum of 5 per cent.

The probable effects of this move were set out very succinctly by my colleague, the hon. member for Sas-

katoon-Biggar (Mr. Gleave) during the budget debate of this past June. I do not think I can do any better than quote him in order to illustrate my point. My colleague said, as reported at page 7454 of *Hansard:*

For a reason known only to themselves, the government has decided to jump this tax from 3 per cent to 5 per cent. This will cause a severe dislocation in the allocation of earnings and investment within the cooperative movement. The decision as to how to reinvest money within the cooperative for the growth of the cooperative will be seriously affected by this new tax pattern. Decisions will have to be made that are not necessarily in the interests of the members of the cooperative, but in line with the taxation policies of the government.

He went on to quote the opinion given by a very prominent firm of auditors, as follows:

A preliminary review of these provisions indicate that the 5 per cent may only be reduced by interest paid to members as contrasted with dividends paid on shares held by members. These provisions would appear to severely limit the deduction of patronage as compared to the present system.

Then, the hon. member continued:

I am at a loss to understand why the government deliberately set its sights on a very small sector of the economy in terms of total capital invested, and people participating, to restrict through taxation the activity of cooperatives which are truly Canadian owned and have a policy to grow, develop and serve the people.

Similarly, the credit union societies of Canada fear the effects of this legislation upon them. I have received numerous letters from credit union societies in my constituency which deal with this point. I think it might be worth while reading a paragraph or two from a letter written to me by Arborg Credit Union Society Limited. It reads, in part:

Since the disclosure in June that credit unions will be very much affected by the tax reform legislation, we have been exceedingly concerned with the threat that the tax proposals constitute for credit unions. If enacted, Mr. Benson's proposals will severely undermine the definitive characteristics of credit unions and will surely place them at a disadvantage in the competitive business market.

It is our contention that Bill C-259 reveals a very basic misunderstanding of the nature of credit unions and hence projects a tax formula that is inequitable and entirely unacceptable.

Specifically, our concerns have to do with sections 125, 137, and 189 of the tax reform bill.

The representatives of this Credit Union go on to say that they have made their objections known to the Minister of Finance (Mr. Benson) in letters. Finally, they ask for assistance in obtaining a meeting between the Minister of Finance and the National Association of Canadian Credit Unions in order that he might hear their objections to the legislation. I have written to the Minister of Finance regarding this case. I hope he will grant these people the interview which they have requested.

I have gone over a number of points, Mr. Speaker, by which I have attempted to demonstrate that the tax changes before us really do not constitute tax reform, that they lack imagination and that they are based on a fundamentally false philosophy. In brief, Mr. Speaker, the tax system incorporated in this bill does not represent reform. It does not provide anything in the way of equity or any of the urgently required innovations in the structure of our economy. On that basis, there is no choice available to anyone truly committed to tax reform but to vote against this bill. That is what we on this side of the House intend to do.

• (3:30 p.m.)

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, Bill C-259, introduced by the Minister of Finance (Mr. Benson), is entitled "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act". It is a shame that Parliamentary procedures prevent the use of the author's name. "By Edgar G. Benson" would have quite a ring to it and would appeal to the readers. It is a pity that our procedure forbids a jacket such as you find on other best sellers, a jacket with a full colour-photo of the author and a brief biographical sketch. Surely, this five pound, 14 ounce, 707 page masterpiece is destined to become a national best seller. I will read the title again, "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act". That title alone should cause thousands, if not millions, of Canadians to rush to Information Canada to purchase first edition copies.

Mr. Knowles (Winnipeg North Centre): Will the minister autograph them?

Mr. Peddle: There should be a foreword by the Prime Minister (Mr. Trudeau) which could read something like this: "The Minister of Finance has my full support. I am willing to accept full credit for the popular proposals in this work, but I disclaim full or, in fact, any responsibility for those proposals which are unpopular." On the inside cover, there should be a simple little dedication: "The Minister of Finance dedicates this book to his colleague who has been his inspiration and who has helped so much in its production and writing."

To complete the picture, there should be testimonials from the country's leading newspapers and magazines. The testimonial from the *Globe and Mail* could read like this: "For Canadians, a startling new perspective, in language which clarifies nothing and confuses everything—the book which stupifies and bewilders lawyers and tax experts." The one from the Ottawa *Journal* could read: "Carries tax"—not sex like the paperbacks—"as far as it can go." From the Ottawa *Citizen* we might have: "Bill C-259 has everyone playing a guessing game about the real significance of its scandalous proposals. Heavy reading—to pick it up is to drop it after two minutes from sheer exhaustion, mental and physical." The one from the Montreal *Gazette* could read: "One of the most powerful political fantasies of our time. The perplexities of taxes have seldom been explored more subtly or with less meaning." It might be asked why I try to ridicule this bill. The answer is simple. It is ridiculous. It calls for and demands ridicule.

I just came down from my fifth floor office. I carried this bill with me, and I had to rest three times. There is no necessity for a bill of this size. I see no reason for it except that it is part of this government's general policy of confusion, trickery, subterfuge and blindfolding the devil in the dark. This is the attitude of this government. It is called participatory democracy, according to the slogan in 1968. The government said "Come join us; participate with us."

Several months ago we were given a white paper which was fairly understandable. Even the laymen in Canada could understand the terrible proposals that were being made. There was almost a revolution against the proposals in the white paper. I suggest the government never really planned to introduce these proposals. It was the old shock treatment; hit them hard and when they object hit them half as hard and then they will think that everything is rosy. It is the same old story, government by crisis. The government promotes, encourages and develops crises in Canada, then does not have a clue how to deal with the crises they have helped to develop. Canadians are beginning to realize that this government talks in high gear but performs in low gear. Canadians were swept off their feet in 1968. They have been waiting since that time for this government to change gears.

Mr. Nowlan: It has been giving Canadians the gears.

Mr. Peddle: I am not going to attempt to deal with any particular area of this 707 page monstrosity. To do so might convey, at least to my constituents, the idea that I understand what this is all about. I am not going to be so pompous as to pretend I understand what this is about when the lawyers and tax experts throughout the country say that they do not understand it. I am not going to even attempt to try.

Mr. Mahoney: You are doing all right.

Mr. Peddle: As a Canadian who has been watching the performance of this government which promised so much to the people of this country in the past three years, I cannot help but ask a very simple question. Canadians appreciate the promise in this monstrosity of larger exemptions for the lower income people. We appreciate the suggestion that there will be some relief to our older taxpayers. We do not understand the other several hundred pages that try to justify the other taxes that will be imposed to make up for the few little crumbs thrown out to the lower income and elderly people. Taxation is not a one way street. It implies a reasonable, responsible extraction of taxes from the people and it also must of necessity pay some attention to the reasonable, responsible distribution or disposition of the taxes so collected. No one can tell me that the passage of this bill has suddenly become urgent. It landed on our desks some time in September. Government supporters say: Treat this as urgent or the 1½ million taxpayers who are to be dropped from the tax rolls won't get their goodies next year. It is an old story which the premier of Newfoundland has been using for years—if you want your half pint of ice cream you will have to gulp your seven gallons of cod liver oil first.

• (3:40 p.m.)

On Friday we heard from the hon. member for Ottawa West (Mr. Francis), the Liberal party whip. He spoke in his most honeyed tones. He was conciliatory. That is a most important quality in a whip; he has to be a master of conciliation. In his most honeyed tones he implored us not to delay the bill any longer—"What are you fellows up to, delaying this important measure? Get it out of here and into committee."

Some hon. Members: Hear, hear!

[Mr. Peddle.]

Mr. Peddle: What he was really saying was: Your debate on this subject embarrasses us. Get it out of here and into the obscurity of the committee, with half a dozen members sitting on it and maybe a small fraction of the press attending. This was what underlay the conciliatory message from the Liberal whip, and I don't blame him for trying, but it is not going to work.

Mr. Francis: Mr. Speaker, I rise on a question of privilege. The hon. member has quoted me as saying I wanted the bill referred to committee on which a few obscure members would be serving. Does he not realize that this bill will be referred to a committee of the whole House to which every member belongs and requires a quorum of 20 members?

Mr. Peddle: It is a very unsanitary thing, but the hon. member is putting words into my mouth. I did not say "obscure members". I said he wanted it referred to an obscure committee. As to the obscurity of the committee system, I say this to be quoted, it has no other effect but to destroy Parliament, generally speaking. Measures of importance to the country are taken from the chamber and shunted into semi-obscurity in some other part of Parliament Hill. They are subjected to the scrutiny of only a small fraction of hon. members.

The bill before us is called a reform package. Look at a dictionary and look up what "reform" means. The first definition is: "to make better by removing faults and defects"; the second definition is "by putting a stop to abuses and malpractices". Another is: "to abandon that which is evil and corrupt and return it to good state". This bill does none of those things. It does what it is designed to do—to further confuse the Canadian taxpayer.

As the beginning of sensible tax reform in this country, I would suggest that the 1½ million people who are to be removed from the tax rolls should be removed without delay. It should have been done long ago. Members opposite should not wait until the eve of an election to do it. A proposal like that did not need to be part of these 707 pages before us; it could have been done in a simple bill. Was it necessary to include in this bill machinery for increasing exemptions to those in receipt of lower incomes? No. That is a bit of the ice cream you get with the cod liver oil.

Reasonable tax reform must include assurances that the money collected will be sensibly spent. I have not heard this mentioned. Nothing has been said about ending the extravagance and waste which is going on in this country. It seems to me we could support the exemptions, the little bit of relaxation which the bill provides for those on low incomes and for older citizens, by making a concerted effort to cut out some of this waste and extravagance of which we see so much evidence.

I will give hon. members some examples. Take Information Canada, the whole kit and caboodle. I would suggest that 50 per cent of what is spent on that is wasted. Take the story of the *Bonaventure*. Let us make sure there is no recurrence of that kind of thing, and save some of the taxpayers' money. What about the ridiculous Committee on Youth that cost only God knows how much and came up with God only knows what recommendations. The opportunities for Youth program was concerned with—

Mr. Paproski: Opportunities for waste.

Mr. Peddle: —sending symphony orchestras to Newfoundland outports to try to bring some culture to them. What kind of nonsense is this?

An hon. Member: They don't want culture.

Mr. Peddle: Obviously hon. members opposite do not know the meaning of culture. To some of those sitting over there, culture has to be crammed down our throats, it is something you pretend to understand when you don't. Where I come from we don't do that.

Some hon. Members: Hear, hear.

Mr. Peddle: Culture is something that we do or we don't have, and if we don't have it we don't go around pretending we do. Then, there was the Royal Commission on the Status of Women whose report has since been put in the dustbin. And think of all the waste and extravagance which must have resulted from the existence of the Department of Consumer and Corporate Affairs under a minister who concerns himself about the correct weight of a popsicle being on the label, making sure that a square inch of a sweater has the right number of yarns in it, and so on.

Mr. Mahoney: What bill are you on, now?

Mr. Peddle: I am talking about government extravagance which seems to be an absolutely necessary part of any tax reform package. One communication went out from the minister's department telling consumers: If you have trouble with electrical appliances, make sure the plug is in. This is the kind of nonsense the country is paying millions of dollars to support. The administration has not touched the real problems of consumer relations, nor does it wish to do so. It is afraid because if it touches the real problems, some of the contributions to the party might dry up. So, they just natter away and try to convince the Canadian people they are here in their interests. This is great stuff.

Then, there is the commission to study the matter of a guaranteed annual income. If it goes the way of all other commissions, the commissioners probably will guarantee themselves an income for a limited time and that will be the end of it. I have no objection, but I think I would have to agree that the proposals made by this government during its three years, especially in the dying moments of its administration, are aimed at the majority of the taxpayers. I believe something is wrong when a government becomes preoccupied, from the day it comes into office, with winning the next election. I think that is wrong and I cannot buy it. I am not saying a government should not be political. I am saying, however, there should be some kind of a decent ratio between priorities and politics. At least some consideration should be given to the priorities of the country. If there should be a measure which would be good for 60 people this government would embrace it. The members of the government would all cheer and say "hear, hear, we have a good thing".

They could not care less if it should adversely and terribly affect another 40 people in this country representing a minority.

• (3:50 p.m.)

The attitude of the members of the government is "to hell with it" so long as they have a majority throughout. This seems to be their object in life. I say there is something a little wrong with this attitude. I am not so naïve as to suggest that a government should not be political. I have more sense than that. When everything else is put aside, and when from the day they are put in office they simply try to win the next election and the devil take the consequences, I say this is wrong. This is bad. This tax reform so-called appears in two official languages. The ordinary Canadian could not read the previous taxation bill but at least the experts could manage to pick it apart. But in this case we have been informed in no uncertain terms that even the experts and lawyers cannot make any sense of it. As I say, it is in two official languages, but I know from my own point of view that it just might as well be in Chinese or Arabic rather than in English because there is no way one can cope with it. No one understands it, not even the experts.

Mr. Mahoney: What part don't you understand?

Mr. Peddle: The hon. member asks what I understand about it. I understand only a few tidbits picked out by his colleagues. There is to be an exemption for the lower income group and a little relaxation in respect of the older taxpayers. However, it should not take 707 pages to do this and such a bill should not be introduced on the eve of an election. It should have been introduced immediately by this government back in 1968. But, no; it is introduced now when there is a federal election on the horizon. I suggest that this time the people of Canada will recognize this for what it is. We have had a bill before us involving $80 millions in aid to industries which might be affected by the U.S.surcharge. We on this side of the House had to try hard to find an opportunity to make a comment on that bill because all hon. gentlemen across the way wanted to get credit for it. Finally, before an election, they wanted to project themselves a little. They had been quiet all along, but now they wanted to get in on some little thing about which there is not too much controversy. But they are avoiding this tax reform like the plague. It is difficult to get one of them to talk about it. All they do is suggest it be sent to the committee. They do not wish to talk about it because it is embarrassing.

In rising to speak, I followed a member of the New Democratic Party. Actually there should have been one or two Liberal members rise at that time, but they do not want to talk about it. This legislation has been introduced with great urgency. It was dumped on our desks on September 7 and we were told that if we did not get it out of the way by the end of the year one and a half million Canadians who are to be removed from the tax rolls would blame us. It should not require 707 pages in order to make some provision for the one and a half million people who would be concerned. This could have been done simply.

I shall close by repeating what was said by a gentleman who appeared on the T.V. program "Viewpoint". I do not know who the gentleman is, but I listen to common sense no matter from what source. He said:

> Mr. Benson's tax reform bill is too bad to be patched up as it proceeds through Parliament. The only solution is to withdraw the Bill for re-writing. I know that everyone—the government especially—is anxious to be finally done with tax reform. Unless a few more months are spent re-drafting the Bill, however, Canadians are going to pay a terrible price for their impatience.

I am not suggesting that the little tidbit for the lower income tax payer and the extra exemption for the old age taxpayers should be withheld. A very simple little bill could have been brought in to provide for that and there could have been little or no debate. In that way these people would have been provided for and the money to look after them could have been found by a little crackdown on some of the horrible waste and extravagance of which this government has been guilty right along the line.

• (4:00 p.m.)

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, the amendment moved by the hon. member for Edmonton West (Mr. Lambert) is fair and quite relevant. We are surely concerned about the economic prospects confronting Canada. We are also concerned about continuous unemployment and industrial depression. We are also conscious of the fact that a real tax reform is essential.

Allow me moreover, Mr. Speaker, to point out once again how the Social Credit party of Canada is particularly aware of all those economic problems plaguing us. The existence of our party can precisely be explained because we suggest specific answers and realistic solutions which would solve those endless financial difficulties.

Why should we attempt, Mr. Speaker, to patch up, to mend, to try to cure without getting at the very cause of all those economic evils and frustations, that is the present economic and financial system? There is nothing surprising in the fact that we must change our mental attitudes which are deeply entrenched in a system that moulded us to the point that the system is no longer serving the people but the people are forced to kneel and crawl to satisfy the requirements of the system.

If we must reach the point where we have to alter the very principles that pervaded our mentality, we should not hesitate to do so because all solutions we could bring forward will never do anything as long as we do not get at the problem, at its very source, that is a complete and total reform of the economy.

Mr. Speaker, I do not want to take too much time. I know that hon. members are perfectly aware—and if not, at least they should have a pretty fair idea—of what we want, what we wish for, and in this extremely difficult period when we all strive to solve certain important problems existing in our country, it is to leave aside partisanship and concentrate objectively on the study of all solutions, even if they are suggested by opposition parties such as ours.

Mr. Speaker, there is a general outcry against the reform as proposed by the Minister of Finance (Mr. Benson) and with your permission, Sir, I would like to draw once again the attention of hon. members, like some of my colleagues have done previously, to the opposition expressed by caisses d'économie, caisses populaires and various similar co-operatives in Canada and particularly in Quebec, against certain clauses contained in Bill C-259. In order to prove the veracity of these protests which come from everywhere, I would like to read in full the last letter dated September 13, 1971, sent to me by the employees' caisse d'économie of the Canadian International Paper in La Tuque, and I quote:

[Mr. Peddle.]

Mr. René Matte, M. P.,

Ottawa.

Dear Mr. Matte:

Re: TAXATION OF CAISSES D'ÉCONOMIE AS PROPOSED IN BILL C-259.

As you probably know, the caisses d'économie have made a tremendous contribution to Quebec's economy throughout the province. We think that the development of this movement illustrates the fact that Canadians believe in the efficiency and the worth of the caisses d'économie economic philosophy.

It was announced in June that the caisses d'économie would be greatly affected by the tax reform: we have since then been very concerned. Should it be passed, Mr. Benson's reform will ruin to a great extent the characteristic principles of the caisses d'économie and decrease their competitiveness in the financial market.

We feel Bill C-259 misunderstands the nature of the caisses d'économie and, because of this, it cannot set up a just and equitable tax formula.

We are particularly concerned about Sections 125, 137 and 189 of the proposed reform. We mentioned these details in our brief to the Minister of Finance presented in July. Among other important objections and amendments we listed the following:

1. In Section 137, no provision is made to allow the deduction of dividends on social capital in calculating the taxable income. This is vital for all caisses d'économie and provincial branches. The shares in caisses d'économie are essentially savings deposits payable on demand. They are entirely different from shares in financial corporations.

2. The bill should be amended so as to include investments in caisses d'économie in the "qualified investment" category, since investing funds to build up reserves which will bring about stability and revenues for the savings of members is an integral part of the caisses d'économie financial routine. The same application should be made for a similar paragraph in Section 189.

3. The "total business limit" formula as applied to caisses d'économie in the proposed reform is not fair. The reserves of caisses d'économie as common property of all members cannot be divided among members under the form of eventual distributions. Section 125 should be defined especially for caisses d'économie and a special reference should be made for this purpose in Section 137.

4. The definition of capital employed should be deleted from Section 137. We believe that this definition is not sensible since caisses d'économie do not give a competitive dividend, so that competitors should not get any part of this return since those members which receive it are already taxed.

Five other items are mentioned in the brief to the Minister of Finance. They too are important; they deal first of all with the question of restricting activity to one province only and then with the caisses d'économie that are entitled to accept classified deposits as ineligible investment and with the pertinent amendments.

It is of the utmost importance that the National Committee on Taxation meet with the Association nationale des caisses d'économie (ANEC) in order to clarify the amendments to the proposed revision which are necessary to the success of the movement.

On behalf of 2,500,000 members of the caisses d'économie of the province of Quebec, we thank you in advance for your co-operation.

Roger Marchand, Manager.

Mr. Speaker, the reason why I read this letter is to show you that our people are very much interested in the laws considered in Parliament. They are deeply interested and here is the proof of it: they participate, indeed, by their comments and the amendments they suggest.

In short, Parliament is not anything else, and should not be anything else, but as far as possible the true reflection of the Canadian taxpayers' opinion. Then, it is not only

important, but essential that we agree to consider in the House in a very serious fashion the comments and suggestions made by various bodies and, in the light of these, the Minister of Finance could improve his voluminous Bill C-259, by dividing it into smaller parts, as some speakers have suggested, because this bill is far too thick, not only in content, but literally.

We should therefore ask ourselves, when considering a bill, whether we are legislating according to the interests and wishes of the taxpayers we represent or in order to carry out mere mathematical acrobatics and satisfy our intelligence.

Mr. Speaker, there is a principle involved: most Canadian institutions and individuals are concerned with the content of this reform and it should therefore be lingered over. We must absolutely reconsider the various proposals contained in the bill and that is why I support the amendment brought forward by the hon. member for Edmonton West, which merely calls for the House to decline to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

For, Mr. Speaker, whenever we in this House pass legislation, it is essential that such legislative measures as we adopt be acceptable to the people of Canada, and, also, that they benefit the population of this country. Of course, it may happen that the benefits are not immediate, but we should always ascertain that any act passed by this House is really going to benefit all Canadians.

This, Mr. Speaker, is the reason why I think that the Minister of Finance should back down and set this famous bill aside for the present, for it should be completely reviewed, taking into account proposals and even amendments suggested by individual Canadians or institutions eager to co-operate with their member in order to make sure that a really progressive bill is introduced which would be advantageous for the whole country.

• (4:10 p.m.)

[*English*]

Mr. R. Gordon L. Fairweather (Fundy-Royal): I want to discuss four aspects of the bill that are of concern to me at the moment. The first of these is the draftsmanship or the plain words aspect of the bill; second, the effect the bill will have on co-operative movements; third, the effect, should this bill pass in its present form, on farmers and fishermen; and lastly, what I might call the rather narrow outlook which the bill takes, if I may say so, of the whole matter of child care expenses.

I go at once to the subject matter of drafting and make a plea for clearness, for accuracy, and for brevity. I read recently of the rejoinder of a wise English judge when an expert medical witness was giving evidence at a trial. Finally, in frustration, he said something like this: "It is useless to go on giving complicated medical evidence because nobody will understand me". The judge replied: "We will understand if you use plain English". It seems to me that something of that philosophy should prevail in all legislative drafting.

The Income Tax Act, which is touted as an important element of the government's program of reform should, I suggest, be intelligible to most Canadians. Is it? I doubt that it is. A court said once that we ought not to be puzzled by such old scholastic questions as where a horse's tail begins and where it ceases. You are obliged to say at some time that this is a horse's tail. I am not sure whether within the ambit of the seven hundred odd pages in this bill anybody ever does say "this is, indeed, a horse's tail". I will not be drawn into a discussion of the other parts of the anatomy of a horse, Mr. Speaker, no matter what the temptation may be from those who call from my rear. But section 39 might be called a test section, the test being clarity, brevity and clearness. Here is what it says: I will try to read it in a straightforward manner. I do not want to miss any of the nuances or the elegances of language. It reads:

> 39. (1) For the purposes of this Act, (a) a taxpayer's capital gain for a taxation year from the disposition of any property is his gain for the year determined under this subdivision (to the extent of the amount thereof that would not, if section 3 were read without reference to the expression "other than a taxable capital gain from the disposition of a property" in paragraph (a) thereof and without reference to paragraph (b) thereof, be included in computing his income for the year or any other taxation year) from the disposition of any property of the taxpayer other than—

Then, there follow in draft form two and a half pages more of "notwithstandings", "whereases", and so on. But we are not through yet because we have to turn back to section 3. Section 3 only covers a page and a half which, in legislative drafting, is not really very bad, but it must be read as if it means the opposite to what it says. I fool you not, this is exactly the statement. By the way, section 40 carries on with two pages of general rules for the interpretation of section 39 which is to be read, as I say, in conjunction with section 3.

However, although it is easy to fall into this temptation, I will not make what could be called a hit and run attack on the drafters of the legislation for it has been said that what is commonly called the technical part of legislation is incomparably more difficult than what might be called the ethical or, in current language, the policy considerations. In other words, it is much easier to conceive firstly what would be useful law, than so to construct that same law that it may accomplish the design of the lawmaker. Another English judge said: "Nothing is so difficult as to construct acts of parliament properly and nothing so easy as to pull them to pieces". I do not think the debate will be helped by a pulling to pieces of this act just for the sake of having a pleasant afternoon's exercise in semantics.

The author of the "Complete Plain Words"—and here I do make a plea and I would hope that parliamentarians and senior civil servants would read the "Complete Plain Words"—I think was secretary to the British cabinet for some time, Sir Ernest Gowers. Whatever he was, he was a plainspoken man who had a love for the English language, and I think that if many of us read the book we would profit from it. We can see in the examples which this author uses some of the obscurantist phrases that creep into drafting, both of letters and our other exchanges with the public. But in "The Complete Plain Words" the author says:

Drafting is more a science than an art; it lies in the province of mathematics rather than literature, and its practice needs long apprenticeship.

• (4:20 p.m.)

I pay this tribute to the draftsmen. I hope they served a long apprenticeship, but I am not very sure that this bill gives evidence that that apprenticeship, and the time they had to prepare the bill, were as long as they might have been.

Somebody else, when discussing the language of legislative draftsmanship said:

The lawyer, like the theologian, is faced with a number of texts that he regards as authoritative and that are supposed to settle any question that can conceivably arise. Each text was once drawn up by someone who presumably meant something by it; but once the document has left the author's hands it is the document that matters, not any unexpressed meaning that still remains in the author's mind.

I think that is the point my hon. friend was making a moment ago when he said that most of this bill is unintelligible to the general public.

For the lawyer, the words of the document are authoritative as words and there is no possibility of obtaining further information from the author, either because the author is dead or because of the rules of evidence precluding reference to him.

Perhaps some of the lawyers in this House hope, as I do, that this rather stupid rule of evidence, that precludes courts from using draftsmen and policy papers when considering what a statute means, will soon be changed. But that is another subject. No one can expect pretty writing from the legal draftsman, who has the duty to try to imagine every possible combination of circumstances to which his words might apply and every conceivable misinterpretation that might be put on them, and to take precautions accordingly. But the trouble with the income tax bill is that when passed it has application, despite its reformative element, to the vast majority of the people of this country, and I very sincerely suggest that it should be understood by those people to whom it is applied.

My plea is that the object of a draftsman is to be precise without being obscure. Surely, it is not too much to expect that a bill should be intelligible to those who debate it and have the ultimate responsibility for it? I suggest that there is a good deal of lulling of Canadians going on through the use of such phrases as "tax reform" and "improvement over the hodgepodge of the present tax law." These phrases are bandied about by people who have not the vaguest idea of the present income tax law or the new law that we are considering. It seems to me that it is all really quite unreal, something like a trick at Hallowe'en.

The three tests should be: will the new law be easier to interpret? Will the new law be simpler to administer? Will the taxpayer have to resort to more professional advice than ever before? I am perfectly certain that the government's bill fails on each of those three tests. It will not be easier to interpret. It will certainly be much more difficult to administer. And I have a very grave suspicion that there will be more professional help needed than ever before when one makes out one's income tax return and is sending a donation to the government of Canada.

The Institute of Chartered Accountants and the Canadian Bar Association have issued what can only be fairly called objective criticisms of the bill as a piece of draftsmanship. They have drawn attention to obvious obscurities. I have not heard from anybody on the government side whether any attempts are being made to clear up these useful criticisms, objective and non-partisan. I want to know, are such attempts to be made or are we to proceed with consideration in Committee of the whole House despite the warning signals we have heard from these professional people?

I have one other comment to make on this aspect of the bill. Here I quote Mr. Robert Warner who on the CBC show "Viewpoint" on August 18 gave the example of clause 39, which I confess now I cribbed from him earlier in my speech. He said:

An example of the bill's tortuous wording is the section describing what a capital gain is. That section, No. 39, is about half a page long. As statutes go, that isn't too bad. However, after reading four lines, the reader is directed to turn back to section 3 and read in another page of type. If this were not bad enough, you are told at the same time to read section 3 as though it said the opposite of what it does say.

The explanation for this, I think, is that the draftsman, working under great pressure, took what to him was a helpful short cut. He probably understands what he was saying. But, for years afterwards, taxpayers, their advisers and judges will have to do these mental gymnastics a thousand times over. Little drafting short cuts like these are going to cost the country a great deal.

I know that many say that the tax experts are merely adding hypocrisy to their other sins by complaining. But we—

I assume Mr. Warner is in the category of an expert.

—are not so selfish and irresponsible as to believe that an economic bonanza for us is necessarily good for the country. None of us want to be the beneficiaries of a law which imposes a higher than necessary compliance cost on the rest of society. As Canadians we want the laws to be such that most people can understand and comply with them without the constant attendance of a professional adviser.

I sincerely believe that this is a very legitimate complaint about this huge and complex document.

I remind the House that a statute has been defined very simply. Mr. Speaker, you know this definition well. A statute is "the will of the legislature." I am not at all sure that the interpretation of that will is plain in its meaning. I think that is a fatal flaw in the legislation.

I now wish to deal with the proposed income tax changes as they affect co-operatives. I may say that the Official Opposition has been very much helped by the interest shown by government backbenchers in this aspect of the bill. I am sure the minister has heard both from my leader and others who have spoken, and also from his own supporters, with respect to these proposed changes.

In late August I myself had a very helpful meeting with representatives of Maritime Co-operative Services Ltd. of Moncton, and one of its supporting groups, the Sussex Co-operative. The latter has a paid up membership of 1,400 in my constituency. Representatives of the membership are understandably upset about the new legislation and, as a representative of an area where the co-operative movement has greatly benefited farmers and fishermen, I am glad to remind the minister and the House of the changes proposed and of some of the objections to them. The bill withdraws the three-years exemption for new co-operatives; the bill changes the definition of co-operative corporations; the bill radically alters the way in which members handle patronage dividends for income tax pur-

poses and changes the definition of capital employed so that there can no longer be a deduction allowed for unproductive assets, that is assets not required for purposes of the business.

• (4:30 p.m.)

The bill subjects shareholders to a tax on their share of the deemed dividend which would result if a co-operative redeemed or acquired any of its common shares or reduced its common stock. Under the existing act, shareholders of a co-operative are specifically exempt from tax under such circumstances.

The bill withdraws the present exemption from taxation of moneys received from provincial grants. I think this should be checked out with the departments responsible for the encouragement of co-operative movements for that aspect of the law, which is clearly property and civil rights, falls within the responsibility of provincial governments.

The plea I make today is for small co-operatives. The definitions of co-operatives should be redrawn so that a distinction can be made between big business co-operatives, which need little or no protection, and small co-operatives which public policy has long sought to encourage. There is a curious bit of irony about the changes that the government plans for the co-operative and credit union movements in that one of the senior members of cabinet, the President of the Privy Council (Mr. MacEachen) is a distinguished alumnus of and a former professor at the University of St. Francis Xavier. Of all universities in the country, this one had much to do with the development and evolution of the co-operative movement. The irony is that the Secretary of State for External Affairs (Mr. Sharp), through his CIDA program, the Columbo Plan and others, helps to bring students here from other countries in order to continue their education. St. Francis Xavier University receives many of these students and assists them to study the development of co-operatives and to translate the results of their studies into methods for helping developing countries. That is one aspect of a better policy but, on the other hand, the indigenous or national movement in Canada is being seriously frustrated by the government's so-called reform in this area.

I shall end this part of my speech, Mr. Speaker, by saying there is no doubt at all that it is the Members of Parliament who will hear, first hand, about the unease across the country felt by credit unions and co-operatives about this aspect of the government's bill. I hope the minister will yield to the pressures—and they are proper pressures—from those of us who see in the co-operative movement a self-help program worthy of every bit of encouragement.

Farmers and fishermen will be more heavily taxed under this bill than they are today. This flat assertion is not loosely tossed into the debate to try to win friends from the agricultural or fishing community. Rather I make the statement based upon the way the bill proposes to treat income gained from farming and fishing, bringing these vocations more into line with the tax treatment of other businesses. But are they like other businesses? What is the government's philosophy about the future of the small or family farm? This is no plea for some bucolic past when everything was fine down on the farm. Those days are gone and I suppose most farmers are glad that they are. Rather it is a plea for the efficient yet small family unit which is operated not only as a way of making a living but which is a way of life. Is this act but one more weapon in the hands of the government to deal yet another blow to the individual farmer? Have the long range policy implications of this bill been thought through by officials of the Department of Agriculture and the Department of Regional Economic Expansion, to mention but two? Or is it specialist legislation considered in the antiseptic corridors and offices of the Departments of Finance and National Revenue?

One of the pleas made by the former minister of communications, the hon. member for Duvernay (Mr. Kierans), is a thoughtful criticism of the government evolution of policy. I think I paraphrase him correctly as saying power is developed in somewhat of an isolated manner, department by department, without any over-all concern about policy implications or how policy decisions will react in other departments. I believe that as far as the farmers and fishermen are concerned, the departments that should have had most to say about the policy implications of the tax changes were not very much part of the planning of this legislation. If this is not an accurate assessment of the situation I hope someone from the government side will set me right.

The last of the four points I wish to discuss today, Mr. Speaker, is child care expenses. Here, I think the relative committee did a workmanlike job. It is an example of what good sense often comes from parliamentary committees when they consider some abstract legislation. After all, Members of Parliament should be close to what might be called the real difficulties facing people in their daily lives. If I had the time, and if members cared, I could expand my remarks into a discourse about the Member of Parliament because I feel he becomes increasingly important as government becomes increasingly depersonalized and its policies dehumanized. But nobody is interested in that on a Monday afternoon, Mr. Speaker, and this debate is on a more precise topic.

There is to be a deduction for child care expenses of up to $500 for each child under age 14, with a maximum of $2,000 per family. This is in addition to the general deduction for children as dependants and will normally be claimed by the mother. A deduction is to be permitted for expenses of caring for a child over age 14 and who is dependent because of mental or physical infirmity. I hope that deduction can be claimed whether the child is cared for in this country or in special schools in the United States or other countries. It is my understanding that this is not now the case, and it is a serious fault in the legislation. The deduction may be taken by the father if he is a widower, or divorced or separated. He may also take the deduction if the mother is incapable of caring for herself or children, or if she is confined for 14 days or more to a bed, wheelchair, hospital, mental hospital or prison. For such periods, the father's deduction is to be limited to a maximum of $15 per week for each child to a total of $60 per week, subject to the over-all limitations of $500 per child or $2,000 per family.

Qualified child care expenses include babysitting costs, day nursery care, and up to $15 a week, not exceeding $500 a year, toward lodging paid at schools and camps.

Amounts paid to dependants of the taxpayer or to relatives under age 21 will not qualify. Receipts bearing the social insurance number of the individual who performed the services must be retained. Child care expense deductions cannot exceed two-thirds of the earned income of the parent making the deductions.

• (4:40 p.m.)

Now, Mr. Speaker, may I say this: I think this provision goes a long way but only part of a very important way in this whole field of child care, the working mother and so on. The Commons committee, as I said earlier, termed the child care deduction a major innovation of our tax system. It suggested that the relief be extended to cover the situation where there is a parent at home unable to care for the children because of permanent, mental or physical infirmity. This idea is incorporated in the legislation; I am glad it is, and I pay tribute to the draftsmen. It is incorporated along with other extensions to cover special situations. The bill permits a deduction for expenses of caring for a child over 14 years old who is dependent because of mental or physical infirmity. However, while this initiative is welcome by the House, I suggest that it can be considered as only going half way along the way, because it is only a half measure particularly in helping low income working women.

I come to the point quickly, Mr. Speaker, by saying that the exemptions are not large enough. Being in the form of exemptions rather than tax credits, they will be of relatively less value to the poor than to the well off. They do not consider possible increases in child care costs involved in demanding receipts from baby sitters. If anybody here has ever tried to get a receipt from a baby sitter, he must know whereof I speak. They do not in any way assist in improving day care facilities and costs, which, in effect, now largely exclude low income people.

The whole area of day care is very much in the public domain, yet we are tiptoeing around it as a national Parliament because some policy considerations may be thought to be of provincial responsibility. This is the ongoing Canadian minuet. Having said that it is the national government that has clear responsibility in the tax field, we ought to say that the matter of day care facilities and costs of operation in maintaining children in day care centres is clearly our responsibility. We should see to it that we look after this matter at this stage of the legislation.

I end where I began, with the plea for clarity and conciseness in the legislation. I expect the minister will be reviewing the wise criticisms of many hon. members about the unfair attitude this bill takes to the co-operative movement in Canada. I also suggest that the bill in no way considers the future of that distressed aspect of Canadian life, the small or family farm. Lastly, although the provisions for child care are innovative and helpful, I suggest with great sincerity that they do not go far enough to meet the realities of the present day, since such a large part of our working force consists of working mothers.

[*Translation*]

Mr. Herb Breau (Gloucester): Mr. Speaker, my comments on second reading, or rather on the amendment brought forward by the hon. member for Edmonton West (Mr. Lambert) will be very brief.

I do not want to delay the business of the House by repeating many things that have already been said, explaining at length approaches for fiscal reform and even less, like the hon. member for Edmonton West in his amendment, taking advantage of the opportunity to discuss economic policy in general. Economic policy is a specific thing and although it is related to a country's fiscal system I do not feel it should be used as a pretext for delaying our fiscal reform and discussing the economic problems we are facing. I do believe we can now carry out this reform since we are faced with economic problems. In fact steps likely to correct them can be taken.

Mr. Speaker, I merely wish to state that I am completely in agreement with the principle of the matter. I wholeheartedly approve the government's idea of opening a public debate on the white paper and of having the tax reform proposals examined by the House, by the Committee on Finance, Trade and Economic Affairs and by the Senate, and then of presenting a bill to the House. Obviously, by so doing, the government was much criticized and found itself in the rather embarrassing situation of having to defend its positions.

In any event, Mr. Speaker, I believe that this will not have been in vain, because, through the debate, the public learned much on the present taxation system, and I believe that, instead of always attacking the government's policy by opposing its proposals, it is preferable to inform the people.

I think that we have done something concrete since November 1969. In fact, Canadians have a better knowledge of the tax system, its consequences on their life and on the economic system in general.

Mr. Speaker, I only meant by these remarks to bring to the attention of the House, as other hon. members have done, a clause or philosophy contained in this bill which could be detrimental to the co-operatives and credit unions, and this, because I live in a predominantly rural area where co-operatives have played, as they still do, a very important role, especially in fisheries.

• (4:50 p.m.)

Co-operatives have played a role in the Maritimes. In my constituency, they have helped the people get through a depression, a disastrous economic and financial situation. But they still have much to do.

Evidently, I acknowledge and appreciate the fact that we live in a free enterprise system and I feel that such a system is the best for Canada, in our political and economic circumstances.

However, Mr. Speaker, that system has some gaps; in general, it has some deficiencies, because too often we are governed by efficiency in terms of statistics, in terms of production, in short, in general economic terms.

I am in agreement with this approach. Efficiency is sometimes necessary. When members of a society wish to lead a certain kind of life, we must recognize their right to do so and give them as much assistance as possible, particularly by way of the tax structure.

It is obvious that the operation of co-operatives and caisses populaires is outdated. The legislation on co-oper-

atives has not been reviewed since 1950, I think, after a royal commission studied the problem around 1945. It should be amended because in certain cases co-operatives have grown to be not only organizations grouping people with a certain goal or to improve the social or economic lot of their members, but also a threat to small private businesses.

Co-operatives should perhaps pay higher taxes. As for those which simply exist to meet a social or sociological need, they should have under our tax system the means to accumulate capital in order to achieve greater expansion. Were the proposals contained in the bill to be passed, it would be disastrous for co-operatives, particularly after seven, eight or ten years, because by increasing by from 3 to 5 per cent the employed part of the capital, that capital will accumulate from year to year in a strictly mathematical progression, and after a certain number of years, the co-operative will not have enough cash or liquid assets to meet its commitments to its members. Some co-operatives, large and small, would then disappear. I feel the cabinet has not really understood the implications of the proposal.

I therefore ask the House to amend the bill when it comes up before the committee of the whole to ensure that the tax system continues to allow co-operatives and caisses populaires to develop further.

In fact, Mr. Speaker, in the Maritimes, in my constituency especially, these co-operatives have sociological effects, and strictly with regard to efficiency, I think that without them Canada will lag behind and stand to lose. We realize today that society must look after the social condition of its citizen, their social education and give social assistance to those in need, so many programs helping the underprivileged and the poor. Many of these people live in rural regions and benefit from these co-operatives.

And what will happen if the bill now under consideration is passed? Society will have to look after these people through less efficient means than if we were to help co-operatives by tax abatements. So the income lost to the Treasury would be more efficiently spent than if attempts were made to solve social problems created by the disappearance of co-operatives. I think it would be more advantageous for the Treasury to sacrifice some revenues that would be of great benefit to the co-operatives.

The credit unions distribute their profits to their members. Profits are not their sole concern. In fact, they provide their members with economic advantages and they work in several other fields.

With regard to fishing, for instance, on the eve of the fishing season for some species, private companies are anxious to see what prices co-operatives will offer. Why, Mr. Speaker? Because in private enterprise, profit is the motivation. Private companies are less concerned with the social welfare of their members or people who sell them fish. It is quite normal to pay as little as possible to get the most for one's money. As a matter of fact, the system is so organized. But, on the other hand, co-operatives quite often give to a fisherman who is a co-operative member a much higher price. Therefore, companies must in turn pay more, which forces people at the end of the year to sell their fish and the consumer to pay a little more. Why? To pay for higher operating costs which affect no only the unionized worker from a processing plant but also the fisherman whose only protection is the co-operative.

I felt that this bill would bring about the disappearance of co-operatives as well as harmful consequences for the economy and society; already the situation is very serious in my riding. And almost one third of the population is non productive in some designated areas. In fact, were co-operatives to disappear, the social and economic situation in my riding would become more critical.

Mr. Speaker, co-operatives are of prime importance in the Maritime provinces, especially in my riding. I hope, therefore, that the relevant sections will be examined by a committee of the whole House, and that the latter will amend these sections in order to provide a more effective and more equitable way for co-operatives to remain in operation.

[*English*]

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I was very pleased to hear a government member say some of the things that need to be said with regard to the proposals in this bill for taxation of co-operatives. At the end of June, before we adjourned for the recess, there was almost a total silence on that side. I began to be amazed that a government had been elected in which there were not any members who were either aware of or concerned about the co-operative movement.

In this overall taxation proposal, there is a lack of concern for the disadvantaged in our economy. There is a lack of concern for those people and those organizations in our economy who find it difficult to gain new capital or retain capital for their operations. I think in terms of the co-operatives, in terms of the farmers, in terms of small businessmen. These groups will probably disappear if we continue present taxation policies. It is true there is provision for an increase in basic exemptions but the majority of wage earners, pensioners, salary-earners and small businessmen will, as far as I can make out, bear a disproportionate share of taxation. The measure before us is favourable to corporate business as far as tax rates and write-offs in certain categories are concerned. The government is sometimes charged with being devoted to creeping socialism. I do not think this is true at all. The government, as it appears from this tax bill, is devoting itself to the area of managed corporate capitalism in the hope that managed corporate capitalism, if left secure and not taxed too heavily, will be a source of prosperity for Canadians and a means of providing a satisfactory level of employment. I am assuming the government would like to see a satisfactory level of employment. Despite some of the things which have been done I cannot accept that it really does not give a damn.

• (5:00 p.m.)

This being so, the government must be following the general pattern we see here on the assumption that satisfactory employment will be created. From the look of these tax proposals, we must conclude that they expect satisfactory employment levels to follow from large-scale resource development. The fact that this has not happened up to now does not seem to faze them at all. It seems they believe that what has happened in the immediate past will not happen in the future. I do not know how

they come to this conclusion because like actions usually produce like results unless there are exceptional circumstances, but that is the line taken in the proposals we are considering. The bill does not follow the Carter Commission idea that a buck is a buck, that taxation should be equal. I do not think it can properly be called tax reform in the sense that most people understand the word. Rather, it is a managed tax scheme designed to give advantage to those who already have most of the economic power and to those who will most rapidly develop Canada's basic resources, which means that those already in production in the smaller segments of the economy will find it increasingly difficult to survive.

One sees the same approach toward what the United States has done in applying a surtax. The government's response has been to provide for assistance to those manufacturers or processors who are sending more than 20 per cent of their products to the United States. For practical purposes this rules out most of the small entrepreneurs in Canada whose operations are designed primarily to serve the people in their own areas but who do, nevertheless, export some of their products and who will be caught by this surcharge. The government's approach to this question is not designed to help farmers as individuals. It might do something for those who are processing farm products, but the chances of this assistance trickling back to the farmer are remote.

I know that when it comes to workers' allowances for expenses, the government's approach is to specify a flat amount. Why not allow the workers the same privileges as are given to others and accept legitimate expenses as deductible, provided receipts can be produced to show that these expenses have actually been incurred? For example, the expenses of railroaders working away from home vary a great deal. I know of verified cases in my constituency where expenses have amounted to two or three times the figure mentioned here. We are not back in the days when a working man could walk to his job, or take a streetcar, and be there in 10 or 15 minutes. These are times in which a worker whose job folds may well have to drive to another area to find employment, such is the mobility of labour. He may be required to drive and maintain a vehicle which he otherwise would have no need to drive or maintain. But no recognition has been given to these factors. They have been ignored.

Then, there is the position of the co-operatives. I cannot make up my mind whether these proposals for taxing co-operatives were the result of stupidity or malice aforethought. I suppose we shall never know. We can only hope that as the bill goes through, the present provisions will be amended. Some have said: Let us express concern over the small co-ops but do not let us worry about the big ones. The hon. member for Edmonton West (Mr. Lambert), as reported in *Hansard* at page 7762, said:

> We have had quite a reaction to this bill from the co-ops. I do not know what the House is going to decide, but it seems to me that the government has advanced its proposals after looking at some of the largest co-ops in the country, organizations which have lost their co-operative origins, that operate in the hundreds of millions of dollars class, their boards of directors being far removed from the ordinary members, in the same way as the boards of the biggest multinational corporations are far removed from the shareholders.

[Mr. Gleave.]

Then, he went on to say:

> Unfortunately, the government's proposal gather up into the same net hundreds if not thousands, of small local co-operatives. I am speaking of co-operatives organized on a local self-help basis.

• (5:10 p.m.)

Perhaps some private business was feeling the pinch as a result of competition from these large co-operatives. Perhaps they persuaded the government to move to clip their wings. If this should be true, then I say again this displays an amazing amount of ignorance because this bill, with its taxation proposals for co-operatives, will make it extremely difficult not only for the small co-operatives but also the large co-operatives to operate. The time is and has been for some time when the large co-operative is extremely important. If we had not developed the large co-operatives which we have both in eastern and in western Canada, we could not operate effectively. Canadian Co-operative Implements Limited surely would not be able to finance the importation of machinery, the manufacturing of machinery and the distribution of machinery if this particular tax bill should go into effect.

We had an inquiry into the cost of farm machinery and found out that the costs were excessive, but we did not receive any clear cut recommendations concerning how this situation could be changed. The only competition that is and will be effective in the farm machinery field is from such a co-operative or from the smaller manufacturing industries we have in Canada. The only real competition which exists in the distribution of fuel oil to farmers in western Canada comes from the Federated Co-operative. I would not be surprised if in a few years it were the only refinery remaining in the province of Saskatchewan because it is owned by the people of Saskatchewan and they will keep it there. So, are we seriously thinking we will bring in this kind of taxation proposal which would cripple an organization which saves millions of dollars for its people? I cannot understand those who say that a small co-operative is a nice little business and we can safely pat it on the head, but when it gets into the multimillion dollar class it should quickly have its throat cut. How else could we have established a farmer-owned fertilizer plant in Calgary had we not had a co-operative which could raise the money required to establish the plant? How else could we have established a large grain terminal on the west coast had we not had a co-operative which could obtain membership earnings in order to put it there?

I have before me the submission to the Minister of Finance by the Co-operative Union of Canada in respect of sections 135 and 136. In their submission to the minister they say their purpose is to object to the continuation of a capital employed concept as a base to determine the extent to which patronage refunds may be paid by a co-operative. They were impelled to make this submission because the government decided that 3 per cent was not enough and intended to jump it to 5 per cent. This was an illogical method in the first place. In this legislation is a proposal for the taxation of co-operatives' annual earnings. Co-operatives have not objected to paying the tax on the profits they have. They have said in this submission "for non-member earnings, tax them as a corporation". What they are objecting to is the government dictating to them the manner in which they may distribute the patron-

age earnings from the earnings of the members and which belong to the members. Is it correct that the government should tell them what they can do and how much tax they will have to pay?

I do not think the people who made these proposals really know how co-operatives gather and maintain their equity or how it is paid out. Co-operatives have to pay out savings and reserves as their members retire or become old. If a member should cease farming, the standard practice in the Saskatchewan Pool, or in the Biggar Co-operative or in the co-operative at Swift Current or Saskatoon is that at that point in time they repay the shares, or in other words the savings that the member has in the co-operative. The submission made by the co-operative states that under this taxation proposal either one of two things will happen. Either the co-operatives will not be able to pay out the money to these people when they cease business or retire, or, if they pay it out, the co-operatives then will be starved for working capital. Is the objective of this proposal to starve the co-operatives in respect of working capital? As I say, what is it? Is it ignorance or what? We are exercised because we have a lot of money invested. Those of us who are members of the co-operatives and who have been officials of co-operatives know; for example, that in the Saskatchewan pool, the Alberta pool and I suppose in the Manitoba pool we are facing a rebuilding and reorganization program which will cost somebody a lot of money. This will not cost the government a lot of money. It is the farmers who will have to pay the shot.

I would expect the government to be concerned with keeping the co-operative movement strong. It is a purely Canadian organization in all its aspects. It is owned by Canadians. We have no difficulty in the co-operatives in respect of foreign capital. We do not consider it is even possible that a United States or indeed a British firm could come along and close down the co-operative refinery in Regina. This will not happen because we own it and want it there. It is quite possible that any time any corporation in Canada can close a particular refinery or indeed a fertilizer plant and say, since it is not making money, it is to be closed down. Or it could be a flour mill. We had an example a few years ago when if we had not had co-operative owned flour mills in western Canada, we would not have been able to deliver flour to China because the foreign-owned flour millers simply said they would not mill the flour.

• (5:20 p.m.)

I should think that a government which was at all concerned about Canadian ownership would be busying itself making very sure that co-operative institutions and commercial operations in Canada remained viable and strong. We find the very opposite. I do not know how many letters and submissions I have received from local co-operatives in western Canada, but I have received a great many from individual members, farmers and, indeed, city people who use these co-operatives both in my constituency and others. The only other two recent actions by the government as a result of which I received more letters was the stabilization bill and Bill C-176. Our people are greatly exercised by these tax proposals. They consider these proposals will put in jeopardy thé co-operatives they have spent a great deal of time and money establishing. The only thing I can say to this government is that before it is too late it should change its basic approach.

Finally, let me say something to the government in respect of farmers. I think it was the hon. member for Fundy-Royal (Mr. Fairweather) who said a short while ago it was about time we recognized that the farmer was in a different position from the corporation. The farmer has more difficulty in respect of capital accumulation, and this applies to the small businessman, as well in transferring assets from one generation to another. There is no recognition of this fact in the government's approach. When this legislation comes into full effect it will make it more difficult for a farmer to purchase and maintain a line of machinery on his farm. This does not have to be so. If any real consideration were given to this matter a different approach could be taken.

If it is the government's decision to levy a capital gains tax, this could be done in such a way that it would not hamstring or hamper the ordinary farmer in doing business and maintaining an adequate capital structure. However, no consideration has been given to that aspect. It seems there is an idea in this country that we should be enamoured with corporate business because this is going to give us all the things we want in terms of growth and social satisfaction. We are beginning to find that this is not so.

There does not seem to be any urge to develop or take different approaches to meet the real needs of the people. We must meet these needs of the people whether they are in the cities, the towns or on farms, whether they are engaged in fisheries or anything else. We do not seem to be able to bring ourselves to the point of saying these people must come first and must be of over-riding concern. It seems this is impossible to achieve.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hillsborough (Mr. Macquarrie)—Pollution—Request for progress report on removal of sunken *Irving Whale*; the hon. member for Skeena (Mr. Howard)—External Affairs—U.S. claim to Machias Seal Island and coastguard invasion of waters in Dixon entrance—Canadian position.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the

amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I rise to take part in this debate supporting the amendment, and I want to deal with one specific point only. I wish to espouse the cause of credit unions and co-operatives, which stand to be adversely affected by the provisions of the tax reform legislation. I make no apology for repeating this plea because I can think of no other sections of the proposed legislation which will be more harmful to the average citizen of Canada than these sections affecting the credit union and co-operative movements.

A credit union is a group of low income people each of whom as individuals was unable to amass sufficient capital to improve his standard of living. They had a common bond of union. Perhaps they belonged to the same parish, the same labour union or all lived in a small community. They pooled their resources to establish fairly substantial supplies of capital from which a member might obtain a loan to procure for himself the things he required to improve his economic position.

These loans were granted not because the individual had a lot of collateral, such as that demanded by banks and other lending institutions, but because of the man's character, his standing in the community, his integrity and the fact that he would, when circumstances permitted, repay the loan. Let me cite as an example, that small credit union in the town of Delhi. I attended a meeting of the directors of that small credit union and learned the story of a man whose name will remain anonymous unless it is required. He was a worker at a local tobacco factory in the town of Delhi. He tried to borrow money from the local bank and other lending institutions in order to set himself up as a small bricklaying contractor. He was refused because he did not have the necessary collateral. He did not own a home or have anything at all to put up in order to satisfy the bank he could repay the loan. He then joined the credit union in 1955 by depositing $5 for the purchase of a share. Then, on the basis of his credit standing, he was able to borrow a sufficient sum to obtain the tools and equipment necessary to set himself up as a small contractor. He borrowed on his character and an assignment of his income. Today, he is a successful businessman, a good community-minded man who owns his own home, trucks and other equipment, and employs a number of men in his business. This is an example of what the credit union movement is able to do in the way of assisting ordinary citizens of this country who find themselves in adverse economic circumstances.

The present tax reform measure, far from containing provisions to assist small credit unions to continue to provide these services, has a dangerous clause which, if implemented, could have the effect of forcing the small credit union to close its doors. This is one of the major reasons I join my colleagues in supporting the amendment before the House in the name of the hon. member for Edmonton West (Mr. Lambert). This amendment deplores the lack of understanding by the government of the plight of the ordinary citizen with less than adequate resources who is caught up in this conflicting economic force of inflation and unemployment. It is ironical to me that a government which purports to espouse the cause of the less fortunate is proposing tax legislation which contains sections which, if implemented, would destroy the very mechanism by which small business people have pulled themselves up by their bootstraps, and I refer to credit unions.

[The Acting Speaker (Mr. Laniel).]

Perhaps at this point, so that hon. members and particularly the Minister of Finance (Mr. Benson) might have a better appreciation of what we are talking about, it would be in order to briefly review the history of the credit union movement. If we know where it had its beginning we might better understand it. It originated first of all in a famine-stricken area of southern Germany in the year 1849. There, the mayor of a small town in a depressed area of Germany, seeing the plight of the poor people, encouraged them to pool their resources. They did this and established sufficient small capital resources from which they could borrow and improve their positions.

• (5:30 p.m.)

The credit union movement in Canada had its origin in the year 1900. It was organized first by Alphonse Desjardins in Levis, Quebec. He was profoundly disturbed by the poor and the suffering in his own parish of that area. He talked with them, he encouraged them to get together and to do what they did in Germany—pool their small resources. It is interesting to note that Alphonse Desjardins was a reporter, a journalist, who later came to Ottawa to be a *Hansard* reporter in this House. By his encouragement of the people in his community he amassed a sum of $40,000 to aid the people of the area. He was the sole custodian of the fund. People in the community began to talk and said that he was misusing the funds, and so on. Therefore, on going to the premier of the province of Quebec he was able to get a charter drafted by means of which a suitable and proper constitution could be set up for the credit union movement. This, then, was the beginning of the movement in Quebec which, as the hon. member on the other side mentioned a short time ago, became what is today the Caisse Populaire organization in that province.

Today there has been a tremendous growth in the movement and credit unions have spread to the United States. It is interesting to note that Mr. Desjardins was requested by a prominent financier of the city of Boston to go there and explain to the poor sections of that city his plan. Credit unions then were formed in the United States and have grown there as they have in this country. I think it is interesting, also—people who are passing laws which will be detrimental to credit unions should know these things—that it was the credit union movement which first pioneered the principle of insuring loans to members. It was pooh-poohed by financial institutions of the day as being entirely unpractical, yet they have shown it to be workable, so much so that today many lending institutions have provided means by which a member can insure his loan so that the debt dies with the debtor, and his family and those left to carry on are not saddled with the debt which he was unable to repay by reason of death.

Many small credit unions are in existence today in this country as well as the large one, the Caisse Populaire to which I referred. The larger ones deserve encouragement and not discouragement by the government in order that

they may continue the good work which they now do. I have, as have many members of all sides of this House, received letters from people who are members of credit unions expressing concern and fear of the possible effects of the reform legislation now before the House. I will read a section of a letter which is written from the heart. This is what the writer has to say, a member of the Delhi Ontario credit union to which I referred a short time ago:

> We would like to express our displeasure of even the thought of taxing the so painfully established credit unions, who have rendered so far tremendous service to their members. Most executives are working voluntarily many, many hours to manage a self-help association. We are sure the federal government already derives a great deal of good, directly and indirectly, from credit union service. I am thinking in terms of education re merits of saving, forgiveness of debts when fatally hurt—it just happened here recently to one of our members again. Also getting people out of unforeseen trouble with dignity, even to loan money to pay our ever increasing taxes. Just ask any credit union committee member to learn more about that, or look into the history of credit unions. Are we members not already taxed for things we buy with money borrowed from the credit union? When no one else wants to help you, the credit union seems to give the chance and now you are asked to vote to tax them out of existence, at least the majority of the smaller ones. Why?

This, I think, is a simple plea from a member of the credit union movement for some humanity in the legislation now before the House. It is interesting to note what the Prime Minister (Mr. Trudeau) said to the credit union members on international credit union day earlier this year. Among other things, he said:

> Credit unions have experienced enormous success because they encourage both regular savings and the wise use of credit. But even more important, credit unionism encourages self-help, mutual assistance, and personal involvement. In this sense credit unions are more than financial institutions, they are a positive social force within our communities.
>
> To over 38 million members of the credit union movement in many countries of the world, I send my best wishes for continued growth and prosperity.

Those were fine words to assure credit union members that all would be well. The actions of the Minister of Finance belie the honeyed words of the Prime Minister. Something is wrong in this contradictory approach to this legislation. The specific fears which credit union members have are to be found in sections 127, 135 and 189 of the tax reform legislation. The credit union people tell me that they are about to experience a double form of taxation. The profit accrued from the pooling of resources of all its members still belongs to the members but they are leaving it in the co-op to be distributed as they see fit as tax dividends. Now the government is proposing to tax the pooled resources of the members. Then, when the members receive the profits of their organization in dividend tax credits they are forced to declare them on their income tax returns and are again taxed on the same money. This, they feel, is unfair double-taxation.

The government must distinguish between the economic aspect of the credit union movement which I have just covered and the humanitarian aspect referred to by the Prime Minister in his congratulatory message. Most important of all, I think we must remember that we are dealing with people—not figures, not dollars and cents, not mere statistics, but people and their condition of life. Credit union people have been able to improve the cultural aspect of their communities and themselves. They have been able to obtain the better things of life. To the people who were once caught up in abject despair, who had given up all chance of success, has been given a new outlook on life. People have been able to make a contribution to Canadian life rather than become a drag on society. They have become wage earners, not names on welfare rolls. I cannot say too strongly that this factor should be taken into consideration when we are studying the dollars and cents effect of this legislation on the credit union movement.

Now may I turn for a moment to the co-operatives and their plight, which is somewhat the same although not quite. In my own community we are served very well. The farmers in my area and other people who desire to use the services of the Norfolk Co-operative Company Limited, serving the people of Norfolk, Haldimand and counties, are served very well. This co-operative is independently managed by its own directors. It does not take orders from United Co-operatives of Ontario, an organization which helps to buy and supply them with the goods which they sell but does not control the decisions and the policy-making of that group.

• (5:40 p.m.)

It serves many hundreds of people in my area. It is one of the main reasons that the family farmer has been able to maintain himself in a society which today appears to be tending towards bigness in farming operations and in which the family farm is largely being ignored. This is something that cannot be allowed to happen, Mr. Speaker. The family farm provides a satisfying way of life for many people. The co-operative movement in my county and in many other areas across the country permits small farmers to live the kind of life they want to live.

The co-operatives are deeply concerned about the increase in the rate of tax on employable capital. Over the years the Equitable Tax Foundation has released a barrage of criticism against the co-op movement. These releases have landed on the desks of Members of Parliament. They are most unfair in their criticism of the co-op movement. The previous speaker, the hon. member for Saskatoon-Biggar (Mr. Gleave) dealt quite effectively with this aspect of the matter. It seems to me that the people in the Equitable Tax Foundation fear the competition of the co-ops. But, Mr. Speaker, the co-op is the governing influence, the levening influence that keeps prices within the reach of the ordinary person in our society. I fear that the drafters of this legislation have been listening too much to the Equitable Tax Foundation. In fact, one even wonders if that foundation helped draft some of it. To those people I would say, as I have said to hon. members here this afternoon, there is a distinct failure to consider the human aspects of the co-ops and the credit union movement.

The co-ops and the credit unions have one thing in common. They are held together by a common bond of association. They are designed to provide service to their members. They are self-help groups. The co-ops are self-sufficient. The Caisse Populaire movement is a good example of a co-op being able to stand on its own feet. But let us not forget that big as some co-ops are across this country of ours, they provide sustaining support for the small, local co-ops throughout the country. Without the assistance of the larger buying power of the big co-ops,

the little ones would be in trouble. Let us take a hard look at what we are doing before we pass damaging taxation laws which will hurt these people. Let the government not forget that it has sponsored and encouraged the co-op movement among the Indian and Eskimo peoples of our country. Now we find this iniquitous piece of legislation which is going to damage that whole program.

There are other aspects of this bill that I would like to talk about, but I will not take time to do so at this point. However, before I conclude I wish to refer to student exemptions. It seems to me that a student who is attending a registered university or college should be completely exempt from taxation until he or she has completed the full course of education and taken a proper place in the work force of the country. It is difficult to understand a policy which provides student loans so that people may continue their post-secondary education and yet at the same time taxes those people on the summer earnings they have accumulated to try to maintain themselves in college. Something is wrong here, Mr. Speaker. The amount of tax revenue derived from such income, compared with the total tax revenue of this nation, would be a mere pittance. Let us give the students a break.

Not only is the economic aspect of it disheartening to the young person who works hard to earn money and then finds he must give part of it back to the government coffers, but it is also demoralizing to him. He is prompted to ask: What is the use of working? He is prompted to say: Let society keep me. Let them put me through college. I believe that taxation should not apply to students who are earning their own way through college. Such tax relief would give them some incentive.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I appreciate the opportunity to take part in this debate. It brings us closer to the end of this particular road, and perhaps not too soon, because if the debate on tax reform and all the documents which accompany that reform continues for even two more years we will have to build a 20-storey skyscraper in Ottawa to accommodate just the mere words, let alone the Members of Parliament who are being hemmed in their offices by what they are receiving in their daily mail.

The fight for tax reform started a considerable time back. I suppose the peaks of it were the decision by the Diefenbaker government to appoint the Carter royal commission and the other events with which most of us in this chamber are familiar, in particular the presentation of the white paper by the government, the studies made of it by the finance committee of this chamber, the finance committee of the other chamber and then the presentation of the budget.

I do not think that the presentation of the budget, for reasons I will go into briefly, was the end of the trail so far as tax reform is concerned. I say this because as some of us see it, in particular the last speaker with his eloquence about co-ops and credit unions and others who took part in the debate earlier, there are cases where we have to examine carefully the minutiae put before us in such cumbersome form by the Minister of Finance (Mr. Benson).

In dealing with the problem of what is a fair tax system we have to consider two or three questions. These are the

[Mr. Knowles (Norfolk-Haldimand).]

questions that I would ask myself: What social objectives do you consider? What do you do in taxation when you deal with those whose income earning may take place rather late in life? The last speaker mentioned those who go to university. I am thinking particularly of doctors. I know of doctors who have gone well into their twenty-seventh year, and some beyond their thirtieth year, in getting their education. I admit that certain economic advantages may come to them rather quickly and rather bountifully after that, but this should not make us indifferent to the fact that for many of them there has been a great deal of sacrifice over a long period of time.

But even before the doctors and people in the category—the long learners, if I may call them that—I put those who are under certain disadvantages in today's society, in particular the old people, those who are not able to earn, who are not really able to fight the inflation that has hit all of us, who come to the end of their days having given their all to Canada and who suddenly find there are new challenges which they are totally or partially unable to meet. If you are to have a fair tax system you must consider that old people deserve special consideration when you are making out the formula. Then there are those who are physically and mentally disabled. They have to be considered as well.

I would like to think that in making out the exemptions, which are the very heart of our tax system, we would pay more regard to the poverty level that our social scientists now talk about. I mention this because when you see exemptions continuing at a certain level for over a decade, particularly in the period of inflation since the end of World War II, you know that things do get out of joint. We also know that the people who save are least able to fight against inflation. I should like to see an income tax law eventually framed so that the poverty level would be the exemption rather than some arbitrary figure. In other words, I should like to see more flexibility, which the measure we are considering does not have. I shall have more to say about that matter when we get into the question of the exemptions provided in the bill, Mr. Speaker.

• (5:50 p.m.)

There are those with special responsibilities in the work force, such as women. This question has been well researched by the Royal Commission on the Status of Women, I admit, and they do not lack champions. However, one has to ask whether the formula contained in this proposed legislation is proper, or whether it should not be more generous and complete. Perhaps this is a matter of detail but it is important detail because the number of women taking part in the economic life of this nation will increase.

When one sits down to frame legislation, the economic objectives of taxation are important. As an example, there is large-scale exploration for oil in the province of Nova Scotia. It is known to be there and it has been brought up from subterranean sources, but so far there has been no public indication of how vast and exploitable these resources may be. It is something to find oil and to give an incentive to the companies that look for it, but it is something else to have that oil brought ashore and used in a commercial process.

Mr. Speaker, I wish the hon. member for Mercier (Mr. Boulanger) would turn his voice the other way, toward the Secretary of State (Mr. Pelletier). I find their conversation distracting.

I think we should be asking ourselves if it is only a matter of finding something that can be squirrelled away by the oil companies and marked as part of the natural resources of oil in North America without doing anything about it. Should we not give exemptions and benefits to the companies that search for oil, ensuring that such benefit is available only if there is a use for the oil? I fear that we may establish beyond all reasonable doubt that there is oil in commercial quantities off the coast of Atlantic Canada but we will not in some way ensure that the oil is not exploited in such a way that we have a resource in Nova Scotia that perhaps we cannot use. That situation could be avoided by provision in the act that we are considering.

I should like to quote a submission made to the House of Commons Committee on Tax Reform by the Nova Scotia Voluntary Planning Board:

> Many aspects of the proposals and of the projections remain implicit. The assumptions underlying the proposals are not given so that it is impossible to determine what kind of economic model is used as a basis. Is it a growth model and does the model incorporate a rate of inflation? Has analysis been undertaken of the effect of the proposed tax changes on the rate of saving in Canada, and, perhaps more importantly, on the inducement to invest? Is it known what effect the changes will have on initiative, entrepreneurship, and the willingness to work, particularly on the part of the entrepreneurial group?

Those questions have not been answered, Mr. Speaker, although they were presented some time ago by a responsible organization. At a time when we are in economic trouble, when we have to ask ourselves the purpose of our tax laws, when perhaps more than ever before we have to ask people to be prepared to invest and risk money without any guarantee that it will come back, to risk money for the sake of promoting development in Canada and providing jobs for Canadians, these are valid questions. The reasoned amendment presented by the hon. member for Edmonton West (Mr. Lambert), on which we will be voting shortly, commends itself because it asks these basic questions and says to the Minister of Finance, "You have not gone far enough. You should have been able to show us that this fancy package has the objective of increasing the Canadian economic potential."

The brief presented by the Nova Scotia Voluntary Planning Board continues:

> If the proposals lead to a reduction in private saving—

And I think that will happen.

> —owing to the incidence of taxes on decisions to work and to save, it will be necessary to resort to public saving and/or borrowing, or the attraction of more external funds to finance economic growth. When the private sector is acquiring liabilities and assets at a rapid rate there is prosperity,—

I suppose one could say, parenthetically, that this has been the case in the past.

> —but when the public sector is required to acquire liabilities, there is an increase in public debt. The situation may become very confused owing to different attitudes toward public and private finance.

I think those are very valid questions and are as valid now as they were at that time.

Mr. Speaker, it is close to six o'clock and my next thought cannot be unburdened in anything less than five minutes because it deals with the language of the proposal. May I suggest that it is now six o'clock?

The Acting Speaker (Mr. Laniel): It being six o'clock, I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. McCleave: Mr. Speaker, when I broke off my remarks just before the supper hour I had tried to express my feelings about one or two of the principles that ought to guide us in our quest for tax reform. Now I wish to carry my argument forward to a more specific field and deal with how that tax reform should be achieved.

I am a lawyer. Quite a number of members of this House are lawyers. Sometimes it is said that perhaps there are too many lawyers here. I always vigorously disagree with that contention. It is an old axiom of the law that everybody is presumed to know what the law is. Obviously, that must be a legal fiction because it could never be fact. Even if you read the many pages of the bill dealing with tax reform and knew what the law was, at the end of it all you still would not know the law in all its detail.

One of the complaints about the new legislation is that it will be very difficult for anyone to know what the law is. It is expressed in such cumbersome language that no one can read it and understand instantly what one's rights are. I think we should not forget that point when dealing with the bill. After all, the cumbersome language will lend itself to this difficulty: if we accept the draftsmanship of the Minister of Finance and his officials—and a lot of thought went into the drafting of the bill—and the legislation is proclaimed law, for a long time many people will be coming to the Department of National Revenue to find out exactly what rulings have been made on what the department and the government thought was the law. I can see a practical difficulty here, Mr. Speaker. That could be done for a considerable period and suddenly some bold soul could take this law before the courts. After winding its way through the lower courts of the land, the legislation could wind up before the Supreme Court of Canada and, bang, there could be a decision dead against any interpretation made by lower courts all down the line, as well as by the Department of National Revenue.

That is why I say that regard must be paid to drafting this bill in the best and clearest language. If it is not, the Department of National Revenue will find itself in difficulties and we in this chamber will find ourselves under a certain amount of opprobium for passing such a law. There may need to be a fair amount of fighting to achieve this clarity. I give the other side of the House warning that there may have to be a fight if we are to achieve what chartered accountants of Canada, bar associations and the like have said we must achieve. They have said that the proposed law is simply not expressed in clear enough terms; it must be clearer.

I see I am running out of time, Mr. Speaker. I wanted to make several points but I shall have to abbreviate what I wanted to say. My first point deals with co-operatives. Several colleagues in the House have already dealt with this question and I shall not trespass on ground they have gone over. I should like to say something about Monseigneur Moses M. Coady, the man from the Margaree Valley of Nova Scotia. He was not the father of co-operatives, and no one should say that he was, yet he was the man who probably gave co-operatives their greatest impetus in Canada. If any Canadian, dead or alive, deserves sainthood, my personal vote as a Presbyterian would be for Moses M. Coady. The "M" may stand for Michael or Mathias, because like Harry S. Truman he did not have a middle name, being known as Moses M. Coady.

He was a Roman Catholic, a very distinguished person and fought for a considerable time for many rights. Between 1949 and 1959, when he died, he fought particularly for the co-op movement. Indeed, half the speeches he made in those years were on behalf of the co-op movement. His biography describes him as a man with a soul and with a bent for poetry and idealism. I think that is a fair description of the man. Many years ago he saw the great disaster of 1929 in terms described in the book "The Man from Margaree", edited and with commentary by Alexander F. Laidlaw, which are worth repeating before hon. members of the House:

> The sorry situation of orthodox economists and financiers following the disastrous market crash of 1929 he likened to the helplessness of muskrats carried down the Margaree River in a great flood which ravaged the Valley in his boyhood. The muskrats had built their houses in the river bank according to instinct and the traditions of the breed, but that did not save them—they were swept away to destruction.

Dr. Laidlaw's account of Mr. Coady continues:

> He urged people to breathe life and vigour into weak community organizations just as in his young days the farmers would bring sick lambs back to health and strength by feeding them milk from a bottle. Sometimes his recollections ran to fanciful and humorous pictures that strained the imagination of his audience. "When we were boys, they used to send us out cutting alders when there was nothing else to do on the farm. Before leaving for the woods, we'd get our axes so sharp you could shave a sleeping mouse with them without waking him up."

• (8:10 p.m.)

I hope that no one in this chamber who is engaged in tax reform is in the same picture as Moses M. Coady going forward to cut alders. In his middle years, if I may call them that, he was engaged in a great movement in Nova Scotia and, I think, in other parts of Canada. It was a countermovement against young people leaving farms. The first fight in that movement was in favour of adult education and, second, to get into the breech in respect of the value of co-operatives.

I wish to again quote briefly from Dr. Laidlaw's book on Dr. Coady. I should point out that Dr. Coady did not assemble a book in his life. He was a rather vigorous person, always on the go. He would write notes on parking tickets, if he ever came across such a thing, or on whatever else was available. He got his speeches across in very powerful rhetoric which was quite rare in Canada. He spoke about the basis of the American way of ownership. I presume that these words were in a speech he delivered, as we say in Halifax, in the Boston state. This speech could well apply to Canada:

[Mr. McCleave.]

> The fundamental idea of American democracy was ownership, a land where everybody was a lord, with no lords over him and no serfs under him. The family farm was your economic and social unit. Then came the industrial revolution and the city proletariat. As time went on, the industrial revolution had repercussions on democratic ownership in the country, and a new and terrible feudalism was thrown up. We now have the double proletariat of industrial centres and open country. We have lost the idea of the family farm and ownership, but we can bring it back again through economic co-operation. The co-operative system, whether it be in the country or in the city, is only an enlarged family where all are brothers and no one exploits his fellows. This technique could enable the people of America to repossess the country that their fathers once owned. In doing this, too, they would establish the foundation for social justice and charity and give us a new and peaceful world.

I do not think that is very radical. In a way, it is rather conservative. It is an assertion of people of very humble means getting together to pool their muscle, instinct, resources and what remained in their purses after they looked after their families and the like. It does more than that. These people want a co-operative movement for the simple reason that the more you consume, the more interest you have in the particular society. That is the basis of the co-operative movement in Nova Scotia. It is now being threatened by this new legislation.

The hon. member for Central Nova (Mr. MacKay) and I had an opportunity this summer to meet 70 members of Atlantic co-operatives in Truro, Nova Scotia. I think other members also met people belonging to co-operatives. We learned more about the co-operative movement than could be spelled out in a 30-minute or 40-minute speech. We intend to carry the fight through. One principle that has to be reasserted has been overlooked in presenting this legislation. If we do not strengthen the co-operatives and give them something to which they can look forward by means of this legislation, we are simply relegating people to economic slavery. I do not believe we should do that. Co-operatives are a special means by which people can assert their right to be an owner of something. This was the biggest criticism I heard of the legislation. People are going to be denied the right to be something, in face of the very large fellows.

This legislation simply asks that $5 million be put into the pot in return for several hundred thousand Canadians who feel they are being deprived of something. I realize that not all Canadians are co-operatively inclined, but a certain number are so inclined. I do not know the formula we must come up with when we get into the nitty-gritty of the legislation. I shall not try to deal with it now. However, we must do something to enable these Canadians to have their small share in something that is distinctively Canadian. We must be able to carry out the ideals of Dr. Coady.

If I have two minutes remaining, I would like to mention two thoughts in the field of housing and urban development. I wish to quote from a brief sent to the minister on September 1 by the Housing and Urban Development Association of Canada. This should be on the record. Although they make nine points, I simply wish to record two:

> 1. Large investors who would normally build for the rental market will divert funds from residential into commercial and industrial buildings.

2. Investors wishing to build up estates for pension purposes will be prevented from carrying capital cost depreciation from a building costing up to $50,000 to a larger one and hence will be discouraged from any form of such investment.

My time has run out. I cannot deal with the complete picture in a 30 or 40 minute speech. I have mentioned some of the things I would like to see carried on. I had the advantage of being on the committee which dealt with taxation reform. We are so close in 90 per cent of the things that have been talked about for so many years that this should lead us on to see that the final 10 per cent of contentious matter is cleared up so that everyone will be reasonably happy. We should have something that will appeal to all Canadians.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, on budget night last June I was reported in the press as having said it was a good budget. However, only half of what I said was reported. The complete statement should have read, "Compared to the white paper, this budget seems to be a good budget."

Mr. Mahoney: You are a little late for those remarks.

Mr. Thompson: I am not trying to correct myself; I am only trying to give an introductory statement to lead into my comments regarding the budget.

The white paper turned out to be nothing more than building up a straw man which the public tore down, viciously at times, in order to make the alternative which the Minister of Finance (Mr. Benson) has produced seem at least better than it was, even though it was bad. The Canadian Press probably summed up well the budget version of taxation reform when it stated the following on the day after the budget speech:

In essence, all the major features of the 1969 proposals that enraged the business community and aroused some provincial governments have been dropped or significantly moderated.

Certainly what was left, Mr. Speaker, could have been inserted into the normal budgeting procedure. This prompts me to make some comments on the usefulness of the bill as a measure of tax reform. There is a real question in my mind as to the effectiveness of the procedure the government decided to adopt. The white paper process cost millions of dollars directly and many more millions indirectly by virtue of the uncertainty and hesitancy it induced in the economy generally.

• (8:20 p.m.)

In light of what it has cost, the bill before us is a very poor buy. The effects of the white paper held us back to the extent that today we face unemployment at a higher level than for many years. The government's proposals as they relate to tax reform fail entirely to alter the pattern of federal tax activity; they merely try to give old ideas a new appearance. Nothing is done to ease the basic burden of taxation, nothing has been done in the field of tax sharing with the provinces or to ensure greater equity for taxpayers in the middle-income bracket. The poor are still taxed, and no attempt has been made to employ a tax credit rather than an exemption system to more effectively assist low-income Canadians.

It is easy to talk about taking 750,000 people off the income tax rolls. What we ought to realize is that the amount of income tax collected from these people is probably not sufficient to cover the cost of administering the collection of the tax involved. Nothing really has been done for the people on low incomes as far as tax reform is concerned.

There is another important aspect which the bill does not cover. It fails to simplify the language or improve the draftsmanship of the existing act. Supposedly there are a great many loopholes in the present legislation—certainly people have been able to avoid paying taxes which they should have paid. The complexity of the drafting of the bill before us is that ten loopholes are left for every one which has been closed. I am not an authority in this regard but I read what the experts in this field have to say, the members of the legal and accounting professions who work in this area, and this is exactly what they are saying.

Then, again, the bill fails to reform the basis of tax collection. Here is one of the most pressing areas of reform as it relates to the existing legislation. Many of those who are authorities in the taxation field have not yet arrived at a complete understanding of what this bill will mean to those they represent or to the economy in general. As far as public understanding goes, the bill is really a vacuum. I should like to quote from the text of a letter written by Mr. Thomas Ferguson, a tax accountant, in the August issue of *Canadian Business:*

Most people in the business world think this law is a great improvement over the white paper. Whether we are right or not may take years to learn. After all, we are still dealing with appeals about the interpretation of the 1948 law. This new tax reform bill will prove no easier to interpret, and without any question it will be much more difficult for the Department of National Revenue to administer.

More rewriting of the Income Tax Act is not too many years in the future.

It is not an easy thing, unfortunately, for the general public to interpret a technical, legislative document such as the huge bill before us. Many of the reforms contained in it may have some merit, or at least some people think so. The trouble is that so most people cannot understand what the bill is saying, partly because it is so huge, so complicated, and partly because it is so badly drafted as to be almost unreadable. Take, for example, clause 39 which deals with the capital gains tax. It is only half a page in length and seems to be very concise as statutes go. However, after he has read four lines the reader is directed to turn to clause 3 and read another page. At the same time he is required to read that clause as though it says the opposite of what it really does say.

None of us wants to be the beneficiary of a law which imposes a higher than necessary compliance cost on the rest of society. As Canadians, we want the laws to be such that most people can understand and comply with them without the constant attendance of a professional adviser. The bill presented to us will afford a heyday for tax consultants, lawyers and accountants simply because the public is not able to understand or cope with it.

Usually, the legislation we pass in this House affects relatively few of the population directly. If difficulties are raised, there are the judges, lawyers and other officials who manage to make the law work reasonably well most of the time. The irritation and expense occasioned by shortcomings in a statute do not present a major problem

to the ordinary person, as a rule. But when these shortcomings exist in an income tax law the situation becomes very different. Virtually everyone in the country is directly affected, and affected continuously from year to year.

The complexities of capital gains taxation will affect many more people than does present income tax. Most of the burden of coping with this complexity will fall on taxpayers in business, rather than on salary and wage earners. Then, too, there is the question of the added expense. The cost of complying with the new tax law will, like other business costs, find its way into the prices of goods and services which we all buy. An income tax law should not be rushed on to the statute books; the consequences of errors and ambiguities are far too damaging. This is one of the first objections I have to the proposition before us.

I turn, now, to another aspect, that of inflation. Your Honour will recall the words spoken by the Prime Minister (Mr. Trudeau) last December when he proudly announced that inflation was licked and that he could, as a result, go on to deal with what he considers the No. 2 problem, namely, unemployment. It is strange indeed that after the employment situation has been used and manipulated by a deliberate depression of the economy, we find that not only has unemployment increased in our midst but inflation has not been licked either.

• (8:30 p.m.)

Just the other day when speaking in Port Hope the Prime Minister had to admit that inflation was rearing its ugly head again and presented the government with a much tougher problem than it had before. It is strange that some of those who advised the Prime Minister and who are responsible, as tax experts, fail to understand the situation as it exists today, not only in this country but in all western countries, which is that you can no longer manipulate the economy in such a way as to push down inflation without affecting the other aspect, unemployment.

It is time we realized that those theories which may have worked before World War II and in the more prosperous years thereafter have been replaced by a situation which requires something very different from before. If we are to come to grips with the problem of inflation we must gear our financial policies to consumption rather than to profits. This is the reason the present incentives given to industry are not really producing the jobs in the way they should. Quite the opposite is true. The government is giving subsidies to industry and inflation is going ahead faster than ever before.

So the Prime Minister was right when he admitted that he cannot do as was done before. He said we cannot slow down the economy again because it is already slowed down. The problem now is how to put more money into the economy and stop inflation. The Prime Minister went on to paint a very gloomy picture of what would occur if the government imposed compulsory controls. He said very clearly he was not in favour of compulsory controls on either wages or prices. It is one thing to speculate in a pre-election campaign in parts of the country, but it is another to come up with an economic policy which will face up to the problem of inflation and at the same time provide jobs for an expanding population.

[Mr. Thompson.]

It is interesting to note that one of the most severe and intelligent critics of the government's financial policies in this budget is the leader of the Liberal party of the province of Manitoba. Mr. Asper is rather alert in some of the things he says. I wish that instead of trying to build a party in Manitoba he would come down here and give some advice to the Prime Minister and the Minister of Finance, who are certainly in need of sound advice so far as monetary economic policies are concerned. Mr. Asper had this to say on June 19:

> But the budget plan has a major failing. It suggests we can honestly finance the tax cuts and economic expansion by further deficits, financed by creating more public debt. This does nothing but postpone the day of reckoning. For over a decade now, Canada has financed its economic slowdown by spending more than it produces in revenues.

It is good to find someone who supports what I have been trying to say in this House for a long time. Let me read what he has to say with regard to the folly of this course of action:

> The folly of this ought to have been learned in the lessons of the past few years, where, because of the massive federal deficits of earlier years, and the government borrowing needed to fill the annual hole, we have been suffering tight money, and worse, expensive money, because government has attracted the majority of loan moneys available, causing private borrowers to have more difficulty and more expensive access to money markets.
>
> Government does nothing for the average Canadian taxpayer, when, with one hand it reduces his annual taxes by $200, while with the other it takes it away indirectly by forcing up the interest rate he must pay for a mortgage to enable him to buy a home.
>
> Last Friday's budget speech indicates Ottawa is going to borrow $1.4 billion this year, and $2.4 billion next year. The federal deficit this year will be nearly $400 million, and next year, as if to compete with the years of Walter Gordon, the fiscal cavity will be $750 million, written in red.

The federal deficit no doubt will be more by the time the supplementary estimates are finalized. So I am disturbed by the economic policies which are bound up in an attempt to balance the budget through deficit financing. I might give the Minister of Finance a bit of advice. It is very simple. I think it came from my grandfather a long time ago. I wish more people on the government side would remember these few simple words: If your outgo is more than your income, then your upkeep will be your downfall. That is exactly what is happening in the government now.

Another aspect of the budget is simply that you cannot possibly bring in a federal budget without proper and complete consultation with the provincial governments. Taxation reform is not the sole prerogative of, nor does it affect only the federal government. It is imperative that the provincial governments and the federal government plan together. The question of estate taxes and gift taxes, as they have been deleted by this budget, is an ample example of this. I confess that getting rid of the estate tax seemed to me to be a good thing, but the problems the budget has produced for the provincial governments in the area of the proposal to delete estate taxes have been tremendous.

The government has failed to properly consult with or listen to the provincial governments. Whether or not it is the provincial, municipal or federal government which is involved, it is the same taxpayer who pays in every case. So it seems that in this area as well, because regional

prosperity or regional economic growth is not of a universal pattern in this country due to the different regional characteristics, it is imperative that any tax reform at the federal level should involve full consultation with the provincial governments.

I should like also to refer briefly to estate and gift taxes. In this regard I would say the decision of the government to increase the allowable tax deductions for charitable giving to 20 per cent, compared to 10 per cent, is one commendable feature of the budget. Because we have organizations like CIDA which are set up to assist and co-operate with the private sector in so far as international development is concerned, it is only sound policy to increase the amount of the deduction. This applies not only to organizations like CIDA but to other private organizations, church and otherwise.

The question of government support of education at the private level is an election issue at this time. But apart from the basic argument in that controversy, the increase to 20 per cent gives people the opportunity to have tax deductible allowances made for contributions to that kind of education. This is a good thing. It is also good for the many organizations which operate on a charitable basis, represent the private sector and play a far more important role in the over-all aspect of our economy and way of life than we usually give them credit for. So having said that, the elimination of the federal estate and gift taxes as of December 31, 1971, might be a good thing if the legislation before us passes this House by that time. It was there to avoid double-taxation because a capital gains tax will now be in effect.

• (8:40 p.m.)

According to the legislation there is no tax on bequests as between spouses. The inheriting spouse acquires assets at their original cost to the other spouse and the tax is paid only when the inheriting spouse sells or transfers the assets by gift or bequest. Gifts between spouses, outright or through a trust, are tax free but subject to tax in the donor's hands upon sale of the assets as if the donor spouse had continued to own the assets.

In respect of the impact this has had upon the provinces, we find with some surprise—and I am sure the Minister of Finance was among us—that the provincial governments attacked this very severely. The Ontario Treasurer attacked the move as too hasty and said the estate and gift taxes should be phased out as the capital gains tax is phased in, instead of creating a gap between the two which the provinces are left to fill. It will lead to loss of revenue for the provinces and create inequalities in the tax system. Without disagreeing with the basic principle of eliminating this tax, he certainly differed very strongly as to how it should be implemented.

The finance ministers of the seven provinces which do not have succession duty machinery have stated they will not be able to develop such machinery by January 1, 1972, and will thus lose revenues and become a tax haven for those in Ontario, British Columbia and Quebec. Former Premier Robarts of Ontario blasted this decision as inconsistent with the principles of tax reform and as indicative of a federal government tax reform philosophy that is solely concerned with raising money for federal spending programs rather than with a more equitable situation in so far as tax is concerned. Mr. Robarts said that the federal decision to eliminate death taxes puts provinces in the difficult position of having to maintain a tax on wealth until the capital gains tax matures. Far from reform, he suggested, this approach simply encourages and perhaps makes inevitable internal balkanization and tax competition between tax jurisdictions, surely what any program of true tax reform should try to avoid.

Behind all this is the simple fact that we are the most overgoverned people in practically the whole world. This is because of lack of co-ordinated tax policies among the three levels of government, because every dollar each one spends must come out of the same pocket—the taxpayer's. It would have been far more satisfactory, as far as the government is concerned, in relation to inflation, unemployment and the various problems which have now developed as a result of the DISC program of the United States and its surcharge on our exports there if the government had consulted, on the one hand, the provincial governments about the whole question of tax reform and, on the other hand, had realized that instead of bringing in tax reform, so-called, it is doing nothing but increasing the take as far as the final result is concerned. It should have cut taxes and given incentives to the consuming public.

It is an interesting suggestion that in addition to increasing deficits as far as the budget is concerned, the minister should have looked a little more closely at the increased take that will occur. The combination of increased federal income and higher deficits means that the minister plans to spend $1,224 million more this year than last year. This is more than $100 million per month in 1971 than in 1970. He has undertaken this massive program at a time when inflation so far in 1971 is running at an annual rate of more than 6 per cent and coming up quickly. At this rate, the drop in purchasing power will be more important to the average Canadian than the tax relief the minister holds out in this budget. The amount of money that is taken in by the tax collector, more than $100 million a month, represents a loss in purchasing power of the consumer to that extent. This pushes up inflation and makes it more difficult as far as the cost of living is concerned.

It is very interesting to note that a group of professors from the University of Toronto, speaking through Professor Thomas Wilson, when they testified before the Senate Committee on Finance earlier this year talked about the course the government was taking and said that the best means to accomplish an increase in jobs and control of inflation was to bring about a substantial tax cut. They told the Senate committee that the government's policy of cautious expansion was not enough to push the unemployment breakdown to a more desirable figure, such as the 5.5 per cent which they recommended.

They based their argument on a computer study of the economy. They told the Senators that the federal government should aim to reduce Canada's seasonally adjusted unemployment rate to a minimum of 5.5 per cent as fast as possible. They stressed the removal of the 3 per cent sales tax, which the budget does, but suggested this was not sufficient in itself and there had to be a further stimulant which could only come about through a reduction of corporate or of personal income taxes. They stated that taxes should be cut and that their preference was a

cut in federal sales tax. I might add that this tax cut should be made in areas of the economy such as the sales tax on building materials and production machinery.

In addition to cutting taxes, the federal government should curb the growth of money supply to a rate consistent with stable economic growth and low inflation, instead of saying on one day it has to be reduced and interest rates increased, then turning around the next day and putting out a vast increase in the money supply without any real thought of what this sudden injection of money would do to the economy. If this new money supply had gone to the consuming public, the result would have been far different. The injection of extra money into the economy through incentives to industry, such as we have now, really does not relieve the case of the unemployed.

While I am sure there are many Canadians in the low-income bracket who are grateful that the exemption for tax has been raised from $1,000 to $1,500 for a single person and from $2,000 to $2,850 for a married couple, the fact remains that the benefits to be gained in this way do not really help the average wage earner.

Another aspect of the economy about which I am very concerned—I just mention this in closing—involves the area of people who do not earn enough to pay taxes. Many of these are not the unemployed or the people on welfare or unemployment insurance; they are the working poor. Every one of us in this House knows that in our constituencies we have people earning $60, $70, $80, $90 or even $100 a week with take-home pay of something less than $400 or even $300 a month. They are working regularly but cannot maintain a standard of living compatible with that which this country is able to provide, simply because their pay cheques cannot go around. This budget does nothing for the working poor. The Senate Committee on Poverty brought out the fact that there were nearly five million people in this category in Canada, and nothing is being done for them.

In light of the budget with which we are dealing, it seems the amendment to hoist the bill becomes all the more legitimate simply because the budget does not do what it states it is going to do. It really does not do anything to alleviate poverty where it is most crucial at present. Certainly it does not do anything to control inflation, stimulate the economy or bring about the increase in jobs which we so desperately need.

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I congratulate hon. members who spoke earlier in this debate; I thought they brought out many useful points. After all, we are trying to arrive at a consensus of what is best for the Canadian people.

• (8:50 p.m.)

The drafting of this bill was particularly complex and complicated, far more so than it should have been. This tax reform bill that the Minister of Finance (Mr. Benson) brought to the House last June is a far cry from the regressive, destructive white paper proposals of a year and a half ago. Most people at least had time to get a long breath after hearing the final proposals in June. However, during those 18 months of uncertainty the economy rode under a cloud of fear, suspicion and uncertainty of what might be the ultimate outcome of the finance minister's tax reform. It not only frightened people but discouraged corporate and individual effort. At that time the Minister of Finance stated that it was a fight between ordinary Canadians and big business. Thank goodness some of these measures were changed, for instead of having four million people below the poverty level we would now have ten million.

The Minister of Finance pictured himself as the great reformer, instead of the great destroyer. He stated that he felt this bill was so good that he wanted to display it to all at large to see, to study and to admire. We are mighty fortunate that they did see it. That is one good thing—they had a chance to look at it. The people across this country were stunned when the first proposals for tax reform were brought out. They reacted slowly as the meaning of these various proposals sank in. At first they just could not believe it.

When the people did react, they did so very definitely. Letter by letter poured in, and so many were there and so great was the objection that a special staff of accountants had to be hired to handle them. Special writers on taxation for the newspapers wrote about the destructive influence that would be experienced if the budget proposals were brought into being. Deputation after deputation made their views known. They made known the disaster that would follow if the white paper proposals were ever adopted. The House of Commons Finance Committee pointed out the errors in it; the Senate Finance Committee ditched it almost in its entirety.

Eternal optimist that he is—perhaps it is good to be optimistic sometimes—the Minister of Finance finally did see the hole in the doughnut. Napoleon's retreat from Moscow was nothing compared with the minister's retreat from the white paper on tax reform. On June 18 the minister made his famous retreat. When he was through, you could scarcely recognize the white paper which had been introduced with such fanfare just 18 months previously. It is a victory indeed for the people, it is a defeat for the government by the ordinary taxpayers of Canada, and it must have been a humbling experience for the minister and the government. It was a triumph for democracy.

It does indicate, perhaps, in our present way of thinking and in our careless or monopolistic way of doing things, that perhaps all major legislation should be given a waiting period to test public reaction. Members of the Official Opposition also deserve credit for the fight that was put up, and even some members of the Liberal party who dared voice an opinion.

An hon. Member: Thank you.

Mr. Rynard: I appreciate that. Do not imagine that the bill which the Minister of Finance brought in is a simple one. As a matter of fact, it is a very complex bill and the interpretation of the clauses is difficult and obscure. A high-ranking tax officer told me that it will be months before all ramifications of this bill are understood.

Mr. Mahoney: Don't believe it.

Mr. Rynard: If the hon. gentleman from Calgary South (Mr. Mahoney) wants to speak, he can get up and do so. I

do not want his interruptions. I will try and answer any question he may have at the end of my speech.

Economists generally wander around in a jungle of words in which they cannot find any sound conclusions. One economist told me that the complexities of this bill frustrate him—and of course to the average tax paying Canadian it is an impossible monster. This situation is totally wrong. There is far too much bureaucracy, unintelligible to the average Canadian who can no longer understand his tax forms. They must be interpreted for him, and in many cases he signs a blank cheque. If he cannot afford an accountant, he is in a bad way and may find himself subject to tax penalties.

The government has made much of raising exemptions and taking some 750,000 taxpayers off the rolls. Taken on the basis of when all this started, back in 1948, it is not even justice to these people. To have kept pace in all fairness, the exemptions should have been higher. For example, the 1961 consumer dollar now purchases only 74 cents worth, and the 1948 consumer dollar purchased only 75 cents worth in 1961. So there we have a devaluation of over 50 per cent. This exemption gives little relief which is long overdue and which will be completely wiped out by inflation within a year or two. The lower and middle-income people will be made worse off than before by a ruthless taxing government.

To dwell on some of the problems which have been poorly handled, consider the taxing of sickness premiums paid by the unemployed under the new tax "reform." The government proposes to tax medicare premiums paid by the employer. This will affect three provinces—British Columbia, Alberta and Ontario. In Ontario this will amount to millions of dollars. What are they going to do about this? How do they propose to handle this situation? Will we be in another tax jungle? Apart from this there is another problem, the farm problem. I have here an article written by Mr. Knox in *Farm and Country*. He wrote:

> The question now to be asked is whether he gives sufficient recognition to the special nature of farming—and whether he gives fair treatment to farmers compared with other tax paying groups.
>
> The small investor collects in the form of investment income. He is to obtain the relief on the new dividend tax credits.
>
> The wage earner collects his economic rewards in the form of earned income. He is to share the same or a lighter income tax load than before—
>
> Of course, various taxpayers will be facing a variety of new taxes on their earnings, their enterprise, their savings and investments. But the farmer is the one who has to put all these economic eggs in one basket—and the one who will have to meet the capital gains tax head on—
>
> When the figures are fully worked out they show the so-called tax advantage to be mostly sleight of hand—and by the time inflation (and tax on inflation) is taken into account, it is not the capital gain but the farmer that Mr. Benson is sawing in half!
>
> The farmer who makes the same economic gain as the wage earner, but makes it partly in income and partly in increases in the capital value of his farm, can be worse off.
>
> This result comes about for two main reasons. First, because the farmer's "hidden" yearly capital accumulation does not obtain the full benefit of annual personal income tax exemptions. Secondly, because inflation gouges a huge bite out of the farmer's deferred capital gain while it only nibbles at the salary earner's income.
>
> During his lifetime, then, the farmer has to get by on a much lower standard of living than the income-rich non-farmer. And at the end, his heirs inherit an illiquid farm estate and a whopping lump sum bill to cover capital gains at death tax (and provincial death taxes).
>
> Some people have suggested that by cutting the tax in half, Mr. Benson's revised capital tax system has saved the farmer's neck.

• (9:00 p.m.)

> On closer analysis it may turn out to be a new form of "capital punishment" which will tighten a noose around it.

There is another point I would like to bring to your attention, Mr. Speaker: it concerns the credit unions. Usually a credit union is a small organization set up in a small community. Its main purpose is to serve the people in that community. Some people may have a few dollars to spare and they put them in the credit union. Other people who need a little money, borrow it from the credit union at a modest rate of interest. Now the government, through this new tax reform bill, proposes to hit these small organizations which have played a great part in saving the people of small communities from having to deal with the larger financial institutions at higher interest rates. This is a small community, enterprise, non-profit, with little or no expenses. Its sole purpose is to serve the people in the community. They must be left alone.

Looking back and being honest about it, I think most of us could say in all conscience that over the last three years we have witnessed mismanagement and failure by the government with regard to the economy. At the beginning of this year the Minister of Finance proclaimed that the worst of the unemployment situation was over. But from that time on unemployment rates increased, with the latest released just a few days ago showing an increase in August of .2 per cent, at a time when we should have expected the reverse.

Mr. Dinsdale: That is King Canute in reverse.

Mr. Rynard: Yes; and they cannot blame the American surtax for that result. Food and shelter costs rose 1 per cent in August, which is at an annual rate of 10 per cent. I am afraid we have not reached the worst yet. I am wondering what will happen when countries such as Japan, West Germany and Taiwan from which we import goods revalue their currencies to meet the American surtax. The result will be that we will have to pay more for the goods we import from those countries.

I also wonder about the cost of Canadian manufactured goods, a cost which is going up because of increased labour costs, in turn made necessary by increased taxes, but without any accompanying increase in production. Now we find we have more government interference, such as the new competition act. Taxes have to be increased to meet rising welfare costs and unemployment insurance costs. Indeed, the Minister of Manpower and Immigration (Mr. Lang) conceded the other day at a committee hearing that business was not investing in job-creating industry.

Almost all economists have been crying out over and over again for tax cuts. But the Prime Minister (Mr. Trudeau) has refused to listen. Like Ulysses, he has wax in his ears; he cannot hear the danger sirens. He does not have enough money to meet the ever expanding costs of unemployment and welfare. The Prime Minister has been in office for three years. During that time we have seen mounting unemployment, inflation and bad relations with the United States. Canada's relations with the United

States have hit a snag. The situation has gradually grown worse, with open hostility shown in speeches to the Americans by cabinet ministers, and even by the Prime Minister, ranging as far as from Denver to Moscow.

This is hardly a good neighbour policy, Mr. Speaker. It is certainly very ineffective in helping to sell our products and in getting due compensation for them, with the give and take that must dominate in the marketplace. It is indeed sorrowful to contemplate, considering that the United States has been our best customer in many ways, taking between 60 per cent and 70 per cent of our exports and owning about 55 per cent of all industry operating in Canada. It is all right to say that we will find markets elsewhere, after admitting that this takes time. How are we going to compete with countries which produce goods of comparable value and workmanship but with a lower labour cost than we have in Canada? This is a serious problem which faces Canadians who must be able to sell their goods in the export markets of the world.

If the government is not going to lower taxes, then it should at least take the sales tax off building materials. There is no reason for it now that the government is subsidizing housing. The sales tax was taken off drugs. Surely adequate shelter is an accepted "must."

Let me deal for a moment with unemployment figures in the province of Ontario. That province had the largest increase in unemployment of any province in July and August. For young people aged 25 and under the unemployment rate for July and August, seasonally adjusted and readjusted, was the highest ever. In July and August 28,000 women dropped out of the labour force. The length of time that people are unemployed is getting longer and longer. In August 106,000 Canadians had been looking for a job for six months or longer.

The whole story of this government is rising unemployment and rising prices. When 500,000 Canadians are out of work for a year, this means a loss, in round figures, to our gross national product of well over $3 billion. What country can afford that disaster? What does unemployment do to the fellow who really wants to work? It destroys him. This year in a large city in Canada I took a taxi when I was visiting the hospital there. The driver seemed to be a nice fellow and he unravelled an amazing story to me. Four years ago he had been working for $35,000 a year and living in a very elite, suburban area. About a year later he lost his job because business was shrinking and his company laid him off. He was one of the younger fellows in the firm.

Then he got a job with another firm and was earning about $25,000 a year. I should mention that he was a university graduate, and engineer. He held this second job until the company was amalgamated with another, and then he was out of work again. Finally, he took a job in a field removed from engineering at a salary of $10,000 a year. In the meantime he had lost his home, having depended on his big salary to keep it. Six months later he was out of the $10,000 a year job. He had a family of two children, and his wife was working too. Talking to that fellow one could note his sense of depression. I felt very sad when I got out of that taxi, so I gave him an extra tip. At first I thought driving a taxi must be a part-time job for him, but that was not the case. There is nothing wrong in being a taxi driver, but this fellow's deportment was that of a man who had received a good education. He simply could not get work of the type to which he was accustomed, and so became a cab driver.

Now we have another example in the city of Toronto where the Toronto *Telegram*, one of the "big three" newspapers in that city, is being closed down. As a result, over 1,000 people will be looking for jobs and 10,000 more people will be affected. This will affect both the newsboy and the man who sells the papers. Then there are the people who drive transports to deliver the newspapers all over Ontario. The people operating newsstands and many other services are involved. There are maybe 10,000 more people affected. This is a calamity. Whether the unions or management were at fault in not being able to find a common denominator means nothing to the fellow who tomorrow loses his job—and I know a lot of them. A way out must be found. No group must be allowed to hurt others.

• (9:10 p.m.)

Things look very tough and I would say to the government that in their reforms something must be done about getting jobs—perhaps winter works programs. There should be consultation with the provincial premiers in this regard. My own province of Ontario, which is a key province, has experienced the worst unemployment ever. Something should be done to enlarge the scope of the Canada Assistance Act, to remove the 12 per cent sales tax on building materials, and so forth. Perhaps there could be better diplomacy when dealing with our trading partners.

The government should get the chip off its shoulders. Instead of making speeches which only irritate and annoy, the Minister of Finance should have been looking ahead and some months ago had the dollar pegged at a more satisfactory rate for trading. If he had used the velvet glove he might not have found himself in a floating market with competitors who can outsell us on world markets. Now we have to compete with countries taxed at half our rate of taxation.

This is a tremendous problem, Mr. Speaker. It is not easy to find solutions. However, the record of the government stands barefaced for the people to see, and it is one of mismanagement and mishandling of our affairs.

Mr. Len Marchand (Kamloops-Cariboo): I do not propose to take much of the time of the House, Mr. Speaker. At this stage of the debate I hope we can get past the amendment we are dealing with so that Bill C-259 can receive second reading and we can proceed with its clause by clause analysis as soon as possible.

This is a very large and complicated bill. I do not have much sympathy for the lamenting of hon. members on the other side of this House. However, it was ever thus. I suppose we need only look at the existing tax bill and much of the other legislation that we deal with in this House to realize that by necessity some of it is very complicated. Perhaps in order to come up with a bill which could be more readily understood by the public we would have to get rid of some of the experts who draft the legislation, though I do not think that would be too practical in this country. If I had my "druthers", however, I should like to see a change in the whole approach to

money. Perhaps we could return to beads as the form of barter! I think my own economic power would be greatly enhanced in this way, Mr. Speaker.

My main purpose in rising tonight to participate in this debate is to join hon. members from both sides of the House in their pleas to the Minister of Finance (Mr. Benson) on behalf of credit unions and co-operatives. There have been some eloquent speeches in this regard and I do not want to go over ground already covered by a number of my colleagues. I think we all know the part that co-operatives have played in the life of Canada and the life of members of our constituencies. I think we all know, too, the part that credit unions have played in the life of Canada. However, I should like to take a few minutes to read excerpts from some of the correspondence that I have received on this subject. In a letter from the B.C. Central Credit Union, signed by Mr. R. A. Monrufet, four points are put forward which indicate some of the concerns that credit unions have been bringing to my attention. These points are as follows:

(1) There is no provision in Bill C-259 permitting a credit union to deduct as a business expense the dividends it pays to a member on the money deposited by a member in credit union shares. The failure to provide for this provision would appear to result from failing to realize that credit union shares are a form of deposit and are not like the shares of a banking institution. The lack of this provision will most seriously affect the provincial central credit unions and the Canadian central credit union, which organizations were created to provide stability to Canadian credit unions.

(2) Credit unions are concerned about the manner in which the provisions of section 125—reduced rate of tax—will be applied to them. Credit unions have suggested that their methods of operation be considered and provided for in this section.

(3) There are serious limitations drafted into Bill C-259 restricting the investments of credit unions. It seems most unusual to provide for taxation to apply to an institution and at the same time by a taxation statute to restrict the manner in which it can operate.

(4) Credit unions feel that the imposition of a capital employed formula on their methods of operation is punitive.

I think this sets the tone of the representations that many hon. members have been receiving from credit unions.

An hon. Member: Do you agree with it or not?

Mr. Marchand (Kamloops-Cariboo): Here is a letter from the Shuswap Consumers' Co-operative Association, signed by Mr. A. Olson, president. I should like to read a few paragraphs which will indicate some of the concerns the co-operatives have about the tax bill which is before us for consideration. Mr. Olson writes:

Mr. Benson has presented a tax reform bill that I personally feel is duly unjust to co-operatives and credit unions and will eventually create a hardship upon these people oriented organizations.

Your government has seen fit to set up a department of consumer affairs to look after the interest of consumers. We in the co-operative and credit union movement have been doing this for years. Now you have decided that the savings we have been able to create for our members must be taxed before you give it back to the members . . .

We have tried to establish for our members and consumers the cost of retailing consumer needs. We do this as near as possible to cost and provide not only a guideline but do also stabilize the cost of consumer products within a given area.

I am at present a manager of a credit union, and also president of the board of directors of a consumer co-operative. In both of these organizations, there are no directors' fees, no high-cost director expenses; the people who serve or these boards are dedicated people, dedicated to the interests of consumers, interested in seeing that people get the best break in consumer purchases. Now you want to tax this effort.

The next letter is from the Canoe Co-operative Association. The gist of this letter was dealt with in some detail by my colleague the hon. member for Grenville-Carleton (Mr. Blair) in his remarks the other day. I shall read the closing paragraph of the letter to indicate some of their feelings:

• (9:20 p.m.)

On behalf of over 1,000 co-operative members in this area, we urge you to study our proposal and that of the co-operative delegation that visited Mr. Benson. The proposal as put forth by Mr. Benson could well mean the death of many co-operatives, not only in this province but right across Canada. Co-operatives are owned and controlled by the people in any community.

Mr. Speaker, judging by the performance of the Minister of Finance and the way he has listened to the people of Canada on matters concerning the white paper and taxation, I am confident that the plight of co-operatives and credit unions will receive every consideration.

Mr. Benjamin: Is that a caucus secret?

Mr. Marchand (Kamloops-Cariboo): That is not a caucus secret; it is just the way I feel.

Mr. Benjamin: I wonder about the hon. member's confidence.

Mr. Marchand (Kamloops-Cariboo): I have confidence in the minister.

Some hon. Members: Oh, oh!

Mr. Dinsdale: That is just blind confidence.

Mr. Marchand (Kamloops-Cariboo): I do not agree with the remarks of the hon. member for Simcoe North (Mr. Rynard) who a short while ago spoke about the white paper. We have been listening to the Canadian people. The government listened to the people after the white paper was introduced. After all this, hon. members on the other side said, "I would not trust that government one bit, because the white paper shows the kind of legislation you will be getting. They are going to shove this white paper down your throat; there is no consultation with the people at all. This is how it is going to be." Now that the government and the Minister of Finance have listened to the people, hon. members opposite are crying that we are backing off and that we are afraid of the white paper's approach. I do not agree with what they say. I am most proud to be a member of the government party, a party that has made this approach. It is a government that has considered and listened to the views of the people of Canada before bringing in legislation, particularly legislation of such a complex and far reaching nature as the bill before us.

Mr. Benjamin: Mr. Speaker, would the hon. member permit a question?

The Acting Speaker (Mr. Laniel): The hon. member knows that he may only ask a question with the permission of the hon. member for Kamloops-Cariboo and if the hon. member agrees to answer.

Mr. Marchand (Kamloops-Cariboo): Mr. Speaker, I will meet the hon. member outside.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Laniel): Order, please. The Chair would like from the hon. member a clear indication whether he will accept a question.

Mr. Marchand (Kamloops-Cariboo): Mr. Speaker, if the hon. member has something to discuss, I will discuss the matter with him later.

Mr. Benjamin: It's just a question, Len.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Skeena (Mr. Howard).

Mr. Frank Howard (Skeena): Mr. Speaker, I listened with great interest, of course, to my friend the hon. member for Kamloops-Cariboo (Mr. Marchand). We hear from him so seldom that it is all the more refreshing and interesting when he speaks. May I say to him through you, Mr. Speaker, that when I get letters from a credit union they are usually classified as "friendly reminders". Apropos the provisions of the bill relating to credit unions and co-operatives, those of us who have been members of credit union and co-operative movements, for some years are pleased to see that finally some of our views with regard to the damage that certain provisions of the bill will do to credit unions and co-operatives are getting through to some people in authority. Those of us in this House who have been supporters of the credit union and co-operative movements for many years welcome the support of the hon. member for Kamloops-Cariboo and others in his party on this particular matter. We hope that support will have some effect.

Mr. Whelan: The credit unions and co-operatives were there long before you.

Mr. Howard (Skeena): Simply because I believe in something does not mean that I started it. I did not say that, and the hon. member knows it. In view of the hon. member's interjection the other day about being in favour of the Amchitka nuclear blast, I should have thought he would keep quiet.

An hon. Member: He will not get to the Senate now.

Mr. Howard (Skeena): I hope that the representations of the hon. member for Kamloops-Cariboo and others will have a beneficial effect and that the damaging features of the legislation will be taken out of the bill. The interesting thing is that they should be in there in the first place. One wonders at the ignorance displayed by the Minister of Finance (Mr. Benson) and officials of his department in permitting such legislation to be drafted. Over the years they have listened to groups such as the Equitable Tax Foundation who wish to destroy the credit union movement. I hope that others who have received representations from the credit union and co-operative movements will be as proud of those representations as the hon. member for Kamloops-Cariboo is, and that they will stand up in the House and say so. More importantly, I hope that when these particular clauses come up for consideration they will vote against them. That is the key to it. It is not what we say that counts; it is what we do.

When we look at the entire bill I do not think we ought to consider it from the exclusive standpoint of taxes. I do not think that we should consider taxes merely in terms of what taxes are levied, how they are levied, whom they are levied upon and what the income of an individual is likely to be after tax has been paid. We should look at this matter in a larger sense. Perhaps more than any other piece of legislation introduced before this Parliament or, indeed, introduced before the previous Parliament, this bill reflects largely the economic attitudes of the government, that is to say, the economic attitudes of the Prime Minister (Mr. Trudeau) the Minister of Finance and, generally, of the whole Liberal party.

The economy will be affected by the imposition of these taxes. I do not say this unkindly, but I submit that in his younger years, and indeed in the last few years also, the Prime Minister spent a great deal of time travelling around the world and that therefore his concept of the world community and his feeling for situations in other nations are such as to make him a bit hazy and foggy when it comes to nationalism. His experiences make him somewhat foggy as to what should be done to preserve the position of Canada among the nations of the world. He does not know what we need to do to maintain our integrity as Canadians in Canada, what we must do in order to develop our own human resources so that we may have pride in ourselves as human beings, and what we must do in terms of legislative sanctions and objectives set by government so that the resources of the nation can be used to the full advantage of the people within the nation.

We must bear in mind that squandering or exploiting these resources without due concern for mankind is a rather narrow attitude to take. This history and the attitudes of the Prime Minister, I submit, show him to be more a continentalist than a nationalist. This makes him think more in terms of what the attitude of foreign owners will be toward Canada, as distinct from the attitude Canadians ought to have with respect to Canada.

Regretfully, other countries have had a growing involvement in the economy of Canada. Although this matter has been talked about at various times in the past, until three or four years ago there really was not strong public concern about it. There really was not a strong public interest in the matter, nor was there an awareness of the damage that could accrue to Canada if the growth of the foreign control of our economy were permitted to continue. In that sort of atmosphere one can reasonably expect a government to have a similar sort of attitude. When the public is not concerned about something, the government will not be concerned, because governments to a large extent operate as a result of reaction to pressures put upon them by people in the country.

• (9:30 p.m.)

There is a developing public awareness and tremendous concern among farmers, workers and small business people all across the nation about the damaging effects accruing to us from foreign domination of our economy. The government of Canada should realize the fact, be concerned about it and exhibit the degree of pride in Canada that is necessary. This is one of our problems. It

has been compounded. There is still a partiality on the part of the Minister of Finance, the government and the whole executive structure toward foreign investment, a partiality that other lands can do those things for us which the government feels we cannot do ourselves. It is that partiality that is injurious to us.

When we look at this situation in the context of what we would like to accomplish and what we should try to do, we must assess ourselves. What is the wealth of this nation apart from the people in it and their abilities and skills? What is the wealth of this or any other land? Surely it is not money in the traditional form, which the hon. member for Kamloops-Cariboo mentioned, or in the form we have today. Wealth cannot be measured in terms of money alone. It is true that if you have a lot of money you are wealthy and can get along well. However, in its basic sense the wealth of a nation is in its resources and what it can do with those resources to transform them into something useful. The greater amount of effort we as individuals put into transforming raw resources into something useful, whether in a mental or muscular way by the use of machinery and technology, the greater amount of wealth we create because we have added the component of work. This increases its value and consequently increases the wealth for us.

There has been a deliberate, conscious move on the part of government, federal and in some cases provincial, to export our raw materials either in a raw or near raw state. This was not by accident. We did not suddenly wake up one night to find this was happening to us. To use the classical phrase, we are the hewers of wood and drawers of water for other nations. This can be justified in an area where we are dealing with renewable resources such as timber where the potential wealth and volume of the resource and its productivity far outstrips our ability to consume. We can justify exporting a renewable resource such as timber in its raw state, as logs or semi-refined, because we are able to again grow trees on that spot for future generations. Some of that resource will still be there. If properly harvested, the resource will not diminish. We will be merely wiping out the evidence of overgrowth that exists.

By exporting non-renewable resources such as minerals we are doing ourselves a tremendous disservice. If we only employ miners to take the ore from underground mines or open pits and then export this ore, we are exporting the resource in its least valuable state. It has the least attachment to monetary value that we can place upon it. If the ore is run through a crusher and concentrator, we employ more men as well as increase its value. If it is run through a smelter, refiner or manufacturing process, the finished product increases in value to its maximum. More men are required, thereby increasing employment possibilities in this country.

When minerals are run through the mill in concentrate form, loaded on a boat and shipped to Japan, for the sake of argument, we are exporting job opportunities for Canadians. The government participates in this. It says it is a good thing. The government does this deliberately and consciously. I say it is a disservice to the Canadian people and our economy. I will use copper as an example. There are approximately 90 producing mines in Canada. Some operate in conjunction with a smelting system, some do not. About 15 or 16 of these producing mines are in the province of British Columbia. Almost all the production in the province of British Columbia is shipped in concentrate form to Japan. There are another 20 or 25 relatively small mines in the rest of Canada that do likewise. That is about 7 per cent of the total.

Approximately 25 per cent of the copper production in Canada is exported in the form of concentrates. We are exporting job potential as well. British Columbia produces approximately 18 or 20 per cent of the copper in Canada. It is run through a mill in that province. The production, reserves and expected life of the known reserves is sufficient to warrant the establishment of a viable smelter without any hesitation or question. The resources are there. A smelting structure, refining process, extrusion plants and a whole range of manufacturing of copper to the finished product of wire, cable or in whatever medium it is required, could be established right now.

Because of the conscious, deliberate policies of the federal government endorsing the idea and issuing export permits for raw material, in conjunction with the deliberate policy of the provincial government of British Columbia, a criminal act has been committed in that province. At one time there was a requirement in the British Columbia mineral processing act that 50 per cent of the production of any mine be directed toward a future smelter. In other words, 50 per cent of the production was to be set aside. stockpiled or kept in reserve for the potential building of a smelter. Each mine was to set aside 50 per cent of its production. However, not too long ago the British Columbia government in its wisdom, and because of the great help it wants to exhibit to Japan, cut that figure to 12½ per cent. It in effect said to British Columbia that it is not interested in building a viable smelter in the copper industry.

An hon. Member: The Liberals agree.

Mr. Howard (Skeena): Certainly they agree. Once the mining operations are finished, all that will remain will be a hole in the ground; the non-renewable resource will be gone. As a result of that policy, this nation is filled with holes, stokes and everything else. We must have a policy of what to do with our resources, a policy that will do something that will promote employment.

These remarks are relative to the tax bill. At the present time we have 6 per cent unemployment. I hesitate to guess what the figure will be this winter. I have heard figures, but it is damaging and shocking to guess what they are likely to be. Every day of the week some company is closing down. Workers are being laid off. These companies are going out of business because they are broke. The government feels that this is all right. It refuses to recognize our need to promote jobs in this country.

• (9:40 p.m.)

Look at the tax structure as it relates to mining operations. In 1968, out of 42 companies whose affairs were examined—companies engaged in metal mining operations as distinct from coal mining—it was found that taxes amounting to just over $45 million had been paid on profits of $497 million, a tax rate of little more than 9 per cent. Ask the person working for wages at the lowest

possible paid job that exists, the job at the very bottom of the tax scale, how much he pays in personal income tax. It is not 9 per cent. It is 18 per cent or something of that order. The President of the Treasury Board (Mr. Drury) tells me as an aside that it is 17 per cent. The worker pays that on an income way below poverty level, an income upon which a person could not possibly keep a family. Yet the rich mining industry which has exploited and seduced this nation and successive governments for many years pays tax at a rate of 9 per cent on its profits.

The wage earner is the only person who really pays his full share of taxation—because he has no choice. He goes to get his cheque on a Thursday and the paymaster has already taken out his chunk for the federal government. He has no opportunity to make deductions from it or to retain money for depreciation. It is snatched from him and he pays the whole 17 per cent or 25 per cent or whatever rate is applicable. The mining industry pays 9 per cent.

How did this happen? It happened partly because we allowed a three-year tax-free period in respect of mining operations. After a mill gets into a certain percentage of production, I think it is 80 per cent, a mining company does not pay a single cent of tax during the next three years. Do you know what they do? Anyone halfway familiar with the mining industry knows what happens. The mining companies spend the development period, the period when it should be stripping off the overburden and getting ready for production, stacking up high-grade ore so that when they set into operation they can pump it through quickly and sell it in large volume. Why? Because that is when their profits will be highest and their taxes nil.

One cannot even ask the government to say how the company is doing. The reply is, "We don't know." They are not required to file any returns. Once the companies get through the tax-free period they begin to pour money into maintenance that they skipped in previous years. They pour the money into replacement of machines which wore out during the three-year period, they pour it into other capital ventures and activities of the mining industry, mostly machinery repairs and the like, so they can deduct these amounts in their tax returns. They deduct these sums from their income in the years following the three-year tax-free period.

There are many mining operations which get away with murder—it is not a three-year tax-free period, but a four or five or six-year tax-free period, depending on how long they can stretch it out. There was one mining industry in British Columbia which operated a mine during the war. After the war it closed down. They had just reopened it again. Do you know what the company did? It simply sank a new shaft into the old workings and now it is back with the three-year tax-free period. I forget the figures, but this is why the hon. member for Duvernay (Mr. Kierans) was able to say the other night that the tax load on the individual wage earner, the farmer and the fisherman had gone up in percentage figures and that the tax load on industry had decreased. With the blessing of the government these companies were able to cheat the average worker and farmer of this country out of millions of dollars.

Mr. Drury: What is happening to that situation?

Mr. Howard (Skeena): It is going to change. On June 18, as reported at page 6899 of *Hansard*, the Minister of Finance spoke as follows with respect to this tax-free period. First of all, he said it would be withdrawn at the end of 1973: Rake it in while you can, boys, because it will end on that date! Then he said:

> In place of this incentive, assets related to a new mine will be eligible for accelerated depreciation. The cost of these assets may be written off against income from a new mine as quickly as the income will permit.

Once again, Mr. Speaker, we have exactly the same thing as the tax-free period. "As quickly as income will permit" assets will be written off. It is the same program. It will lead to high grading, cheating the average taxpayer out of millions of dollars. It is the same proposal, in other words.

Mr. Speaker, we are in great economic trouble. This tax bill was prepared by the Minister of Finance at a time when he was also very busy miscalculating the economy. He has been persistently inaccurate in his forecasts about the growth of the economy, persistently wrong in his predictions of what was going to happen to the unemployment figures. Last spring everything was going to be great, we were just round the corner. We have gone around seven or eight different corners since then, and unemployment still confronts us.

The very fact that the tax bill was presented to this House by a Minister of Finance who has proved his incompetence in dealing with the financial matters of this nation should prompt us to regard the tax proposals with suspicion. We are entitled to ask a very simple question: Is the government blind to the needs of Canadians, or does it not care about them? Does it really not see what is happening, or doesn't it give a damn? I think it is probably a combination of both; and our continuing economic subservience to foreign capital and to the United States is bound to cause us still greater difficulties. That, of course, has been the traditional characteristic of the Liberal party—not to think for itself; not to think for Canadians, certainly. Its tradition is to think of other lands and nations because, as the saying goes in the Liberal party and in the Prime Minister's lexicon of preferred conversation, "What is good for the United States is good for Canada."

• (9:50 p.m.)

If I could summarize, using the name of the Minister of Finance as an acronym, perhaps we could put the tax bill and the budget, too, for that matter—this tax legislation—in a category of being the result of bungling, the promotion of economic disaster, niggardly in its concept and reflecting a great deal of stupidity, olivaceousness and nihility. Put those together and you have it.

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, may I call it ten o'clock?

The Acting Speaker (Mr. Laniel): Order, please. The hon. member may call it ten o'clock only with the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): There is no agreement.

Mr. Noble: Mr. Speaker, when this government took office three years ago there was a mood of excitement and curiosity in the country at large. I am sure none of us were immune to that mood. Post-centennial Canada was to witness an apparent turning of ways. The Liberal party had materialized a new leadership, a new style, a whole new government, or so it seemed. There were new phrases in the air, "participatory democracy", "the just society", "co-operative federalism", "the new politics". Well, these were not really new phrases, they had been in currency for some time. The difference was that they were being used as techniques on the political platform and that gave them an aura of newness and mystery. And, of course, we were all curious to see how those phrases would be turned into action. And here we are, three years later, debating an amendment on a bill on tax reform, a bill that grew out of a white paper that had fumbled and failed at participatory democracy; a bill that cannot be described as reform because it does not aspire to a just society, it merely covers up for a few years some of the more glaring injustices that now exist; a bill that is so difficult to read and so secretive in its intentions that it smells of the rankest of the old politics; and a bill that flies in the face of even the least generous concept of co-operative federalism.

Since other members will be addressing themselves to many different aspects of these issues, I will confine my remarks tonight to the problem of federal-provincial relations. I do not mean to imply, of course, that these are separate issues; they all hang together as a cloak of this government's arrogance. But for the sake of emphasis I would like to highlight certain aspects that are of particular importance to the provinces.

With its assault on the nation's economy over the past three years the government has not only aggravated the condition of the provincial economies but has seriously constricted the provinces' ability to solve their problems. Every time the federal government puts its leaden foot on the economy the provinces must pay the cost through increased welfare payments. It is indeed shocking, therefore, that this bill gives so little deference to the provinces and the dire economic straits into which the government has thrown them.

The need to co-ordinate federal tax policy with provincial and municipal taxes is becoming increasingly urgent. The rate of municipal and provincial expenditures combined is growing at a much faster pace than that of the federal government. It is no longer good enough to dismiss flippantly the discrepancy between provincial revenues and expenditures by saying that the provinces can simply raise their own taxes to make up the difference.

In the first place, if this government is truly concerned with a more rational and just system of taxation, it must face the fact that all these taxes are ultimately coming from the same taxpayers. Second, apart from income tax, provincial revenue tends to come from far more regressive sources. Increasing sales and property taxes are extremely hard on those low-income groups the federal government is so piously pretending to help. Third, every time the government amends the federal structure of taxation, provincial revenues are immediately affected. It only makes good sense economically and politically to consult and co-operate with the provinces on the issue of taxation.

Why, then, has this government failed to do so? Perhaps the federal government does not mind having the provincial governments driven to the point of exasperation where they will have to set up their own independent tax systems. It would be a good election issue for the Liberal party which sees itself as the only vehicle of national unity. After allowing balkanization to take place as a result of its own callous neglect, it could argue to the Canadian electorate that it will put these provincial governments in their place. The former Premier of Ontario, John Robarts, has charged that the new legislation on tax reform shows no regard for the position of the provinces and municipalities in the total tax picture. He has called for a fully integrated and co-ordinated package of tax reforms and social security reforms.

Such a program would take time and care to accomplish. And it will take courage, not because the provinces are unwilling to negotiate but because the Minister of Finance (Mr. Benson) will have to reverse his position of stubborn pride in his past accomplishments. We in the opposition hope to give him every opportunity to adopt a more open-minded attitude. As the Leader of the Opposition (Mr. Stanfield) pointed out on September 14, the fiasco of the white paper originated in the peculiar stubbornness of the Minister of Finance.

The Acting Speaker (Mr. Laniel): Is the minister rising on a point of order?

Mr. Drury: Mr. Speaker, I have listened with a great deal of interest to the matter of federal-provincial problems. Since some of us will not be able to be here tomorrow I wonder whether we might have unanimous consent to allow the hon. gentleman to cut the last page off his speech and continue.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on the same point of order may I point out that we will not be on this subject tomorrow, so the minister can come back in two or three days from now and hear the remainder of this speech.

Mr. Bell: Mr. Speaker, I should like to point that out even though there might be a speech made from copious notes tonight, none of it matches the speech the parliamentary secretary made the other night. It was the worst garbage that has ever been brought in here.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Dinsdale: It was all carefully written out, too.

Mr. Francis: May we continue for a few minutes?

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): There does not seem to be agreement.

Proceedings on Adjournment Motion

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

POLLUTION—REQUEST FOR PROGRESS REPORT ON REMOVAL OF SUNKEN "IRVING WHALE"

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I am very sorry that we did not have the opportunity of hearing further from my colleague. I know that those who are leaving the chamber disappointed will have to watch those who are coming in just to hear me.

Last Wednesday I asked the Minister of Transport (Mr. Jamieson) what progress was being made in an effort to get something done about raising the *Irving Whale,* the oil tanker which has been lying at the bottom of the Gulf of St. Lawrence for over a year. The minister indicated he would forward me a copy of the letter he had already sent to my colleague the hon. member for Egmont (Mr. MacDonald). Although I have not yet received a copy of that letter from the minister, I understand from my Island colleague that the said letter contains no information not already conveyed to the House, and that has not been an overwhelming amount.

It is hardly necessary for me to say again that this serious pollution threat is of great concern to all the people of Prince Edward Island. Last March, a long time ago, there were patches of solidified oil along the north shore of Prince Edward Island on our priceless and beautiful beaches. Happily, there were no great spills; but how long can we feel assurance that some substantial leakage may not occur? The situation is one where dependence upon good luck is not sufficient. The threat should and must be removed.

Last winter a member of the Prince Edward Island government, the Hon. Robert Schurman, was giving assurances that the *Irving Whale* would be removed before May 15 of 1971. This magic date has come and gone, but not the *Irving Whale* nor its polluting cargo. Then there were suggestions that removal would come in the fall after the close of Prince Edward Island's great tourist season, but last Wednesday the minister spoke of hurricanes in the east coast coming in the fall. Regrettably, some day soon, all too soon, he will be able to stand up and say snow and ice have come, along with other unhelpful gestures of nature.

One of the officials of the Department of Transport is quoted in a September 7 Canadian Press dispatch as saying he doubts whether the removal of the 1.1 million gallons of bunker oil will begin before next spring. If this is the case, we shall have another fall and winter of anxiety. The regional director of the marine section of the department, Mr. Weston, expressed doubt that the work could be carried out during the winter.

Since there are so many adverse weather conditions and so much of the year when circumstances are not propitious, is it not regrettable that the job was not done last spring? I do hope that a firm commitment will be given and that definite plans will be laid to remove this serious threat to our beaches and marine environment at the earliest possible date.

[The Acting Speaker (Mr. Laniel).]

Little is now to be gained by deploring the opportunities which have been missed, although in dialectic and debate much can be said about this. The main trust should be toward early, effective action to cope with this serious and worrisome pollution threat. I am convinced that in respect of this matter, if no other, I am speaking for all the people of the province of Prince Edward Island.

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): Mr. Speaker, in replying to the hon. member for Hillsborough (Mr. Macquarrie), the Minister of Transport (Mr. Jamieson) has asked me to express his assurance again that this potential pollution threat will be removed and that the removal operation will begin as soon as the circumstances permit.

Over the past months every effort has been made by the ministry of transport to gather all useful information about the vessel, its structure, its position on the ocean bottom, temperature factors and data about the *Whale* and her cargo which will be imperative in preparation for a successful salvage operation. The situation now is that the *Whale* or her cargo will be removed at the earliest possible moment. Prospective salvage tenderers who would have the capacity to handle this type of operation have been meeting over the past weeks with ministry of transport officials. A pre-tender meeting has been held and the tenderers have visited the area for an on-site inspection. Tenders are now being sought from these companies and the final decision will be made only after it is absolutely certain that the maximum amount of protection can be provided.

I know the hon. member is aware that the Atlantic region is experiencing unpredictable weather at this time, with hurricane conditions, and this is one reason why even greater emphasis is being placed on timing and the safety factor.

EXTERNAL AFFAIRS—U.S. CLAIM TO MACHIAS SEAL ISLAND AND COASTGUARD INVASION OF WATERS IN DIXON ENTRANCE—CANADIAN POSITION

Mr. Frank Howard (Skeena): Mr. Speaker, earlier today during the question period I asked the Secretary of State for External Affairs (Mr. Sharp) what position Canada took and what steps we are going to take with respect to Machias Seal Island at the mouth of the Bay of Fundy, and particularly with respect to Dixon Entrance on the Pacific coast.

The comments I want to make tonight relate to the situation at Dixon Entrance because that has been a pretty crucial one and one of harassment for Canadian fishermen for the last few months. To look at the situation in its context, in 1903 a tribunal headed by a sell-out artist from England, called Lord Alverstone, made a ruling with respect to the border between Canada and the U.S. demarcating British Columbia from Alaska. That border, in so far as it stretches out into the sea, did not cause any disagreement in 1903. The disagreement was about the area in the hinterland about which we are not concerned at the moment.

The border between Canada and the U.S. stretches in a westerly direction from an area close to the mainland out to a point, Cape Muzon, at the southern tip of one of the islands which are in fact in the state of Alaska. We all know that one side of a border of that nature belongs to one country and the other side belongs to the other. We have always considered the side south of that border to be Canadian and its side north to be American.

When I inquired of the Secretary of State for External Affairs today what action was being taken with respect to preserving our integrity and our sovereignty in that area, he said we have declared that it is Canadian waters but that the Americans do not agree. They certainly do not agree, and they have not agreed for some period of time this summer and even before that. I saw an American chart some years ago which showed the three-mile territorial sea of the U.S. extending three miles southward from the border itself. In other words, the Americans claimed that not only did their territory go up to the border between our two lands but it also extended three miles into Canada.

This is the attitude that coastguard vessels have in the Alaskan waters right now, because this year they have chased Canadian fishermen using Canadian registered fishing boats and fishing in Canadian waters. They have chased those boats in Canadian waters, undertook one arrest and have attempted other arrests and harassment of Canadians fishing in Canadian waters, which I think would be an act of war if it were to take place between two other countries which did not consider themselves to be as friendly as Canada and the U.S. But in all of this intrusion and invasion—not to the territorial waters of Canada but to the inland waters because they are inside our border—by American coastguards, their harassment and arrest of Canadian fishermen has gone almost unnoticed by the Canadian government.

• (10:10 p.m.)

We send protest notes to somebody in Washington about it, but when it comes to dealing in a really substantial way with the problem there is silence: not one solitary attempt is made to have any compensation paid to the halibut fishermen who have lost gear and who are being chased out of the area by Yankee coastguard vessels. These men have lost fishing time and have also lost their catches which were seized without any recompence to them. The only attempt is a bland note of some sort that we send to the United States saying, "Look here, we protest and we disagree with what you are doing." That is where matters stand now.

The Americans still claim that area as part of their territorial sea, as an extension of the United States into Canadian territory, and we do not do anything about it. Mr. Speaker, we have a navy. It does not seem to be doing anything worth while in other parts where it is operating. I would advocate in a positive way that we should put our navy on manoeuvres along that border to show the U.S. coastguard that we really mean business in determining what is Canadian territory.

Some 15 years or more ago the very small country of Iceland, which is largely dependent on fishing, extended its territorial seas to 12 miles off shore and stood up against the might of Great Britain in enforcing its action. This was an extension out into the high seas of territorial waters, from three miles to 12 miles off shore. Surely we have as much pride in our nation and in ourselves as the Icelanders had in their country. Here we are dealing with Canadian territory and an invasion of U.S. coastguard vessels into Canadian waters. I submit that for the Secretary of State for External Affairs and our government just to make a declaration that these are Canadian waters is simply not good enough.

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the hon. member for Skeena (Mr. Howard), in his questions directed to the Secretary of State for External Affairs (Mr. Sharp) this afternoon and again tonight, has touched upon two problems which have caused great concern to the Canadian government, particularly because of the difficulties being encountered by Canadian fishermen.

In light of recent incidents in Dixon Entrance we have made it clear to the United States that the Canadian government does not accept their authority to interfere with Canadian fishing vessels operating in waters south of the A-B line. That line, of course, was fixed by the 1903 Alaska Boundary Award as the international boundary between Canada and the United States in Dixon Entrance.

Canada has already established an exclusive Canadian fishing zone throughout the whole of Dixon Entrance and does not recognize any extension of the U.S. territorial sea and contiguous fishing zone south of the A-B line. While making Canada's position clear we have indicated our willingness in principle to hold talks with the United States authorities with a view to avoiding further incidents and achieving a satisfactory resolution of the Dixon Entrance problem.

The long-standing Canadian claim to sovereignty over Machias Seal Island is well founded and goes back to the construction of a lighthouse there in 1832. The Canadian government has also made its position clear to the United States in connection with this matter. It is hoped that a resolution of this problem can be achieved without incident and to the satisfaction of the hon. member.

Motion agreed to and the House adjourned at 10.16 p.m.

HOUSE OF COMMONS

Tuesday, September 21, 1971

The House met at 2 p.m.

PRIVILEGE

MR. GLEAVE—POSTPONEMENT OF DEBATE ON AGRICULTURAL STABILIZATION BILL IN LIGHT OF MEETING SOUGHT BY PRAIRIE PROVINCE GOVERNMENTS

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I rise on a question of privilege of which I have given notice. My question of privilege arises out of news reports last night and this morning that representatives of the three prairie governments will seek a meeting with the federal government in respect of Bill C-244. In view of this, surely it is unfair to the House to ask members to proceed with Bill C-244 until after such meetings have been held. I therefore address my question of privilege to the government House leader in the hope that he will schedule some other legislation for today.

Mr. Speaker: My understanding is that questions of privilege are normally addressed to the House generally and to the Chair. This one comes before us in a novel way. I am sure the hon. member will agree with me that this is not a question of privilege in the traditional terms; it is rather a submission which he is making at this time to the government by way of a question of privilege. I do not think I should rule further on the matter.

* * *

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—SUGGESTED CONSIDERATION OF MOTION TO ESTABLISH IMPEACHMENT COMMITTEE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise on a point of order to ask Your Honour to consider arguments as to why there should be put before the House a motion for the establishment of an impeachment committee. This motion is couched generally in the terms of motion No. 48 which appeared on the order paper for Monday, September 20. There are some changes in it so I shall read it as it is only a few lines. My right or the right of any member to put such a motion forms the subject of my point of order. The proposed motion reads as follows:

That a special committee of five members having the power of a standing committee under Standing Order 65(8) be appointed to examine and inquire into the continuing refusal by government ministers to bring about the payment as required under the Temporary Wheat Reserves Act, Chapter 2, 1956 Statutes of Canada, of such sums as are lawfully payable to the Canadian Wheat Board for the benefit of certain Canadian wheat farmers and to draft and recommend the form of articles of impeachment for this misdemeanour.

When I first filed my private members' motion I asked, in the form of a letter to the government House leader (Mr. MacEachen), whether the government, because of the importance of this issue related as it was to the business of the House, would see fit to accelerate the bringing forward of that motion under terms of an agreement which would limit the time for debate but would provide for the question to be put at the end. The House leader refused that request, as of course is his privilege, and this with other reasons accounts for my bringing forward the proposed motion now.

The question then is for me to place before the Chair sufficient facts and precedents to warrant the request I have made that the motion in the terms indicated above be put to the House after receiving due debate. The facts, of course, will be limited to those which I think should be made known to the Chair and will be submitted not to argue the merits of the motion in terms of trying to persuade hon. members to accept it—I hope that will come later—but merely to convince the Chair that this is a motion of substance which needs to be put and, of course, that the precedents and practices of the House warrant the Chair in entertaining the motion and, by putting it, placing it in the custody of the House. What in fact is in issue is the right of myself or of any other member to bring forward a substantive motion of this kind and have it put to the House. The gist of the facts is not really in issue, but I think the Chair is entitled to have at least some knowledge of the facts so it may be understood that there is in fact a prima facie case, in the same way that a person who has been charged must first go through a preliminary hearing to determine whether there is enough evidence to warrant him being committed for trial.

• (2:10 p.m.)

Most of the facts have been well ventilated. There is an act called the Temporary Wheat Reserves Act which places a mandatory burden upon the government and, in particular, upon the Minister of Finance to make certain payments to the Wheat Board, which in turn are used to defray expenses of the board and thus indirectly benefit the farmers who have their net receipts from the Wheat Board as a result of the sale of wheat increased to that extent. The government has admitted, by returns filed in the House which are a matter of record, that moneys are owing for one crop year and for part of another. The act provides that the moneys are to be paid on a monthly basis. Various members of the government have repeated unequivocally that they do not intend to make these payments. I would add in this regard that if the action of the Minister of Finance, who under the act is charged with responsibility, is, as I assume it to be, the collective action of the government and the cabinet, then they are all tainted with the same misdemeanour and this would be in

effect a collective agreement to break the law, a form of conspiracy.

Some hon. Members: Hear, hear!

Mr. Baldwin: The core of the defence is that the government has indicated that there is other legislation which will have the effect of repealing the Temporary Wheat Reserves Act and, this being the case, they have merely ignored the requests which have been made that the funds should be distributed. In short, Mr. Speaker, has democracy come to this, that the government need only signify its intent to legislate for that intent to be accepted as holy writ? I suggest that intent is part of the issue to be considered here. For that reason I find that the offence of the government has been aggravated by facts which have just been brought to my attention recently.

I have before me the final volume of the Revised Statutes of Canada, 1970, it being the volume which contains the indices and which I only read two or three days ago. It has been in our possession for only a few days. The Revised Statutes of Canada, 1970, were brought into effect pursuant to a statute of this Parliament in 1965 which placed upon the Minister of Justice, under sections 2 and 4, the responsibility for examining the Revised Statutes of 1952 and placing in the form of the Revised Statutes of 1970 those statutes of 1952 which have not been either repealed or consolidated. I find, on looking at page 57 of this last volume, that chapter 2 of the Statutes of Canada, 1956, which is the Temporary Wheat Reserves Act, has set against it in the appropriate column the letters "Om.". On examining the page containing the glossary of terms, the letters "Om." are stated to, mean, "omitted and repealed by revision". This statute, in spite of what the government says, is still alive and well. It has not been repealed. Yet the Minister of Justice and his colleagues and those who were on the committee charged with the responsibility of preparing the Revised Statutes of Canada, 1970, have taken it upon themselves to repeal the Temporary Wheat Reserves Act while it is still in existence and part of the law of this land.

Some hon. Members: Shame!

Mr. Baldwin: I think that shows intent better than anything else that could be said. In this issue intent must be part of the facts which I must establish in order to make a prima facie case.

Mr. Stanfield: Impeachment is too good for them.

Mr. Baldwin: The government has seen fit to bring the agricultural stabilization bill back before the House today, unless they yield to the request made by the hon. member for Saskatoon-Biggar a short time ago. I suggest to the House and to Your Honour in particular that, taking into account the facts and the decision you have to make, it does not constitute any real change in the situation to bring back Bill C-244 for discussion. I think this action is merely a tacit admission of guilt on the part of the government.

Some hon. Members: Hear, hear!

Mr. Baldwin: Mr. Speaker, as a member of the profession to which I and other members have the honour to belong, Your Honour will know and admit that the law speaks ever, speaks continuously. From the minute of the day when a statute comes into effect the law speaks every month, every day, every hour and every minute. Even as I pause for a few seconds, the government has breached the law of this land because it has failed to carry out the terms of a statute of this country.

The purpose of an impeachment in the modern sense, as I will endeavour to convince Your Honour, is not to punish as in the older types of impeachment cases. It is a means of declaring that certain people holding high offices are not fit to hold those offices. Even if Bill C-244 is brought back for debate there will be every reason to debate the number of amendments which are before the House at reasonable length. But even if that bill should pass, with or without amendments, that still will not purge the contempt that the government has shown because for a period of much more than a year it has failed to obey a law which is in existence. If the bill is passed there will be a detriment to the farmers because they will not receive the benefits under the Temporary Wheat Reserves Act which they would have received. Its passage also cannot alter the fact that for a significant period of time members of this government, as I hope to suggest to Your Honour, have been in contempt by their failure to observe the law of this country.

Some hon. Members: Hear, hear!

Mr. Baldwin: Passage of Bill C-244 will not constitute a retroactive pardon. I might point out in passing the famous case of impeachment of the Earl of March who, a great many years ago, was impeached, found guilty and beheaded. The next year Parliament found it had made a mistake, repealed its act of impeachment and pardoned the Earl of March. Unfortunately this did not place his head back on his shoulders. Passage of Bill C-244 will not constitute a retroactive pardon for these improper actions on the part of the government.

There are a number of volumes dealing with the question of impeachment. The book by Mr. Alex Simpson deals fully with impeachments in the United Kingdom and the United States. It cites a number of instances where impeachment proceedings were taken. To show the resemblance to the present situation, I will cite cases where impeachments were in fact taken and brought into the House of Commons and House of Lords. Lord Treasurer Middlesex was impeached on a number of articles, one of them being that he refused to pay the merchants importing sugar the impost paid on importation, contrary to direction given by His Majesty's letters patent. In other words, refusal to pay moneys lawfully appropriated for a specific purpose constituted a valid ground for impeachment. In the case of Lord Melville, which I will deal with later, it was a valid reason for impeachment that money was paid for certain public services before the act authorizing the payments had in fact been passed.

There are other interesting cases. The only other one to which I will refer is the case of a man called Benyon. This may be of interest to people who are connected with, but not in, the House. It is a valid reason for impeachment to falsely and maliciously give out and utter divers, bold, arrogant, false and scandalous statements in derogation and in contempt of the privileges of Parliament.

Mr. Hees: That's our boys.

• (2:20 p.m.)

Mr. Baldwin: The power of this House to proceed by way of impeachment is embodied in the British North America Act, in statutes of this Parliament and in the Standing Orders of the House. The preamble to the British North America Act provided that Canada shall have a constitution similar in principle to that of the United Kingdom. Section 18, as amended by the Imperial Act of 1875, provided that the privileges, immunities and powers of the Senate and House of Commons are as defined by act of the Parliament of Canada but are not to exceed those of the Commons House of Parliament of the United Kingdom. Section 4(a) of the Senate and House of Commons Act, pursuant to that constitutional provision, states that the privileges, immunities and powers of the Senate and House of Commons are those of the United Kingdom Commons of 1867. Standing Order 1 of this House states that, in all unprovided cases, the usages and customs of the United Kingdom House of Commons apply as applicable.

I have here a very ancient volume, The Rules of the House of Commons as of 1912. The first Standing Order, which is worded somewhat differently, says:

> In all cases not provided for hereinafter or by sessional or other orders, the rules, usages and forms of proceeding of the House of Commons of the United Kingdom of Great Britain and Ireland in force on the first day of July, 1867, shall be followed.

I believe I am correct in saying that this House and this Parliament have done nothing to remove from the members of the House the right to proceed by way of impeachment. It is a right which did exist, which has not been taken away and one which, modified by the circumstances and conditions of today, is a right and a privilege of this House to be exercised when circumstances warrant. The concept behind this power is the right of Parliament to control and punish the use, misuse and abuse of power by persons to whom Parliament has entrusted political or administrative authority. The procedural remedy used to enforce this control is the power to impeach.

Over the centuries the power of impeachment has been refined by statute and in some cases rendered dormant by the provision of alternative remedies. Dormant it may be, but it has not been extinguished. I have here the most recent parliamentary dictionary, Abraham and Hawtley. It contains a definition of impeachment on page 113. I shall not take time to read it. I simply say it is placed before people involved and interested in parliamentary matters, and nowhere does it suggest that this particular right has been extinguished. In fact, illustrations are given of cases in 1816 and 1848 where motions were moved revolving around a question of impeachment.

I draw to your attention, Mr. Speaker, the fact that as recently as 1959, according to a volume of the memoirs of Harold Macmillan—I think it is in the third volume—a debate took place in the House of Commons in 1959 relating to a request by motion that the House approve the Anglo-Egyptian financial settlement following the Suez Canal crisis and the Leader of the Opposition, Hugh Gaitskell—I think this appears on page 641—made a very interesting speech. It was a good debate and at the close of the proceedings the Leader of the Opposition called for the impeachment of the Prime Minister.

Some hon. Members: Shame!

Mr. Baldwin: I mention this to Your Honour so you will realize that even within so short a period as 12 years ago consideration was given by the United Kingdom House to impeachment as a valid means of punishing those who occupy high places.

In the United Kingdom there have been certain alternatives to the use of impeachment. By their Standing Order 9, which is the equivalent of our Standing Order 26, after debate upon an urgent and pressing matter the Commons could find that there was a prima facie case against a high official of abuse of his power and a select committee would be appointed to inquire into the matter. Because this proved susceptible to political expediency, the United Kingdom passed the Tribunal of Inquiry Act of 1921 which provides that where there is a matter of urgent and pressing importance there can be a resolution of both Houses for the appointment of a committee. We have no equivalent procedure. In any event, it was not a procedure to extinguish the remedy of impeachment but was an alternative or additional power which could be exercised.

In Canada this House has never had that alternative. Standing Order 26 operates in a vacuum. There is debate on the motion to adjourn to discuss an urgent and pressing matter, but there is no provision, under the interpretation that has been given by our Speakers, to conclude with a motion to appoint a select committee to investigate, make findings and recommendations. I think there is no question that that is what is accepted. Under these conditions, I submit to Your Honour that the onus is upon those who would argue the contrary to convince Your Honour and the House that there is not still present in the House, as there ought to be, the right to make a motion to impeach. To those who suggest otherwise, who suggest that the right is no longer valid, I point out that all of the rules, cases and statutes to which I have referred suggest that this is a right imported into Canada and into this House of Commons, and until extinguished by specific act it is a right which in extraordinary cases should and can be exercised.

Why is it that this right has not been used in recent years either here or in the United Kingdom? I think the answer is very simple.

Mr. Stanfield: We have never had a government like this before.

Mr. Baldwin: Yes, as my leader says, we have never had a government like this before, and that is part of the argument I propose to develop.

After the reform act of the United Kingdom and following upon responsible government in this country, for a number of years we had a situation where certain wholesome restraints were capable of being exercised against the executive. I shall have a later opportunity if and when Your Honour grants the motion to argue that this government is the worst offender, but there has been a tremendous and fantastic growth on the part of the executive, perhaps required by the conditions of the society in which we live. Nevertheless, I would suggest to Your Honour

that this growth, coupled with our decreasing power and opportunities for exercising that restraint which this House possesses, should make us alert and vigilant to find ingenious ways of controlling a capricious executive. I therefore suggest I am entitled to make this motion and to urge upon Your Honour that this argument regarding the use of the remedy of impeachment is one that should be considered.

I have almost completed what I want to say, Mr. Speaker, but I should like to put my final argument on as high a plane as I can. It is this. I would commence by citing a remark made by Lord Brougham referred to in the book I mentioned on federal impeachments by Alex Simpson. Lord Brougham made this appropriate comment, that the right of impeachment was so large and so capacious that he could place no bounds on it either in space or time. He went on:

The House of Commons might impeach for whatever was indictable but they might also impeach in cases where no indictment could be found... In short, this maxim has been laid down as irrefragable and whatever mischief is done, and no remedy could otherwise be obtained, it is competent for Parliament to impeach.

• (2:30 p.m.)

This is supported in a Canadian publication by Alpheus Todd. In his book, "Practices and Privileges" of the House of Commons, this is stated at the beginning of chapter 18:

The High Court of Parliament is the supreme court of the Kingdom, not only for making, but also for the execution of the laws by the trial of great offenders ... by a method of parliamentary impeachment. This custom of impeachment, says Blackstone, has a peculiar propriety in our constitution. It may happen that a subject entrusted with the administration of public affairs may infringe the rights of the people and be guilty of such crimes as the ordinary magistrates either dare not or cannot punish.

On the next page it is stated:

It is absolutely necessary for the preservation of our liberties and the safety of our constitution that the Commons should possess this extraordinary power of bringing great offenders to justice.

Mr. Speaker, I do not think we can forget that over the course of the last 15 or 20 years, particularly in the last eight or nine years in Canada, there has been this fantastic increase in the powers of the executive, with the result that in the parliamentary structure, through changes in rules and practices, it has become increasingly difficult to deal with an arbitrary and arrogant executive.

If there is any doubt about the right of the executive to be bound by the law, I would refer Your Honour to a judgment of the Supreme Court of British Columbia by Mr. Justice Norris, dealing with the case of Mr. Gaglardi, a minister of the Crown in that province. He said:

It is the duty of members of the executive to obey the law, not to disregard it, and they must ascertain the law in order to obey it. The matters of the practice and policy of the government or any department thereof cannot override the duty of obedience to the law, nor will it avail a minister of the Crown to say that he acted on legal advice when it turns out to be wrong.

This judgment is not necessarily binding on Parliament but I adopt and concur in those words, and I say they are the words which Your Honour should have in mind. I suggest that these conclusions follow: This House possesses and enjoys the power to impeach high officials of government in respect of their conduct in office; the House as a whole has no alternative procedural remedy to the power of impeachment although the government possesses the preliminary aspects of a substitute power in its control of the Inquiries Act; the House, possessing this right and having no alternative remedy, cannot be deprived of the exercise of this right and it is for the House to determine the incidental procedures and orders necessary to its exercise.

Finally, I suggest that it is the crowning glory of the parliamentary system that it has this flexibility, that wherever there is a wrong there must be a remedy, and wherever there is a difficulty there must be some means found by this Parliament to deal with it. I suggest it is a duty falling upon every member of this House and upon the Chair, who is the guardian of the privileges, duties and obligations of the House, to be ingenious to assure our supremacy, and that the writ of this highest court of the land must be made at all times to run above even the views of the Prime Minister or cabinet ministers.

The Prime Minister has said, as have others, that we are entering an era of contest, a contest between the rule of order and reason and the rule of violence in the streets. If those who are sitting in authority above us refuse to obey the rule of order, what hope is there for us to win this battle?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I listened with a great deal of interest to the long statement made by the hon. member on the other side of the House on what he described as the process of impeachment in the Canadian House of Commons. In spite of the long statement and the call to you and to the House to respond, the hon. member has not made clear yet what that process is, what an article of impeachment is and, if an article of impeachment is framed—whatever that is—what you do with it, and if you get it and it is carried what happens to the person who is impeached.

Some hon. Members: Oh, oh!

Mr. MacEachen: I do not really know from what the hon. gentleman said whether an impeachment is a benefit or an injury to an individual. It is just a word that has obviously appealed to the imagination of the hon. member who ingeniously decided to throw some dust in our eyes at the very time when the House is being asked to pass the agricultural stabilization bill which will provide for the payments complained about by my hon. friend and will in fact provide those payments plus more.

Mr. Baldwin: You are still wrong.

An hon. Member: You missed the main point.

Some hon. Members: Oh, oh!

An hon. Member: Where is your argument and your credibility?

An hon. Member: What credibility?

Mr. MacEachen: Mr. Speaker, I am sure I am getting much more reaction from the House than did my hon. friend.

An hon. Member: You deserve it.

Mr. Baldwin: I said something worth listening to.

Mr. MacEachen: I do not know whether that is a good reason for impeaching the hon. member for Peace River (Mr. Baldwin), but in any event, having stated that the hon. member did not really make clear what he means or what he is asking us to do, what the process of impeachment is or when it was used last, let me say that I read the hon. gentleman's private notice of motion and made some very preliminary inquiries about the process of impeachment in Canada. Certainly I could find no instance in modern times in this House when any person was impeached, and the most recent case I could find in the United Kingdom was in 1805.

Some hon. Members: Oh, oh!

Mr. MacEachen: I discovered it was a process, developed before responsible government, which has long since been abandoned and has not been used in any modern Parliament. As a matter of fact, the only modern case of impeachment I could find took place in the Chateau Laurier when Mr. Dalton Camp impeached the right hon. member for Prince Albert.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. MacEachen: I am not sure that the hon. member for Peace River is suggesting that as a precedent for use in the House of Commons. I do not seriously regard impeachment as a process that is applicable to our proceedings. If the opposition wishes to complain about the government or wishes to accuse the government, it has two procedures open to it. The first is a motion of censure, as was recently outlined by Your Honour, which can be moved as a substantive motion complaining against an action or lack of action on the part of the government. In due course, probably later this week on Thursday, we will be setting down an allotted day in order that the opposition can bring a motion to accuse the government of action or inaction, or to discipline it for the policy it is following. That is a well known procedure and seems to be the kind of procedure that ought to be followed if the hon. member wants to develop a grievance against the government. The other procedure is to accuse an individual member of the House of wrongdoing. Probably, although the hon. member did not say so, he had in mind that by indirection he would ask the House to agree with him that wrongdoing had been undertaken by a minister or by a group of ministers.

• (2:40 p.m.)

In the Oxford Dictionary definition of impeachment there are these words: "To accuse a person of treason or other high crime before a competent tribunal." If the purpose of the article of impeachment or the process of impeachment is to accuse a minister of wrongdoing, of misconduct or of being a criminal or a lawbreaker, there is another course open to the hon. member. Your Honour has often told the House how that process can be developed and its consequences. You will recall the classic ruling made by Mr. Speaker Michener. When he laid down, it seemed to me to be the procedure which must be followed forever and a day in this House of Commons if any hon. member is to accuse another hon. member or group of hon. members of misconduct.

What greater misconduct is there than treason or high treason as envisaged in the process of impeachment? What greater misconduct can be alleged against a minister than that he is willingly and deliberately breaking a law of the land which he is sworn to uphold? If that is the charge, then the hon. member should put it down in the explicit form of a motion setting forth a bill of particulars. When he has done that, if Mr. Speaker regards it as a prima facie case of privilege it goes to the committee, and if the committee upholds the motion then action will be taken against those convicted or found guilty of wrongdoing. If not, the irresponsible person who has made the accusation is then expected to take the serious consequences.

I would say that if the hon. gentleman wants to accuse the Minister responsible for the Wheat Board or some other minister of wrongdoing or misconduct he must do it directly and must put it directly in a motion and the House will deal with it.

Mr. Baldwin: Mr. Speaker, would the minister accept a question?

Mr. MacEachen: But here he has taken a very roundabout way. He has introduced a procedure which is not known in this House. As I say, there is no way we can deal with a request to impeach an hon. member or accept a motion on the grounds of privilege to send a matter to a committee asking the committee to prepare articles of impeachment. What are the articles of impeachment? For what crime or for what misconduct? Surely, Mr. Speaker, if an hon. member is to be impeached, whatever that means, he ought to know what the charge is and it should be clearly stated in the motion made by a member of the House. Having said that, I do not think the hon. member for Peace River is really serious. He is just having a little byplay before he is confronted with the difficult political question of dealing with the agricultural stabilization bill.

Some hon. Members: Hear, hear!

Mr. Baldwin: Mr. Speaker, would the minister permit a question? The minister apparently is willing to answer a question. Does he not realize I have charged the members of the government with a misdemeanour in their failure to obey the law?

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as I understand it, we are not now debating the motion placed on the order paper by the hon. member for Peace River (Mr. Baldwin), nor are we debating the substance of the misdemeanour which is referred to in this motion. As I understand it, the hon. member for Peace River has risen on a point of order asking that Your Honour direct that there be an early debate on the motion that is on the order paper in his name. I rise to support his contention that there should be such an early debate.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): In other words, I do not think it should have to stay on the order paper until

it is reached, which will not occur in this session of Parliament. Rather, I think it should be set down some day for a debate under motions or at some point which is mutually acceptable. One of the reasons I feel we should have this debate is that it is the kind of motion which leads to a vote. The time has come when the House of Commons should be able to take a decision on the matter of whether or not the government has committed a misdemeanour in failing to carry out the provisions of the law.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Before I get into that I should like to say just a word which I am prompted to say because the President of the Privy Council also looked at the Oxford dictionary. The word "impeach" is not a light word. It means "to call in question, disparage, accuse of, find fault with, accuse of treason or other high crime before a competent tribunal." The word "impeachment" is defined as "calling in question, accusation and prosecution for treason."

I submit that when a motion is placed on the order paper by a responsible member of the House, using the word "impeachment" in relation to the activities of certain members of the cabinet, it should not just lie there. In fact it seems to me the ministers of the cabinet themselves should be insisting on finding an opportunity to have this matter discussed and clarified in one way or another. The motion is that serious and its implications are that extreme. I think that common sense and the ordinary rules which ought to apply to debate should permit an early discussion of this motion.

However, my main reason for contending that we should have a thorough debate of this matter arises from the basic nature of our parliamentary set-up. I refer to the responsibility of the government to Parliament. All the authorities speak of that not just in terms of responsibility to Parliament but, more specifically, responsibility to the House of Commons.

• (2:50 p.m.)

There are a number of citations in Beauchesne. I will not take the time to read them but just refer to them in passing. Citations 2, 67 and 76 point out that the superior power in the state is the House of Commons, that the government's responsibility is to the House of Commons, and that it is the House of Commons that should make the final decisions. One of those citations points out the strange situation that we are in now, that so long as the government can command the support of a majority of the House of Commons it can do anything and get away with it. We had a little bit of discussion on that the other night. But at least, Mr. Speaker, there ought to be an opportunity for the House to have this kind of discussion and to make the decision.

It is not good enough for the government to say that it was elected by the people and that the people will decide at the next election whether it should stay there. That approach strikes at the whole concept of responsible government, strikes at the whole concept of the importance of Parliament, of the importance of the House of Commons.

This issue has been around now for a long time. After all, it is 13 or 14 months since the government quit making the payments required under the Temporary Wheat Reserves Act; in other words, it is clearly admitted that for 13 or 14 months the government has been breaking the law. In view of the fact that this is the situation, and in view of the fact that members of the House of Commons are complaining about it, I submit there should be an opportunity to have this kind of debate.

Your Honour might say that we had a debate last Thursday night for six and a half hours on a motion to adjourn under Standing Order 26. That is true. It was a pretty good debate. We did not get much of an answer from the minister, but in any case it was a pretty good debate. But how did it end? It ended with the House adjourning and no decision being taken.

We have had many questions put during the question period. We have had attempts at motions under Standing Order 43. I myself tried a question of privilege on September 13 and offered a motion that would seek to refer the whole matter to the Committee on Privileges and Elections. Your Honour did not find that my case that day qualified under the definition of parliamentary privilege. But in the meantime more days have gone by and the issue becomes more serious and more intense. With respect to the whole concept of the superiority of the House of Commons over the government, I believe this House of Commons should have the chance to say where it stands.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): The motion of the hon. member for Peace River (Mr. Baldwin) provides that kind of vehicle. I think that if I had been drafting it I might have drafted it differently. But let me say for it that although it carries serious implications, although it says so clearly that even the President of the Privy Council (Mr. MacEachen) should understand that the law has been broken, nevertheless it does not try to settle the issue finally. The motion merely asks the House of Commons to recognize that the issue is serious enough that a special committee ought to be set up to study it. Therefore I think that the basic argument to be used, in trying to persuade Your Honour to grant such a motion, is that it is a motion of a privileged character.

The whole right of the House of Commons to be superior to the government, the whole right of the House of Commons to be the body to which the government must be responsible is challenged by the actions the government is now taking. And I submit that we should have the chance to make a decision on that point.

The government may tell us that it has a majority in the House, and of course its majority will line up with it and it will be sustained. Well, that is for the members of the government party to answer for when they go to the people. But in the meantime let us keep alive the principle of responsible government, which means the responsibility of the government to Parliament, and particularly to the House of Commons.

The President of the Privy Council says that the hon. member for Peace River is just trying to get in a little dig or two before we debate Bill C-244 this afternoon, if indeed we do get to that bill. I submit, Sir, that even if Bill C-244 were passed this afternoon, even if we cleared all 16

of those report stage amendments, and third reading, and got it over to the Senate, and had Royal Assent tonight—

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): It is not going to happen, but the applause from the other side of the House shows how members on the government side think more of what they want to get than they do of the means to achieve it.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): They completely forget the role of parliament in legislating.

Mr. Trudeau: But it was your suggestion.

Mr. Knowles (Winnipeg North Centre): I was about to say that even if that were to happen and that bill were passed tonight, which will not happen, and even if the cheques started going out in the next day or two, this would not cure the fact that the government has been breaking the law for the past 13 or 14 months.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): The government thinks that the farmers might be happy to get their money. I am told they would not be happy to get it with the strings that are in Bill C-244. However we will deal with that when we get to debate that bill. But the point is that even if they get the money and in that sense the issue might seem to die down, this will not have got rid of the issue that for 14 months, more or less, we have had a government of this country refusing to obey a statute of this Parliament, namely, chapter 2 of the Statutes of 1956.

We have had a government defying the law and not even feeling that it has to stand up in this House and give us a reason on the basis of which it has the right to do that. Oh yes, they give us an excuse. They tell us that Bill C-244 is on the order paper, that it has advanced through certain stages, and that there is in that bill a clause which, if enacted, would repeal the Temporary Wheat Reserves Act as of July 31, 1970. But that bill has not passed and to this moment the Temporary Wheat Reserves Act of 1956 is still in effect. I would like to emphasize that point, Mr. Speaker, even if in this portion of my remarks I take exception to one statement made by the hon. member for Peace River.

The hon. member for Peace River read from a volume that goes with the Revised Statutes of Canada, that is entitled "Appendices", and things like that. He referred to a table in that volume, that is put there to enable readers to find out what has happened to all the various statutes. It is a very interesting and useful table; one can discover what has happened to statutes right back to the year one. But I point out to him that that table from which he was quoting does not have any official status. It is in the nature of an index that tells you where to find things. The official entry so far as this matter is concerned is Schedule A which appears at the end of the First Supplement to the Revised Statutes of Canada, 1970.

This Schedule A is the schedule that is referred to in the statute of six or seven years ago that set up the commission to revise the statutes. In that statute there was a section which gives the commissioners the power to append to this new roll a Schedule A listing acts that have been repealed in whole or in part and, unless a former act is listed in Schedule A as having been repealed in whole or in part, it still exists. If one goes through Schedule A and turns in particular to page 19 of that schedule, or page 1135 of the volume, one will find listed the Statutes of 1956 that were repealed by the revision. Chapter 2 is not there; it is not in that list. So Chapter 2 of the Statutes of 1956 is still in existence. As a matter of fact, the government does not deny that. In answer to written questions and in one or two other places the government has said that the reason it is not making the payments is that it has a new bill on the order paper. The government does not contend that the statute is not there, that it does not exist.

• (3:00 p.m.)

There was one answer to a question on the order paper which I thought was a bit misleading. The minister in charge of the Wheat Board said that an estimate was included in the estimates for 1971-72 to pay this money but authorization has not been effected because of the bill on the order paper. The reason I say that answer was misleading is that the reference in the blue book of estimates to that money had beside it the note "statutory". If one looks at the bill that was based on those estimates, the appropriation bill that was passed, that item is not there at all. Parliament did not in this fiscal year appropriate any money to make payments under the Temporary Wheat Reserves Act because it was not required to do so. To suggest that the money was voted to be paid this year and the government has not paid the money is misleading because it is the Temporary Wheat Reserves Act of 1956, ongoing and continuing, that requires the government to take this action.

I have gone into this not just to educate my good friend from Peace River about the Revised Statutes of Canada, 1970, but to emphasize the fact that chapter 2 of the Statutes of 1956 is the law of this land today just as much as any law on the statute books of Canada or any law on the statute books of any of the provinces of Canada. This country lives by the rule of law. We expect people high and low to obey the laws that are passed by the bodies that are given the authority to pass them. For this group across the way who call themselves a government to arrogate to themselves the right to ignore the law is, I submit, an affront to Parliament and a denial of the whole concept of responsible government, and we should have the right, Your Honour, to deal with that matter in this House.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): In closing I repeat what I said earlier. The fact that we are going to debate Bill C-244 this afternoon has no bearing on the case. Even if we pass it—and I can inform my hon. friends opposite this is highly unlikely today or tomorrow—even if that happens it does not cure the fact that, in the words of the hon. member for Peace River, there has been a misdemeanour. Of course they can say that they are in power and cannot be stopped. That is responsible government, as some governments practice it. For example, this is what turns up in Beauchesne's Fourth Edition, chapter 1, citation 67(4). Let me read this:

With the support of a majority of members it would be possible for a cabinet to suspend the sitting of Parliament, have the minority members arrested, withdraw the safeguards of liberty such as habeas corpus—

Mr. Jamieson: Aha!

Mr. Knowles (Winnipeg North Centre): My friends behind me are objecting, Mr. Speaker. They think I am putting ideas in the heads opposite but they are already there.

Mr. Baldwin: They will say it is apprehended insurrection.

Mr. Knowles (Winnipeg North Centre):

—and freedom of speech, and to establish virtually a dictatorship. All this, too, could be done within the law. It is surprising how few members of the general public appreciate how uncontrolled the cabinet is where it has the support of a loyal majority in Parliament and that "the supremacy of Parliament" in this sense is absolute and subject to no real safeguards of any kind.

I am not yet persuaded that this government is going to go that far, that it is going to put minority members in jail—

Mr. Jamieson: It is just too kind.

Mr. Knowles (Winnipeg North Centre): —that it is going to suspend habeas corpus, that it is going to establish an outright dictatorship. But, Mr. Speaker, that is the direction in which any government goes which says, "We have the support of the majority, we can do anything". That is what the government is saying by what it is doing, and I believe this Parliament should have a chance to debate this issue.

That is why I believe that Your Honour owes it to Parliament to find a way whereby at an early date we can debate the motion that is on the order paper in the name of my hon. friend from Peace River.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, we have just heard the substantiated and well-prepared statement of the member for Peace River (Mr. Baldwin) who has finally convinced a greater number of members to support him. We have also heard the answer of the President of the Privy Council (Mr. MacEachen) who has found it lengthy and boring. Needless to say, Mr. Speaker, we often find tedious the criticism of an opponent.

The basic question is as follows: Has there really been a misdemeanour against Parliament committed by a minister or a group of them? The basic question boils down to that and I will not repeat it. We want to know whether some individuals or some ministers have complied with the legislation passed by Parliament.

Mr. Speaker, indeed the parliamentary process is quite simple. The government, enjoying its parliamentary majority, introduces a bill which, through the Chair, is brought for first reading and this House must decide. It is then brought for second reading and again this House must decide. And as long as Parliament has not passed that bill, through majority or with unanimous consent, it has not become a statute.

Well, Mr. Speaker, if that principle holds true in the positive process of passing laws, so it does as far as the negative process is concerned, which means that from the moment when a law is passed, Parliament, the government and all other persons must comply with it.

Mr. Speaker, if Parliament works for many months, in the light of long considerations, discussions, numerous committee hearings, so as to pass a law, thus requiring an expenditure of public monies, and if one, two, three or a group of ministers decide, for political or other reasons, not to comply with the said law, this means that all the work done by Parliament has been to no avail. The authority of Parliament has been flouted and the government has just gone its own way.

• (3:10 p.m.)

That would also mean that there is a sort of parallel power—a phrase for which the Prime Minister (Mr. Trudeau) has a special fondness—that is that, on the one hand, Parliament talks on uselessly and, on the other hand, the government makes unilateral decisions. That would surely show great arrogance.

As private members and a minority group, we must protest strongly against this way of besmirching Parliament. In our view, there has truly been contempt of Parliament, because some ministers have not abided by an act voted by Parliament.

Secondly, the President of the Privy Council claims—and that constitutes his whole argument—that the impeachment procedure was not well defined, that it was not explained by the member for Peace River and that, consequently, the motion of the ;member is not valid because it is not serious. Why? Merely because the impeachment procedure, according to the President of the Privy Council, is not well defined.

But, Mr. Speaker, is that the question? If Parliament is a supreme institution, it is not a question of deciding what means should be taken but, as the member for Winnipeg-North-Centre (Mr. Knowles) said, in view of the supremacy of Parliament, a question of a debate being held that the House might decide whether there has been misdemeanour or not and, according to the decision rendered, that action might be taken.

Mr. Speaker, Citation 113 of Beauchesne's Parliamentary Rules and Forms provides as follows:

A question of privilege ought—

And this is what greatly bothers the Chair every day—

—rarely to come up in Parliament. It should be dealt with by a motion giving the House power to impose a reparation or apply a remedy. There are privileges of the House as well as of members individually.

Mr. Speaker, I fully recognize that the House is wasting a lot of time because of pointless questions of privilege. However in this particular case today, this is not a question of privilege concerning an individual member but the House of Commons as a whole because the matter involves the privileges of hon. members.

Before closing, I would like to recall Citation 107 at page 97 of Beauchesne's Parliamentary Rules and Forms, and I quote:

Whatever matter arises concerning either House of Parliament, ought to be discussed and adjudged in that House to which it relates, and not elsewhere.

Therefore, it is obvious that our greatest wish is to have an immediate debate in the House on this question so that we may consider the substance of the matter and force the ministers involved to account to Parliament.

Mr. Speaker, the time has come to prove that this Parliament is supreme in our democracy and that this government must yield.

During the last elections, Mr. Speaker, the Prime Minister told his electors: Give us a majority so that problems may be solved—

Right Hon. P. E. Trudeau (Prime Minister): I never said that.

Mr. Fortin: Now, they have their majority but they do not make use of it to serve the public but rather to crush Parliament. That is why we want to protest today by supporting the motion of the hon. member for Peace River.

• (3:10 p.m.)

Mr. Speaker: I thank hon. members for their comments aimed at assisting the Chair to make a ruling concerning the motion brought forward by the hon. member for Peace River (Mr. Baldwin).

I should refer at the outset to the point just made by the hon. member for Lotbinière (Mr. Fortin). I feel that there might have been some mistake at the basis of his representations to the House and his suggestions to the Chair. He suggests that the motion brought forward by the hon. member for Peace River be considered as a motion on privilege and that, in short, the matter be considered and dealt with by the House as such.

May I remind him that the same suggestion was already made a few days ago and that I was able, on that occasion, to remind the House of the circumstances in which it is possible to initiate a debate on a question of privilege. I made a ruling, and I don't believe I could possibly suggest to the House that the motion before us should be considered as a question of privilege.

[*English*]

The hon. member for Peace River has given the Chair notice of his intention to rise on a point of order today and he indicated that he would propose a motion that was akin to but different in some respects from the motion which now appears on the order paper standing in his name. I listened with great interest to the submissions which were made for the assistance of the Chair by the hon. member for Peace River, by the President of the Privy Council, by the hon. member for Winnipeg North Centre and, as I said in French a moment ago, by the hon. member for Lotbinière.

I am wondering whether these arguments were helpful in all respects and in every detail for the Chair, because what I have to consider is strictly the procedural aspect. Some of the arguments made to the Chair related perhaps more to the moral issues as to whether there should be a debate on this very important matter and on the duty of the Chair to allow the House the opportunity or to give the House the opportunity to discuss this important matter. With respect, I suggest to hon. members that it is not for the Chair to take this kind of decision. I recognize that the Chair has a responsibility to communicate with representatives of the parties when it is felt that perhaps it would be helpful for all concerned so that members of this House could have a specific debate. I have taken this initiative in certain instances but, again, with respect, it seems to me that this is not what has to be ruled upon at this time. I have noted the suggestion made by the hon. member for Winnipeg North Centre, and it will not be overlooked.

This having been said, I return to the strictly procedural aspect of the matter. Hon. members know in what way a motion can be brought before the House for consideration. There is really no purpose to be served by my going again into this question. It is well known to hon. members. It is suggested at this time by the hon. member for Peace River that there is another way, which is not too familiar to me and to some other hon. members, of bringing a matter forward for immediate consideration by the House that is over and beyond the Standing Orders that guide our proceedings and perhaps over and beyond the customs and usages of our own Parliament.

The hon. member is endeavouring to institute what might be described as an historical proceeding to impeach a minister or ministers of the Crown. This is, I gather, common to both motions now before us. The first motion is well known to the Chair because it appears on the order paper. It has been there for a few days and this has given me the advantage of being able to look at precedents and consider the matter, as I have already said in the House. The second motion is new to the Chair, but I have listened to the hon. member explaining it and referring to it and I gather that essentially it is the same as the one on the order paper.

It seems that the hon. gentleman has in the main called as his witnesses a number of early British authors and precedents. Implicit in his submission is the suggestion that the practice outlined by his authorities has been carried into and forms part of our own Canadian parliamentary procedure. The hon. gentleman relies in the main for his support on the provisions of our Standing Order 1 which, in a form a bit different from its present wording, was enacted in 1867. It might not be necessary for me to quote it since the hon. member has already referred to the substance of Standing Order 1, but I will read it in any event in case it might be helpful:

> In all cases not provided for hereafter or by sessional or other orders, the usages and customs of the House of Commons of the United Kingdom of Great Britain and Northern Ireland as in force at the time shall be followed so far as they may be applicable to this House.

This, perhaps, is where I have some difficulty, because it must be determined whether these usages and customs which were in force in the British Parliament in 1867 and which we have formally imported into our proceedings by virtue of Standing Order 1 are applicable in this particular instance to our own constitutional system and to our own procedures. It may be that a residue of the unusual and unused impeachment proceedings may still lie in the British Parliament, but even there, as hon. members know, such a proceeding was last invoked a long time ago. I believe there is authority for the fact that the last time impeachment was actually used and effected in the British Parliament was in 1805.

Withholding of Grain Payments

• (3:20 p.m.)

Apart from considering the difference in the constitutional characteristics of our Senate and the British House of Lords, and that appears to me to be a matter of some consequence but one which it is not competent for the Chair to explore in detail, but I believe it would be relevant and useful to consider the actual procedure observed in recorded impeachment proceedings in the United Kingdom. The most recent case that might be referred to, as I have said, is the one recorded in the year 1805. The proceedings of impeachment in that year were against Lord Melville. The matter was initiated by the British House of Commons by the drafting of articles of impeachment. The articles were then sent to the House of Lords for the lords to consider the charge, hear evidence, adjudicate thereon and act in their judicial capacity. In this regard, I wish to quote both May's 17th edition and Anson, The Law and Custom of the Constitution, 5th edition. The citation from May's 17th edition is at page 39 and reads as follows:

Acts of Attainder and Impeachments

In passing Acts of attainder and of pains and penalties, the judicature of the entire Parliament is exercised and there is another high parliamentary judicature in which both Houses also have a share. In impeachments, the Commons, as a great representative inquest of the nation, first find the crime, and then, as prosecutors, support their charge before the Lords; while the Lords, exercising at once the functions of a high court of justice and of a jury, try and also adjudicate upon the charge preferred.

At page 37 May reminds us:

The most distinguishing characteristic of the Lords is their judicature, of which they exercise several kinds. They have a judicature in claims of peerage and offices of honour, under references from the Crown, but not otherwise.

Anson, The Law and Custom of the Constitution, 5th edition, 1922, contains the following:

The Commons appoint managers to conduct their case, and the trial proceeds in Westminster Hall. The forms of a criminal trial are followed, the Lords sitting as judges, the Lord High Steward presiding if a peer is on his trial, the Lord Chancellor or Speaker of the House of Lords in the case of a commoner.

Finally, Abraham and Hawtrey, page 107:

The trial of a person, usually a minister of the Crown, before the House of Lords, on an accusation of treason or other crimes and misdemeanours brought by the House of Commons.

The thought which runs through these citations is that while so-called articles of impeachment may be started in the House of Commons, in the British tradition, in the usage and custom to which reference has been made, the actual case is heard and the determination is made in the House of Lords in its judicial capacity. This was the constitutional and procedural position in the United Kingdom in the year 1867. The proceedings were based on the exercise of judicial functions possessed by the House of Lords, a function not discharged in the Canadian Senate. I doubt, therefore, that it can be said the customs and usages of the United Kingdom are applicable to Canada under Standing Order 1. I suggest these are two entirely different situations. While an article of impeachment can be sent from the British House of Commons to the House of Lords to be considered by the upper House in its judicial capacity, this cannot be done in Canada because the Senate in the strict sense of the House of Lords does not have a judicial capacity.

[Mr. Speaker.]

Let me also refer to May's first edition, published in 1844, at page 39:

"The institution had fallen into disuse," says Mr. Hallam, "partly from the loss of that control which the commons had obtained under Richard 2, and the Lancastrian kings, and partly from the preference the Tudor princes had given to bills of attainder or of pains and penalties, when they wished to turn the arm of Parliament against an obnoxious subject."

It should be noted that that comment was published some 23 years prior to the enactment of our Standing Order 1. The case I am now making is that 23 years before the adoption of our Standing Order 1 there was authority to indicate this procedure which we are now seeking to bring into our own procedures had already fallen into disuse in the British House.

In none of the editions of our own authors have I been able to find any support for the proposition that impeachment procedure has been carried over into our Canadian practice. I suggest that, based on recent British authorities, it would be difficult to support such a proposition even in the British Parliament. In view of the fact that the last known precedent in the British House occurred in 1805 and in the absence of any known precedent in 105 years in our parliamentary history, it seems to me that such a motion is not in accordance with our modern parliamentary practice.

As stated earlier in my comments when I referred to May's first edition, other usages, practices and circumstances have arisen which render the ancient impeachment proceedings obsolete and unnecessary.

Having said all this, I will go into the arguments brought forward for the consideration of the Chair by all hon. members who took part in this debate. As I said, in my view some of these arguments were more relative to the substance of the matter and had more reference to moral considerations. Hon. members have suggested that it is the responsibility of the Chair to provide an opportunity for debate on this matter. I suggest that, even if it were so, this could hardly be done under the guise of the impeachment motion proposed by the hon. member for Peace River.

[*Translation*]

ROUTINE PROCEEDINGS

FINANCE, TRADE AND ECONOMIC AFFAIRS

Eighteenth report of Standing Committee on Finance, Trade and Economic Affairs, in the two official languages.—Mr. Clermont.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

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ECONOMIC COUNCIL OF CANADA

ANNOUNCEMENT OF APPOINTMENT OF DR. RAYNAULD AS CHAIRMAN

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am happy to be able to announce the appointment of a

chairman of the Economic Council of Canada, to succeed Dr. Arthur Smith whose resignation was announced recently. Effective January 1, 1972, the position will be assumed by Dr. André Raynauld of Montreal.

Dr. Raynauld is a distinguished economist, formerly head of the Department of Economics in the University of Montreal, who has served in many capacities in Canada and abroad.

• (3:30 p.m.)

He was a member of the Executive Committee of the Economic Council from 1966 to 1969 and has served on many other boards and commissions.

While Dr. Raynauld will not formally assume his new position until the New Year, it is expected that he will begin working with the Council on a part-time basis immediately following the retirement of Dr. Smith on October 15.

I am tabling Mr. Raynauld's biographical outline and the text of a letter dated today, which I have written to him.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, it is with great pleasure that we welcome the appointment of Dr. André Raynauld as chairman of the Economic Council of Canada. His great proficiency as an economist, his brilliant career, his wide experience and his exceptional qualities made him the logical candidate for the position he is being assigned to. I would like to extend my personal congratulations to him and wish him the very best of luck.

[*English*]

I should like to make a particular point of emphasizing the distinguished service that Dr. Arthur Smith has rendered this country as chairman of the Economic Council of Canada.

Some hon. Members: Hear, hear.

Mr. Stanfield: As successor to Dr. Arthur Smith, Dr. Raynauld will not find his task an easy one. Furthermore, our country is certainly going through a period of great economic difficulty. Great efforts will be demanded in terms of analysis and great boldness in terms of approach. But the qualifications of the new chairman are reassuring to us. We know he understands well the economic problems of the country as a whole, as well as those concerning his native province of Quebec in particular. I hope the independence of the Economic Council will be preserved and that the new chairman will not be subjected to sniping from within the government.

[*Translation*]

We are convinced that under Dr. Raynauld's enlightened chairmanship, the Economic Council of Canada will continue to be an essential and effective organization.

[*English*]

Mr. David Lewis (York South): My remarks will be very few. I, too, want to congratulate the Prime Minister for having chosen a man si intelligent, si compétent, si brillant que le Dr. Raynauld to fill the post of chairman of the Economic Council of Canada.

All I want to say is that it seems to me the government of Canada has ignored the advice which the Economic Council has given for many years with respect to a full employment policy for this country and with respect to a war against poverty in particular, so it does not appear to me that we ought to be particularly concerned about who the Prime Minister appoints to be chairman of a body which the government then proceeds to ignore. It is hoped that Dr. Raynauld will continue to make recommendations, carry out studies and give advice as the Economic Council has done in the past. From his credentials as an economist, I have no doubt that he may give very good advice but there is no suggestion in the Prime Minister's statement or anywhere else that the advice of the Council will be followed by the government. Dr. Raynauld will, therefore, suffer the frustrations which I know Dr. Arthur Smith has suffered.

I conclude by reminding Members of the House that no less an authority than the deputy finance minister suggested to a Senate Committee that the Economic Council was not sufficiently competent and that it had outlived its usefulness. I do not know for whom Mr. Riesman was speaking if not for his minister. I merely express my congratulations to the Prime Minister on the appointment and my condolences to Dr. Raynauld for the position in which he will find himself.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I too would like to congratulate the right hon. Prime Minister on the appointment he has just announced to the House. I am convinced the new chairman of the Economic Council of Canada will render tremendous services to our country and that the Canadian Parliament will benefit, through his administration, from the information required to manage the country and guide it along the path to success which we should normally follow by making it possible for the people to benefit from the great wealth with which Providence has endowed our country.

I should also like to thank the former chairman, Dr. Smith, for his courage in preparing most interesting reports for the government. I will mention among others the fifth report of the Economic Council which was a real eye-opener. We all agreed that it was the report of a courageous man which objectively described the economic conditions in Canada and included at the same time some very realistic suggestions.

I therefore hope that Mr. Raynauld may efficiently fill his term of office; he is an experienced economist and well qualified for the job. I am convinced that he will fully discharge the duties which have been entrusted to him and that under his leadership, we will have the benefit of reports accurately disclosing the result of investigations which the Council will be called upon to make, in order that public funds be used for the good of all Canadians.

[*English*]

COMBINES INVESTIGATION ACT

TABLING OF ANNUAL REPORT OF DIRECTOR OF RESEARCH

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I would like to table in both official languages the Annual Report of the Director of Research under the Combines Investigation Act.

* * *

[*Translation*]

NATIONAL SECURITY

STATEMENT ON ESTABLISHMENT OF SECURITY AND RESEARCH PLANNING GROUP

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, because there have been requests by Members of Parliament for information on the Security Planning and Research Group and because there have been some misunderstandings on this subject, I have decided to make a statement at this time.

The subject of the security of the state is a delicate one where the executive must always balance the rights of the state and the liberty of the individual and it is encouraging to me that there is public concern.

The Royal Commission on Security made it clear in October 1968 that, and I quote:

—Canada remains the target of subversive or potentially subversive activities—

That was paragraph 15 of the report. The report further stated, and I quote:

—the duty of the state to protect . . .its institutions from subversion and its policies from clandestine influence is indisputable—

I have just quoted paragraph 28 of the report.

I have established the new Security Planning and Research Group in the Department of the Solicitor General to advise me on internal security matters. The functions of the group are:

1. to study the nature, origin and causes of subversive and revolutionary action, its objectives and techniques as well as the measures necessary to protect Canadians from internal threats;

2. to compile and analyze information collected on subversive and revolutionary groups and their activities, to estimate the nature and scope of internal threats to Canadians and to plan for measures to counter these threats;

3. to advise me on these matters.

It is absolutely wrong to suggest that this group is "an anti-rebel police force" or a "civilian security force".

• (3:40 p.m.)

The Group has no operational duties; they are advisory in nature. In short, the duties of the Group are to conduct research, analysis and planning. This is a far cry from the beginnings of the establishment of a police state as has been implied by some critics. The concept of a police state is as repugnant to the government as it is to all Canadians.

[Mr. Lambert (Bellechasse).]

It was made clear by the Prime Minister that the government does not intend to establish a separate civilian security service when he said in the House of Commons on June 26, 1969, and I quote:

. . .we have come to the conclusion that current and foreseeable problems in Canada can better be dealt with within the Royal Canadian Mounted Police through appropriate modifications to existing structure, than by attempting to create a wholly new and separate service".

There has been no change to this fundamental policy.

In discharging its duties, the Security Planning and Research Group will work closely with the R.C.M.Police Security Service and with other sources which may be able to provide useful information, such as the Armed Forces, other government departments and agencies, other police forces and other governments in Canada.

It is, I think, beyond question that when Parliament established the Department of the Solicitor General in 1966, it was establishing a department, separate from that of the Attorney General, to deal with police matters, criminal investigations, detentions, paroles, pardons and internal security. The Prime Minister also stated in the House of Commons on June 26, 1969, and I quote:

"Some comments in the report . . .

—of the Royal Commission on Security—

. . . which refer to the R.C.M.Police are now properly directed at aspects of government policy. We intend to keep under review our basic policies and procedures in relation to security as the commissioners have recommended. The establishment of the Department of the Solicitor General in 1966 was a major step in this direction".

A parallel might be drawn between security and criminal investigations. When the police gather material in criminal investigations and court action is to follow, it is the Crown prosecutor who assesses the police evidence and, as the Attorney General's representative, decides whether to prosecute. Likewise, the assessment of the seriousness of a security threat to the state should be made by the civil power in concert with police authorities.

To try to achieve an objective assessment and evaluation of the threat to the security of Canadians, the Security Planning and Research Group will consist of a mixture of the disciplines of sociology, criminology, psychology, law, the military and the police. I am hopeful that a mixture of backgrounds such as this will together be able to advise me, and through me, the Cabinet about the aims and intentions of groups that are genuinely revolutionary and prepared to employ violence in achieving their ends, as distinct from those who would promote social change through accepted democratic procedures. The revolutionary phenomenon now exists in many parts of the world—in Europe, in South America, in Asia, in the United States and here in Canada.

Governments are handling these groups in different ways. The Canadian government believes that dissent is healthy and necessary to our society. Canadian society can absorb dissident groups which are not a threat to the physical safety of Canadians and their democratic way of life.

It is the government's responsibility, however, and my responsibility as minister reporting for internal security, to ensure that Canadians are protected from groups who would use violence to achieve their aims. The government

must be enabled to act rather than react to these groups. A step in this direction is the creation of a group in the government structure which will study and report on dissident groups and their intentions as they relate to the safety of Canadians.

I would also like to make the point that the Commissioner and the Director-General of the R.C.M.Police Security Service, who normally report directly to me, also have the right of direct access to the Prime Minister in exceptional circumstances. Another point to be noted is that departments of the government of Canada are themselves responsible for personnel and physical security matters which arise within respective departments.

In short, in view of my responsibilities as Solicitor General for keeping a watching brief on developing threats to Canada's security by virtue of my office and duties relative to the R.C.M. Police, and in view of the increasing amount of information with which I must be familiar—not only on police matters but also on matters pertaining to the Canadian Penitentiary Service and the National Parole Board—there is a need for an adequate advisory staff to assist me. The Security Planning and Research Group will perform this function where matters of internal security are concerned.

In forming this group, I am following a principle which is not inconsistent with what was said in the House of Commons on June 26, 1969 by the hon. Leader of the Opposition when the revised report of the Royal Commission on Security was tabled. Mr. Stanfield said, and I quote:

[*English*]

I am sure that members of parliament accept the necessity that much of the security operation is conducted outside our purview. What would be cause for grave concern would be any thought that much of the operation is beyond the ken of the ministry or the Prime Minister; that there are not ministers, elective and responsible members of government to whom the entire security operation is an open book, who have continuing access to everything that is going on in that area, and who give proper, responsible, political, civilian direction to the operation on a continuing basis. None of us would want to see a security operation in this country running under its own steam and answerable only to itself—a government, so to speak, within the government. The very decision as to what affects security and what does not, what must be secret and what public, is finally a matter of political decision and judgment. The effective supremacy of the civilian authority must never be compromised in this matter.

Those words are to be found in *Hansard* for June 26, 1969, at page 10639.

[*Translation*]

I am confident that the Security Planning and Research Group will perform a most useful function for the government and for all Canadians.

[*English*]

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, we are at long last happy that the minister has broken his and the government's silence in reference to its new security planning and research group. In fact, I think he felt that at long last he could say a few words of his own, and at long last I can say a few words of my own on this subject. The minister said at the outset of the report that he had made this statement at the request of Members of Parliament. May I point out that the expression "request" is indeed a very mild one for we have continually questioned and interrogated for days the Prime Minister (Mr. Trudeau), the Solicitor General (Mr. Goyer) and other cabinet ministers in an endeavour to pry out of the government information about what the right hon. Prime Minister of this country describes as a headless group.

What is this group? What is its purpose? Why was the report not made when Parliament first reconvened? The minister speaks about balancing the rights of the state with the liberty of the individual, yet the media, especially the press, were endeavouring to search for information and to pry the facts out of the minister in order to determine what the government had up its sleeve in reference to security.

Why was debate denied when the Prime Minister had promised it? Why is there secrecy about the whole thing?

Mr. Nielsen: There still is.

Mr. Woolliams: There still is, yes. We had hoped that the minister would tell us today about the security policy of this country, about the procedures which will be followed to ensure that the Royal Canadian Mounted Police and the security group act under the guidance of the minister and the cabinet, so that the minister and the cabinet can effectively discharge their responsibilities as the civilian heads of our security force. But there was not a word as to this, only a bald statement full of references about functions, followed by historical and philosophical remarks.

The government has continued to exhibit this curious reluctance to "come clean" until finally the pressure of public opinion, no doubt, forced the Solicitor General to make the statement he made this afternoon. As a result of this curious reluctance we must weigh, analyse and scrutinize the statement with great care, indeed I say with suspicion.

Speaking of suspicion caused by the minister's reluctance to speak, I recommend and urge that this matter, indeed this report and the minister's statement on the whole question of security, be referred to a special committee made up of members of this House and of the other place. Alternatively, if necessary, and if the minister should so decide, it could be referred to the Standing Committee on Justice and Legal Affairs. In view of the fact that security is a very serious matter and that certain facts must be kept confidential, if necessary portions of the hearing could be held in camera, just as security matters during the war were reviewed and discussed by Members of Parliament of this chamber.

The purpose of having a committee to analyse the report and this statement is to find out from the minister the reason that a new liaison group was set up when all the time a liaison group was in existence, as well as the reason that the personnel of that liaison group and of the privy council and external affairs department have been mysteriously banished from their high, sensitive positions to far away places. We find that there have been more changes, new moves and fresh firings and banishments taking place even over the weekend.

Mr. Nielsen: There may even have been impeachments.

Mr. Woolliams: Yes, there may have been impeachments.

• (3:50 p.m.)

We want to know from the new personnel who have replaced these former liaison groups what formula they will use and what criteria they will use in passing on information from the RCMP to the cabinet and, above all, to make certain that the liberty of the subject is always protected and is not treated as totally expendable because of the state. As my leader said, who was quoted with approval and affection by the minister today:

> What would be cause for grave concern would be any thought that much of the operation is beyond the ken of the ministry or the Prime Minister; that there are not ministers, elective and responsible members of government to whom the entire security operation is an open book, who have continuing access to everything that is going on in that area, and who give proper responsible, political, civilian direction to the operation on a continuing basis. None of us would want to see a security operation in this country running under its own steam and answerable only to itself—a government, so to speak, within the government.

When you analyse this statement, which was quoted with approval, it provides all the more reason this matter should be carefully considered by the committee. Is the minister's word sufficient to satisfy Parliament in this regard, especially when he has been so reluctant to tell us about this new headless group? Will this new headless group function with a formula and criteria having such high aims and objectives as the minister suggests? We sincerely hope it will, and I think we are entitled to be assured that it will. We do not want, of course, files on individuals and files particularly in reference to security matters to be used other than for the purposes of security.

In answering this statement, let me conclude by referring to page 8, paragraph 22 of the report of the royal commission on security. It reads in part:

> Although the more moderate elements of the Quebec separatist movement have up till now been conducting a largely political campaign, it appears to us that there is in certain quarters a tendency to resort to activities that could well be regarded as seditious. What is more, there is no doubt about communist and Trotskyist interest and involvement in the movement.

That refers to elements of the separatist movement. The report goes on to say that if the activity is merely political, it is all right. The point I make now is that the government was warned much earlier than last fall, actually in 1969, but did nothing about it. This warning was in print, but the government stood idly by and did nothing. I think we must hear more than this statement, lengthy as it was, and full of verbiage, in order that we may be assured that this matter is free from suspicion today.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, the minister in his statement quite rightly said that a delicate balance must be sought between the rights of the state and the liberties of the individual. I suggest, therefore, that Parliament must not only be a jealous guardian of the state, but also a zealous protector of the rights of individual citizens. All too often, the first obligation is used as a pretext to disregard the second.

For this reason the members of this House who demanded an explanation of this new security machinery in the Solicitor General's department were entirely justified. The hesitant, dilatory and evasive attitude of the minister in the past led to suspicions which were very properly expressed about the whole project. Now that the minister has at last given an explanation to Parliament I can say, and I think I have been particularly concerned about the subject of civil liberties, I find nothing objectionable in the security planning and research group. Indeed, I welcome the proposal that information about security be channelled through a small group of civilian experts, advisory to the responsible minister.

In my experience such matters as security require, for their proper evaluation, an extensive political knowledge and a sound judgment. These qualities do not, as we have learned in the past, always exist in those who are trained as policemen. I entirely agree that civilian control in such delicate matters is essential. What is required is the ability to distinguish between radical proposals, new and dangerous thoughts which are entirely healthy and, indeed, essential to a dynamic society on the one hand, and activities directly related to violence against the state or against the individual on the other.

I hope the minister will report regularly to the parliamentary Committee on Justice and Legal Affairs on the activities, scope and size of this branch or group so that the committee on behalf of Parliament can ensure that what is starting out as a small, doubtless useful and necessary organization, does not in the course of time blossom out into something large and sinister.

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I thank the hon. minister for having sent us in due time the text of his statement in English and French.

Mr. Speaker, my party has long been expecting the statement the Solicitor General has just made.

Referring to groups that are prepared to employ violence in achieving their ends, the Solicitor General said, and I quote:

> The government must be enabled to act rather than to react to these groups—

The Solicitor General has thus aptly defined the policy any responsible government should follow and this, not only in connection with groups determined to overthrow it by force, but also towards the whole population.

The existence of such revolutionary groups, Mr. Speaker, proves that there is a concrete reaction to the present government and its methods of administration. If the government decided, once and for all, to govern this country with some practicality, not only reacting to the evils which befall us or result from its inefficient administration, but also working towards a better future for all Canadians, the statement which we have just heard would never have been made.

• (4:00 p.m.)

Mr. Speaker, during the war measures debate, members of this party repeatedly expressed deep regret over the failure of the present government, as well as of its predecessors, to act before violence occurred. On November 30, 1970, I rose in this House on the matter of emergency powers and made the following statement, as recorded on page 1610 of Hansard:

> We must not say that they take us by surprise. The government was well aware of the situation, had been for a long time, but nobody was courageous enough to say what was wrong and, above all, to apply the appropriate remedies.

Mr. Speaker, today we deplore the creation of such a body, which is to be called the Security Planning and Research Group.

The terms of reference of that service, if they remain as indicated by the Solicitor General, seem adequate to us, but we insist that that group have no active function whatever within our Canadian police forces. The advisory role of that group must be well defined, and we believe that it will have to remain of a strictly advisory nature.

Since the establishment of that group has become practically indispensable owing to the period of carelessness which has prevailed for too long in our governments in connection with their commitments toward the population, we therefore welcome although we do not like it this step toward police re-organization in Canada. Prevention is better than cure.

However, if that assertion fits perfectly the announcement of the Solicitor General, it applies all the more to the rationale behind the government's decision to establish the Security Planning and Research Group. The Canadian people are getting fed up with unemployment, unfulfilled election promises, trips abroad, etc.

The setting up of that government branch shows pretty well where we are after several years of gloomy administration under this government and previous ones. What a pity! It seems to me that we will not get anywhere as long as we do not realize that any basic reform must be founded on charity and on the individual human being.

* * *

• (4:00 p.m.)

[*English*]

LABOUR CONDITIONS

LAY-OFFS BY GENERAL MOTORS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I ask for unanimous consent, under Standing Order 43, to move a motion on a matter of urgent and public concern.

In light of General Motors decision to lay off 2,000 workers from its plants in Oshawa, Ste. Therese, St. Catharines, Windsor and Scarborough, it appears that we are witnessing the beginning of a large-scale export of Canadian jobs to other countries which will affect many centres in this country.

I therefore move:

That this House requires the government to take immediate steps to ensure that Canadian jobs are not sacrificed to provide jobs for workers in other countries.

Mr. Speaker: The House has heard the motion proposed by the hon. member for Prince Edward-Hastings. The motion, moved under Standing Order 43, requires the unanimous consent of the House. Is there unanimous agreement?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

* * *

EXTERNAL AFFAIRS

RAISING OF PROPOSED AMCHITKA NUCLEAR TEST AT UNITED NATIONS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, I also beg leave to move a motion under Standing Order 43 in respect of an urgent and pressing necessity, namely the commencement of the General Assembly of the United Nations. The motion I seek to move, seconded by the hon. member for Fraser Valley West (Mr. Rose) is as follows:

This House is of the opinion that the government took the correct stand in expressing objections to the proposed nuclear device test scheduled to be conducted by the Atomic Energy Commission of the United States of America and therefore urges the government to raise this proposed nuclear device test in the United Nations forthwith in the hopes of developing a world wide concern about the moral issue of the United States of America adding further to the nuclear arms race and contributing to a potential environmental and geographic disaster.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Skeena. This motion requires the unanimous consent of the House. Is there unanimity?

Some hon. Members: No.

Some hon. Members: Agreed.

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

* * *

[*Translation*]

CRIMINAL CODE

AMENDMENT RESPECTING JURY SERVICE FOR WOMEN

Mr. Colin D. Gibson (Hamilton-Wentworth) moved for leave to introduce Bill S-20 titled "An Act to amend the Criminal Code (Jury Service for Women)".

Some hon. Members: Explain.

Mr. Gibson: Mr. Speaker, this bill proceeds from the report on the status of women, which advocates equality for Canadian women.

[*English*]

The sole purpose of this bill is to ensure that, in respect of jury service in criminal cases throughout Canada, women will be in all respects equal to men.

Motion agreed to, bill read the first time and ordered to be printed.

Inquiries of the Ministry

MOTION TO ADJOURN UNDER S.O. 26

LABOUR CONDITIONS

LAY-OFFS BY GENERAL MOTORS—EFFECT ON CANADIAN ECONOMY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask leave, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely the announced lay-off of 2,000 employees by General Motors of Canada in Oshawa, Scarborough, Ste. Therese, St. Catharines and Windsor and the implications thereof for the Canadian economy in an industry which was expected to benefit from the recent United States economic measures.

Mr. Speaker: The hon. member for Oshawa-Whitby (Mr. Broadbent) has filed the notice required by Standing Order 26. The hon. member proposes that the order of business be set aside for the purpose of discussing a lay-off by General Motors of Canada and, to quote the hon. member's words, the implications thereof for the Canadian economy.

The Standing Order sets out the factors which have to be considered by the Chair in determining whether a specific matter should be debated in priority to the previously announced business. I recognize, as do all hon. members, that the matter raised by the hon. member is one which is important, urgent, and of national interest. The procedural prerequisites in this respect are amply met. The Chair must consider other factors, however, and one of these is opportunity for debate. The House has had before it for a few days the tax bill, and more particularly the amendment which refers in broad terms to economic conditions in the country. Problems such as the one raised by the hon. member for Oshawa-Whitby have already been the subject of discussion in the course of this debate under the umbrella of the amendment now under consideration. That order of business is still before the House and it should be reasonable to assume that it will be called again. That debate in my view does provide an opportunity for the consideration of the situation on which the motion is based. I regret to conclude that the motion should not be put at this time.

ORAL QUESTION PERIOD

LABOUR CONDITIONS

LAY-OFFS BY GENERAL MOTORS—POSSIBLE TRANSFER OF JOBS TO THE UNITED STATES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce in respect of the lay-off to which reference has been made. Can the minister tell the House whether he or the government intends to conduct an inquiry into this matter or whether the minister is really satisfied in his own mind that either General Motors has in fact a legitimate problem of over-production on the one hand or whether, on the other hand, the company is reacting to the program of President Nixon and as a result is transferring jobs to the United States.

[Mr. Gibson.]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, unfortunately I must confirm that these lay-offs will be taking place. For how long, I do not know. The reason given by the company in the communique, I understand, as I have not seen it, is the importance of imports from overseas. This is one aspect of it. I am sure there is also another aspect. It is that General Motors does not produce in Canada the popular compacts and sub-compacts produced by other Canadian manufacturers and imported from overseas. The cars produced now in Canada by General Motors are mostly full-sized Pontiacs and Chevrolets, and these have not been as popular in Canada or the United States as was expected, so the company is going through a period of adjustment now. General Motors has announced these 2,000 lay-offs in Canada but I am informed they have also announced the lay-off of 27,000 people in the United States. Tomorrow I will be seeing some of the top officers of the company and will try to find out as much as possible about Canadian interests in these matters.

• (4:10 p.m.)

LAY-OFFS BY GENERAL MOTORS—PRIOR NOTICE BY COMPANY

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. I take it from what the minister has said that he had no prior warning of this lay-off, that there was no prior consultation between the company and officers of his own department and that there were no discussions yesterday on this subject between himself and U.S. Secretary of Commerce, Mr. Stans?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, we have established very good relations with the manufacturers of automobiles in Canada and, generally speaking, they keep me and my department well informed on these matters. They did give us advance notice of the 535 or 570 lay-offs at St. Thérèse, but I must say—and I regret having to say it—they did not give us any prior notice of these latest announced lay-offs in addition to the ones at St. Thérèse. I find that rather annoying and I hope this is an accident which will not occur again.

LAY-OFFS BY GENERAL MOTORS—GOVERNMENT PLANS TO PREVENT

Hon. Robert L. Stanfield (Leader of the Opposition): As a further supplementary question, Mr. Speaker, I would ask the minister whether he has any plan in mind to avoid this lay-off by GM and, if so, whether he can indicate briefly to the House what this might be.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Obviously, Mr. Speaker, this is the sort of subject I intend to take up tomorrow with the officers of the company, but I am rather hesitant to deal with the

subject for obvious reasons. It is quite difficult for me to make any suggestion that the company should start building sub-compacts and compacts in Canada because it may very well be that the situation next year will have changed completely. This is the sort of advice that ministers refrain from volunteering.

This is one of the difficulties we have had with the automobile agreement, and I have said so in public. We do not have anything to say about the decisions of the companies on the types of automobiles that they build in Canada. I am sure however that hon. members of this House would view with anxiety the government telling the companies they should build in Canada, at St. Thérèse or at Oshawa, this particular type of automobile, because in such instances we may win once but lose ten times.

LAY-OFFS BY GENERAL MOTORS—REQUEST FOR GOVERNMENT ACTION TO MAKE EARLY ANNOUNCEMENT OF SUCH PLANS MANDATORY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, since the minister has told us that he was not informed of the lay-offs that have recently been announced outside the province of Quebec, and has at last expressed some annoyance with the automotive industry, could he inform the House whether the government intends to take steps making it mandatory for any such future lay-offs to be announced well in advance, in fact, many months in advance, to the government?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the legislation in Quebec and the legislation in Ontario are different on the timing of such notice. Companies in Quebec have to give four months notice when a number of employees, I think it is 300, are to be laid off. In Ontario one month's notice is required and this is what has taken place in the particular case with which we are now dealing. What I was saying, really, was that I would have expected the company to have brought these intentions, I mean with respect to these particular lay-offs that were announced yesterday, to our attention because it had done so with respect to the ones at St. Thérèse.

ST. THÉRÈSE, QUEBEC—POSSIBLE FURTHER GENERAL MOTORS LAY-OFFS—ASSURANCE OF MAINTENANCE OF PRODUCTION IN CANADA

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, it is not that I am pleased with that answer, but I do want to ask a related question to which I expect a negative answer. Is the government aware that a production change in the General Motors' plant at St. Thérèse next spring will result in the cancellation of the production of a large number of Pontiac automobiles, involving approximately 2,000 jobs at that plant and, if the government is aware of this, what does it intend to do to ensure that when the production of these automobiles is transferred from that plant in Quebec it will at least be transferred to another plant in Canada and not to a plant in the United States?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, obviously this question demonstrates the complexity of the subject. I will read it again and will tomorrow try to extract as much information as I can from the officers of the company.

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THE CANADIAN ECONOMY

FOREIGN OWNERSHIP—REQUEST FOR STATEMENT OF GOVERNMENT POSITION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to direct a question to the Prime Minister. Will the Prime Minister advise the House when the government intends to inform the country of its policy on this whole, broad matter of foreign investment in Canada and how it will operate here?

Right Hon. P. E. Trudeau (Prime Minister): We hope to be doing that pretty soon, Mr. Speaker.

Mr. Hees: As a supplementary question, has the Gray report turned into a grey area of indecision, ineptitude and frustration—

Mr. Speaker: Order, please.

Mr. Hees: —as widely reported, meaning that we may never know the government's views on this very important matter?

Mr. Speaker: Order, please.

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INDUSTRY

AUTOMOBILES—REQUEST FOR AID TO SUBCONTRACTORS—POSSIBLE PRICE REDUCTION TO INCREASE SALES AND EMPLOYMENT

Mr. A. D. Hales (Wellington): Mr. Speaker, I wish to direct a question to the Minister of Industry, Trade and Commerce. What does the government intend to do to help the subcontractors and those who are producing car parts? Also, when he is speaking with the manufacturers tomorrow will he suggest to them that if they would reduce the price of cars made in Canada to the same level as that in the United States they would sell more cars in Canada and employ more people?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I have already answered the second part of the question on a number of occasions, but with regard to the first part, the off-market parts are not exempted under the United States surcharge. However, my opinion is that they would be included under Bill C-262, which has just been reported by a committee to the House.

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LABOUR CONDITIONS

LAY-OFFS BY GENERAL MOTORS—POSSIBLE PRODUCTION OF SMALL CARS IN CANADA TO MAINTAIN EMPLOYMENT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to ask the minister, in view of the large number

of industrial specialists attached to his department, and in view of the obvious fact that for a dozen or more years there has been a move on the part of the buying public to purchase the smaller, less costly cars, whether his department has discussed—I am not suggesting has ordered—at any time with the auto makers in Canada the advisability of their locating facilities for producing smaller cars in Canada, something which would have avoided some of these lay-offs?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, when you do not want to give an opinion it is difficult to make the discussion of a problem interesting. I find that a reluctance to express specific views on what automobiles should be built and in what particular plant does not help to enrich a conversation.

Mr. Broadbent: That is not the question.

Mr. Pepin: I think it should be underlined that Canada cannot have it both ways. We have been rather fortunate in the sense that some of the very popular automobiles have been built in Canada. I am referring, for example, to the Maverick, the Pinto and the Dart. We cannot have things all our own way. There is an element of gamble in this matter and sometimes you win, sometimes you lose.

Mr. Orlikow: On a supplementary question, Mr. Speaker, the minister has mentioned the fact that Ford and Chrysler have located facilities in Canada for building smaller cars. I am simply asking the minister whether in fact none of the experts in the automobile field located in his department, where they are paid very good salaries, has discussed with General Motors in the last couple of years the advisability of locating that kind of facility in Canada? If they have not done so, why have they not done so?

Mr. Pepin: Well, Mr. Speaker, under the present Canadian philosophy, government officers do not tell companies what to do.

• (4:20 p.m.)

[*Translation*]

LAY-OFFS BY GENERAL MOTORS—REQUEST TO LIMIT IMPORTATION OF EUROPEAN AND JAPANESE CARS

Mr. Speaker: Would the hon. member for Richmond like to ask a supplementary question?

Mr. Léonel Beaudoin (Richmond): Yes, Mr. Speaker.

Since it would appear that lay-offs in the automotive industry are attributable to massive imports of small European and Japanese cars, could he tell us whether it would not be advisable to consider once again the possibility of restraining these substantial imports?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, Canadians must make a choice when purchasing an automobile. There is now a law on overseas imports which provides for a 15 per cent tariff, and assessment regulations under the Customs Act. I think that Canadians must decide for themselves where are both Canada's and their own interests in these matters. Any steps taken by the Canadian government to restrain imports would normally bring retaliation by other governments.

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[*English*]

THE CANADIAN ECONOMY

REQUEST FOR ACTION BY GOVERNMENT TO STIMULATE EMPLOYMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct a supplementary question to the right hon. Prime Minister. In view of this latest blow to employment in Canada, and in particular in view of the additional unemployment that will take place in the plants of subcontractors, I would like to ask the Prime Minister whether this brings any nearer a decision by the government to take some action to create additional employment in Canada or, if not, what is required to wake up this government?

• (4:20 p.m.)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker—

Mr. Speaker: Order, please. I suggest to the hon. Leader of the Opposition that the question asked in those terms is hardly in order. The hon. member for Spadina on a supplementary.

Mr. Ryan: Not a supplementary, Mr. Speaker.

Mr. Speaker: I believe there are a few members who wish to ask supplementaries, so I will recognize them first and then proceed to the hon. member for Spadina.

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LABOUR CONDITIONS

LAY-OFFS BY GENERAL MOTORS—POSSIBLE INVOLVEMENT OF MANPOWER SERVICES

Mr. John Lundrigan (Gander-Twillingate): I have a question for the Minister of Manpower and Immigration. May I ask the minister whether his department is involved in the serious matter of the lay-off of 2,000 Canadians and whether he has anything positive which he can report to the House about the involvement of his department?

Hon. Otto E. Lang (Minister of Manpower and Immigration): In the ordinary course, and more and more in recent months, the department is being informed by companies about lay-offs in advance of announcements. Whenever that is so or whenever we learn of them at a later date, we immediately attempt to utilize our full manpower consultative services, leading usually to agreement to study the situation and attempting to provide the full scope of the department's services including, of course, the very important mobility service.

INDUSTRY

AUTOMOBILES—REQUEST FOR REDUCTION IN EXCISE TAX TO STIMULATE SALES

Mr. Mark Rose (Fraser Valley West): My question is for the Minister of Industry, Trade and Commerce. In view of the example set earlier by the government in reducing the 15 per cent excise tax on electrical appliances and before that on drug prices, is the minister recommending a reduction or abolition of the present 12 per cent sales tax on domestically produced automobiles in order to lower prices and stimulate local sales?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I am sure that the Minister of Finance will be informed of this question, Mr. Speaker.

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LABOUR CONDITIONS

LAY-OFFS BY GENERAL MOTORS—INQUIRY AS TO NOTICE OF SITUATION AT OSHAWA PRIOR TO IMPOSITION OF UNITED STATES SURCHARGE

Mr. H. W. Danforth (Kent-Essex): I should like to direct a supplementary question to the Minister of Industry, Trade and Commerce who has indicated that there was some advance notice given by General Motors of these lay-offs. I should like to ask specifically, was advance notice given to the government on the lay-off at Oshawa and can the minister indicate whether such notice was given before the imposition of the surcharge by the United States because of the tax implications involved?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I think I have already answered that question, Mr. Speaker. There was advance notice to my department of the possible lay-offs at St. Thérèse, but there was none with respect to the added 1300 to whom we referred this morning.

Mr. Danforth: A supplementary. Was this notice given prior to the advent of the Nixon surcharge or after?

Mr. Pepin: The notice about Ste. Thérèse was certainly prior to the surcharge. I would think, Mr. Speaker, wanting to be fair to the company, that the difficulties to which I referred in connection with the full size automobiles is something that has been known by the market and by the companies for a number of months. This is not something new with us.

Mr. Bell: Years.

LAY-OFFS BY GENERAL MOTORS—POSSIBLE ESTABLISHMENT OF PLANTS IN CANADA BY FOREIGN MANUFACTURERS

Mr. Doug Rowland (Selkirk): A supplementary to the Minister of Industry, Trade and Commerce. In light of the fact that these lay-offs have been attributed in some part to the effect of imported automobiles on the market, has the minister taken steps to encourage Japanese, British, Italian and German manufacturers of automobiles to establish assembly plants in Canada in a like manner to those of certain French and Swedish manufacturers?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): There are already some assembly facilities in Canada owned by a Japanese group, the CMI and there is a full fledged operation of Swedish origin in Canada, the Volvo. These are the realities of the moment. I have personally brought to the attention of one foreign company that there are possibilities in Canada, but you cannot force companies to come and establish plants unless they have an advantage in doing so.

Mr. Speaker: Order, please. It may be the sense of the House that perhaps the Chair might allow a last supplementary and then return to this subject later. The hon. member for Hamilton West might resume his seat for the moment. If he has a point of order I will hear him, of course. It is my thought that, unless hon. members think we should spend another five or ten minutes on this subject, in fairness to other hon. members who have been trying to ask their questions we might give them the opportunity to do so and return to this important matter. For the moment, I shall recognize the hon. member for Oshawa-Whitby on a supplementary.

LAY-OFFS BY GENERAL MOTORS AT ST. THÉRÈSE—ACTION BY GOVERNMENT FOLLOWING NOTICE

Mr. Edward Broadbent (Oshawa-Whitby): A supplementary question to the Minister of Industry, Trade and Commerce. The minister has indicated that he has known about the lay-offs at Ste. Thérèse for some time and, to my knowledge, that time amounts to about three months. Can the minister inform the House what the government has done in that three month period concerning the announced lay-offs in the province of Quebec?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): We have known about the possibilities of the lay-offs, Mr. Speaker. If I was not too precise, I apologize. The company was hoping there would be a pick-up in the market which would help them and make these possible lay-offs unnecessary.

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IMMIGRATION

ILLEGAL ENTRY OF RUSSIAN SAILOR—REQUEST FOR STATEMENT ON STATUS

Mr. Len Marchand (Kamloops-Cariboo): I have a question for the Minister of Manpower and Immigration. I wonder if the minister can bring the House up to date on the case of Mr. Serge Kourdakov. I am particularly interested in finding out the status of this gentleman's request to stay in Canada.

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, the government is employing the order in council power which is provided under the Immigration Act to overcome the various technical impediments to Mr. Kourdakov's admission to Canada. He is apparently otherwise eligible in accordance with our regulations for

landed immigrant status, and I should expect this to be granted him very shortly.

* * *

COMMUNICATIONS

CLOSING OF TORONTO "TELEGRAM"—POSSIBLE GOVERNMENT ACTION TO MAINTAIN OPERATION

Mr. S. Perry Ryan (Spadina): My question to the Prime Minister is with respect to the possible sale and windups of the Toronto *Telegram*. Would the Prime Minister consider trying to arrange a meeting with Mr. Bassett and representatives of all parties concerned with a view to arriving at a temporary moratorium in the hope that arrangements could be made to rescue the jobs of the 1200 employees involved and also to continue this paper in the public interest?

Right Hon. P. E. Trudeau (Prime Minister): In view of Mr. Bassett's own statement and position, Mr. Speaker, I think I must answer that question in the negative.

Mr. Ryan: A supplementary question. Does the Prime Minister not believe that it is never too late to mend and that this is a very serious situation in Toronto which involves political and social—

Mr. Speaker: Order, please. The hon. member for Fundy-Royal.

EFFECT OF COMPETITION ACT ON OPERATIONS OF NEWSPAPER PUBLISHERS

Mr. R. Gordon L. Fairweather (Fundy-Royal): A supplementary question directed to the Minister of Consumer and Corporate Affairs. When the Competition Act becomes law will rationalization of newspaper operations be less inhibited than is now the case under the Combines Act?

Mr. Bell: Just the ones in the Maritimes.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, the bill is before Parliament. I would not want to speculate on what it turns into because we are asking for public comment on the bill and it may well be amended. Certainly, the whole purpose of the Competition Act as proposed in Bill C-256 is to put forward a far more flexible approach to industrial organization than is possible under the existing Combines Investigation Act.

CLOSING OF TORONTO "TELEGRAM"—POSSIBLE DISCUSSION WITH SENATOR DAVEY

Mr. Thomas M. Bell (Saint John-Lancaster): A supplementary question. Has the Prime Minister had any discussions with Senator Davey about this Toronto *Telegram* matter?

Right Hon. P. E. Trudeau (Prime Minister): Senator who?

[Mr. Lang.]

LABOUR CONDITIONS

LAY-OFFS BY GENERAL MOTORS—POSSIBLE INVOLVEMENT OF MANPOWER SERVICES

Mr. John Lundrigan (Gander-Twillingate): A supplementary for the Minister of Manpower and Immigration. In view of the fact that 1200 jobs will be involved in the present announcement which the Prime Minister reacts to so lightly today, can the minister say anything specific—

Mr. Speaker: Order, please. If the hon. member wants to ask a question, which he has a right to do by way of supplementary, perhaps he might ask the question directly.

Mr. Lundrigan: My question is almost complete. Can the Minister of Manpower and Immigration indicate whether his department is in any way involved in trying to help the 1200 employees who are faced with the possibility of loss of employment.

Hon. Otto E. Lang (Minister of Manpower and Immigration): We certainly will be, and again it will be important to notice that the range of facilities will include attempting to find other employment for people who may be laid off, and in providing appropriate mobility grants if those are applicable when the men involved are suitable for jobs available elsewhere in Canada.

* * *

• (4:30 p.m.)

HEALTH

PROPOSED BAN ON CIGARETTE ADVERTISING—EFFECT OF ANNOUNCEMENT BY INDUSTRY ON GOVERNMENT LEGISLATION

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I wanted to direct my question to the Minister of National Health and Welfare, but in his absence would you permit me to ask one of his colleagues to take note of it. Having in mind the significant announcement made today by the tobacco industry of Canada that at the end of this year it will discontinue all television and radio cigarette advertising, my question is this: will this announcement deter the government from proceeding in due course with its amending legislation to cover all forms of advertising, including printed forms relating to that dangerous product?

Mr. Speaker: The hon. member for Edmonton Centre.

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YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—REQUEST FOR STATEMENT ON THE STATUS OF THOSE RECEIVING PAYMENTS

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is for the Prime Minister. In light of the fact that university enrolment is down by 75,000 from that expected by the Economic Council of Canada because of student unemployment this summer, and in light of the

fact that the government supposedly spent $67 million this summer for student employment, is the Prime Minister going to undertake an inquiry into how many of those jobs went to poor and married students as compared with the number obtained by the sons and daughters of the affluent?

An hon. Member: Answer.

Mr. Paproski: A supplementary question, Mr. Speaker. When will a statement be made to show just who got the money?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the hon. member knows, and the House knows, that a report is to be made after the assessment of the Opportunities for Youth program has been terminated. I assume that some information of this kind may be available.

Mr. Paproski: A further supplementary question, Mr. Speaker. Did the government ever have a policy this summer for giving priority assistance to poor and married students, or was the assistance to be just for Grits?

• (4:30 p.m.)

* * *

[*Translation*]

OIL

PROPOSED MACKENZIE VALLEY PIPELINE—DISCUSSION WITH UNITED STATES

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to put a question to the Minister of Energy, Mines and Resources.

Could he tell us whether officials of his department are discussing with his American counterpart the setting up of a pipeline in Alberta to develop the Prudhoe Bay oil-fields?

[*English*]

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, there has been discussion for the last year or two in general vein, but there has not been any in the last few weeks.

Mr. Speaker: The hon. member for Brandon-Souris.

Mr. Nielsen: I have a supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Brandon-Souris. I will recognize the hon. member for Yukon immediately thereafter.

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AIR CANADA

REQUEST FOR LOWER FARES, OTTAWA TO VANCOUVER

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Transport. As a result of the failure of IATA to reach agreement on overseas air fares and the resulting "hanky-panky" which forced Air Canada to reduce its trans-Atlantic fares to $186, is the government taking action against domestic "hanky-panky" which allows Air Canada to charge $280 for fares from Ottawa to Vancouver?

Mr. Speaker: Order, please. The Chair will allow the minister to reply. However, I think hon. members should take care in placing questions before the House to make sure that, from the procedural aspect, they are in a form which makes it easy for the Chair to allow the questions to be asked and answers given.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, may I say how much I appreciate that ruling. I would not wish to be known as the minister in charge of "hanky-panky".

Mr. Baldwin: That portfolio is already occupied.

Some hon. Members: Shame.

Mr. Jamieson: Answering the question, I am hoping to have discussions with Air Canada within a few days with regard to the whole question of fares and the like resulting from the IATA disagreement or from the failure to reach agreement. I have nothing new to report at this time other than what I have said in the past.

Mr. Dinsdale: A supplementary question, Mr. Speaker. With respect to your comments, Sir, may I say that I picked up that phrase from the report of these discussions. I should like to ask the minister if he is aware of expert opinion to the effect that a fare of $180 would be economically feasible for the Ottawa-Vancouver run?

Mr. Jamieson: Mr. Speaker, there are all kinds of experts in these matters. I should like to get the evidence directly.

* * *

OIL

PROPOSED MACKENZIE VALLEY PIPELINE—CONSULTATION TO SETTLE LAND RIGHTS OF NATIVE PEOPLE

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a supplementary question to ask of the Minister of Energy, Mines and Resources with respect to the potential pipeline from Prudhoe Bay across the Yukon and down the Mackenzie Valley to Alberta. Since the completion of ecological studies is now in sight, and since the consortiums which are prepared to commence construction of this $2 billion project are on the threshold of beginning, will the minister say whether the government has come to grips with the only remaining problem, namely, immediate consultation with native peoples in order to settle their land rights in the areas involved.

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, the question of consultation with the native peoples comes under the jurisdiction of my colleague, the Minister of Indian Affairs and Northern Development.

Mr. Nielsen: Where is he?

Mr. Greene: I understand that these consultations have taken place. Certainly, I am confident that the government, having foreseen the problem some two years ahead of time, will be ready to answer effectively any application that is made for the construction of a pipeline in the public interest.

Mr. Nielsen: A supplementary question, Mr. Speaker. In the absence of the minister who is enjoying the outdoors in my riding at this moment—

Some hon. Members: Oh, oh.

An hon. Member: What is he doing, hunting?

Mr. Nielsen: —may I direct this question to his parliamentary secretary. Is the government taking immediate steps to consult with the native peoples concerning the settlement of their land claims?

Mr. Judd Buchanan (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I will be happy to draw the question to the attention of the minister.

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AIRPORTS

SUDBURY—REQUEST FOR POLICY STATEMENT ON MUNICIPALLY OWNED FACILITIES

Mr. Gaétan-J. Serré (Nickel Belt): Mr. Speaker, I have a question for the Minister of Transport. Has he completed in final form his over-all policy regarding grants for the administration and construction of municipally-owned airports? If so, when can we expect an announcement to this effect so that construction and expansion can proceed where the service is urgently needed? I am especially referring to the situation in Sudbury, Ontario.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I hope to have an answer with regard to Sudbury very, very soon and with regard to the over-all policy shortly thereafter.

HAMILTON—POSSIBILITY OF PLACING FACILITIES UNDER JURISDICTION OF FEDERAL DEPARTMENT

Mr. Lincoln M. Alexander (Hamilton West): I have a supplementary or related question with respect to Hamilton Airport. Since it has now become what can probably be called an international airport as a result of the service undertaken by Nordair to Pittsburgh, which will mean that the cost of this particular airport will probably be beyond the reach of the city of Hamilton, does the government intend to discuss this matter with the city of Hamilton and its officials with a view to placing Hamilton Airport under the jurisdiction of the Department of Transport?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, this is a matter which ought to be considered in the total context of the development of air services for southwestern Ontario. As I have answered in the House on several occasions, I am in a position to discuss this at any time with the government of Ontario. I imagine that they have a few other things on their minds at the moment. I think the provincial government is the appropriate agency with which we should speak in the first instance on this and related matters.

POST OFFICE

REQUEST FOR STATEMENT ON SALARIES OF NON-UNION POSTMASTERS

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Postmaster General. Some months ago, to be specific, last March, in answer to a question concerning the review of salaries of staff postmasters who are not represented by a union, the Postmaster General said that his department was reviewing that at that particular time. Can he say what has taken place or what progress has been made?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I will take this question as notice. I hope to have a report for the House tomorrow.

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GRAIN

POSSIBLE EFFECT OF PRAIRIE PROVINCES REPRESENTATIONS ON GRAIN STABILIZATION BILL

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, may I direct my question to the minister in charge of the Wheat Board. In view of the publicly announced intention of the three prairie governments to make common representations to the federal government in respect of policy proposals which are included in Bill C-244, the grain stabilization bill, is the government prepared to delay further debate in the House until such time as those consultations have taken place?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, we certainly want to proceed with enactment of Bill C-244 as soon as possible. Discussions had been going on with the provincial governments about it for a long period when it was being discussed with producers. The provincial governments made some technical suggestions with regard to the plan, some of which were adopted. The plan, of course, holds open the possibility for those provincial governments desiring to do so, of being able to pay money or undertake extra financing for farmers. We can certainly co-operate in making that possible for them.

• (4:40 p.m.)

Mr. Gleave: A further supplementary question. Does this indicate that as far as the minister is concerned, any change or adjustment that the provincial government may wish to recommend is limited to the amount of money they are prepared to put into it?

Mr. Lang: No, Mr. Speaker, it does not. We will always very seriously consider any representations they wish to make. Needless to say, if their recommendations involve policies which we consider acceptable we will proceed

with whatever appropriate legislative steps may be required.

Mr. Don Mazankowski (Vegreville): A supplementary question to the minister in charge of the Wheat Board. In light of the government's position on the Temporary Wheat Reserves Act because of the proposed stabilization bill presently before the House, has the minister consulted with his colleague, the Minister of National Health and Welfare, and recommended to him withholding family allowance cheques until such time as FISC is approved by Parliament?

Mr. Speaker: Order, please. I remind hon. members that we are running short of time. There are about seven minutes remaining before the end of the question period. I am anxious to recognize some hon. members who have been seeking recognition by the Chair since the beginning of the question period. For the moment, the Chair will recognize the hon. member for Regina-Lake Centre on a supplementary.

STABILIZATION BILL—POSSIBLE GOVERNMENT AMENDMENTS

Mr. Les Benjamin (Regina-Lake Centre): My supplementary is for the minister in charge of the wheat board. In light of representations that have been made to the minister, not only by former provincial governments on the prairies but present governments since the House recessed at the end of June, and in light of further representations by farm organizations, is it the intention of the minister during the current discussion of Bill C-244 to bring in any further changes, additions or deletions to the bill?

Hon. Otto E. Lang (Minister of Manpower and Immigration): A variety of suggestions for improvements in the stabilization plan made by farm organizations were incorporated in the final version of the bill. Some amendments were made in committee and, of course, the bill will be further considered. Generally, the farm organizations still have the very strong feeling that the financial position of farmers is extremely difficult and requires additional help. As far as I can see, they are not making any substantial suggestions for improving the bill except ones that would simply involve a lot more money.

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CANADIAN NATIONAL RAILWAYS

INCREASE IN PASSENGER FARES—CONSULTATION WITH GOVERNMENT

Mr. J. H. Horner (Crowfoot): My question is for the Minister of Transport. The CNR today announced an increase in passenger fares amounting to between 10 and 15 per cent effective October 1. Did they consult the government about this and does the government feel this large increase is inflationary?

Hon. Donald C. Jamieson (Minister of Transport): No, Mr. Speaker, they have not consulted the government with regard to this increase. The normal procedure is that advice is conveyed to the Minister of Transport. I, personally, have not seen that advice today. I cannot say at the moment whether it has been sent or not.

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TRANSPORT

FREIGHT RATES—REQUEST FOR STATEMENT ON NEGOTIATIONS WITH WESTERN PROVINCES

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): My question is for the Minister of Transport. Several times before the House recessed for the summer I asked about the continuing negotiations between the minister and his officials and the premiers and their officials in western Canada regarding the high freight rates now existing in western Canada. Can the minister report to the House what progress, if any, has been made in this regard?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I have a little problem keeping up with the premiers, but to the extent I have been able to do so we have moved the discussions eastward, having dealt with Alberta and Saskatchewan. Within the past three months I have received submissions from the province of Manitoba. If my officials are not there now, they will be within a few weeks. The negotiating process is continuing with all three governments. Given the political developments in that area in recent months, a certain measure of review is necessary.

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AIR TRANSPORT

BOMB SCARES—REQUEST FOR ACTION TO MAKE OFFENCE A CRIME RECOGNIZED INTERNATIONALLY

Mr. Robert McCleave (Halifax-East Hants): I have a question for the Minister of Transport of which I have given him notice. In light of the bomb scare telephone call yesterday by a crank from a foreign country involving Halifax international airport, will the minister ensure that steps are taken to make this kind of mischief a crime that is recognized across international boundaries? I ask this because I am reliably informed that the identity of the one making the calls is known, but action against him is difficult.

Hon. Donald C. Jamieson (Minister of Transport): I thank the hon. member for notice of this question. I am advised that if the background is correct, the crank in question is in Hawaii. Why he would want to call Halifax from Hawaii, I do not know. I can understand wanting to call Hawaii from Halifax at times. All I can say is that I will look into the matter.

Mr. McCleave: Mr. Speaker, I almost think there is a question of privilege involving the grand atmosphere of Halifax arising out of the minister's response.

Inquiries of the Ministry

[*Translation*]

NATIONAL SECURITY

REQUEST FOR CLARIFICATION OF DUTIES OF SECURITY PLANNING AND RESEARCH GROUP

Mr. Pierre De Bané (Matane): Mr. Speaker, I should like to ask the Solicitor General for some clarification of his statement of today on the Security Planning and Research Group. On the one hand, the minister tells us that this group will have only advisory duties and I should like him to explain the meaning of the fact that they are to compile information on groups, act on groups, look after groups. Could the minister give us some explanation of those functions of the advisory group? Are its members going to carry out operations?

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, there is no question of this group carrying out certain operations, such as conducting inquiries anywhere in Canada or on anyone in Canada. Its duties will be limited to analysis, planning and research.

[*English*]

Mr. Speaker: I again bring to the attention of hon. members that we have just about run out of time. I feel strongly for the 10 or 12 members in the third, fourth and fifth rows who have not yet had a chance to ask questions. We should limit the number of supplementaries.

Mr. G. W. Baldwin (Peace River): A supplementary question. Does the function of this group include the examination of breaches of the law in high places?

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please.

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AGRICULTURE

EFFECT OF UNITED STATES SURTAX—REQUEST FOR POLICY STATEMENT

Mr. David MacDonald (Egmont): My question is for the Acting Minister of Agriculture, if such a person is present today. The minister was supposed to be here today, as he was yesterday. When will the Minister of Agriculture announce specific programs and policies with regard to food and agricultural products that will be badly affected by the United States surtax?

• (4:50 p.m.)

[*Translation*]

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, may I say to the hon. member that, following the statements previously made to the House by the Minister of Agriculture, we can assure hon. members that the department is presently considering what action should be taken. Within a few days, the minister should probably be in a position to announce what definite measures will be taken to correct the situation described by the hon. member.

[Mr. McCleave.]

[*English*]

EFFECT OF UNITED STATES SURTAX—INFORMATION FOR AFFECTED PRODUCERS

Mr. MacDonald (Egmont): A supplementary question. Will the parliamentary secretary indicate what information is being conveyed to primary producers whose orders for prospective shipments to the United States this fall have already been affected?

[*Translation*]

Mr. Lessard: Mr. Speaker, no definite information can be given at this moment on any action that the Department of Agriculture and the government could take in order to help primary producers who will be affected, but the hon. member—as well as all hon. members—may rest assured that such action will be satisfactory.

[*English*]

Mr. MacDonald (Egmont): A further supplementary.

Mr. Speaker: Order, please. The question period has expired. The hon. member for Kootenay West has been waiting for some time. I do not think he has asked a question and perhaps with the consent of the House he might be permitted to do so. If hon. members agree, the hon. member for Egmont might then ask a further supplementary.

[*Later:*]

EFFECT OF UNITED STATES SURTAX—REQUEST FOR ASSISTANCE TO POTATO PRODUCERS

Mr. David MacDonald (Egmont): A further supplementary to the parliamentary secretary. In view of the fact that markets are presently being lost, can the hon. gentleman inform the House whether officials of the Department of Agriculture are in contact with primary producers, in particular with potato producers, to assist in meeting the difficulties caused by the surtax?

Mr. Lessard (Lac-Saint-Jean): I cannot assure the hon. member that officials of the department are in contact personally with potato producers, but I can assure him that those to whom he has referred will be covered by the program to be put forward by the government. Right now, approval of the criteria is being considered and an announcement by the government should come very rapidly.

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POLLUTION

PHOSPHATE CONTENT OF DETERGENTS—EFFECT OF UNITED STATES ACTION ON AGREEMENT REGARDING GREAT LAKES

Mr. Randolph Harding (Kootenay West): I have a question for the Minister of the Environment. In view of the recent news report that the United States government will not reduce the phosphate content in detergents, how does this recent action fit into the agreement which we have been told was made between the Canadian and United States authorities in meeting pollution problems in the Great Lakes, specifically that dealing with phosphates?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, the targets which were agreed upon can still be met by the United states. They will need more treatment facilities. We are taking a two pronged approach, reducing phosphates in detergents and adding treatment facilities.

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BUSINESS OF THE HOUSE

STATUS OF BILL C-187—ANNOUNCEMENT OF ALLOTTED DAY ON THURSDAY

Mr. Erik Nielsen (Yukon): A point of order, Mr. Speaker, concerning the business of the House. In view of the announcement which was made by the Minister of Indian Affairs and Northern Development in Whitehorse last Friday concerning Bill C-187, is it the intention of the government to proceed now with Bill C-187 either in committee or in this House? If it is not the intention to do so, as the minister said in Whitehorse, can a statement now be made accordingly so as to remove the uncertainty affecting mining capital going into the Yukon?

Mr. Speaker: I am not prepared to recognize that that is a point of order. At the same time, I am prepared to allow the minister to reply to the question.

Hon. Allan J. MacEachen (President of the Privy Council): I should like to clarify the situation and will do so as soon as I have a moment in which to discuss the matter with the Minister of Indian Affairs and Northern Development.

I had intended to ask for the floor myself on a point of order, but merely to confirm what I think has been conveyed informally, namely, that in view of the large number of allotted days facing us in this part of the session I should like to call an allotted day for Thursday, and I so give notice for the benefit of the table officers.

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION FOR PAYMENTS TO WESTERN CANADA PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

The House resumed, from Tuesday, June 22, consideration of Bill C-244, respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture, and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, on June 22 last the Liberal government had the audacity to bring forward for debate Bill C-244, expecting it to pass through the House with all its amendments before the Saskatchewan election took place the following day. The amendments we have introduced, Nos. 1 and 2, are concerned with the costs of production. If the bill had gone through without amendment on June 22, no doubt the minister would have been pleased, but the farmers of western Canada would have known full well that they had been seduced by the government.

The amendments were not accepted at that time and the minister failed to learn a lesson from his experience in the House. He went ahead. He sent out promissory notes to the producers of western Canada telling them what they would be getting and when they could expect it. There can be no question that the amendments we have introduced in connection with costs of production deal with the most important aspect of this legislation with which Parliament should concern itself. It is not a question of trying to brainwash the people of western Canada with stories about what they are to get and when they can expect it.

Back in June, when this bill was last debated, reference was made by the Minister of Agriculture (Mr. Olson) to the cost of farm machinery—a direct cost to producers. In the short time I had the floor, I pointed out to the Minister of Agriculture that he had done nothing for two years about the cost of farm machinery even though Dr. Barber had recommended that an investigation should be carried out under the terms of the Combines Investigation Act. The minister said; "Stick to the facts. That is not true."

I wish to point out to members on the government side, and particularly to the minister, that as long ago as October 14, 1970, questions on this subject were asked during the question period. A late night debate took place on this very question of whether the government was prepared to take action under the combines legislation with regard to the price of farm machinery. We talked to the Minister of Agriculture and to the Minister of Consumer and Corporate Affairs (Mr. Basford) on numerous occasions, and the only acknowledgement we received was to the effect that the government was looking into the question and would see what could be done.

One of the questions on this subject was asked as long ago as October 14, 1970. On May 21, 1971, questions were still being asked about it. There were debates late at night about what was to be done so far as the Department of Consumer Affairs was concerned. The only information we received was that the matter was being looked after. All this shows that little is being done in an attempt to reduce cost to the producers of western Canada, yet this is an area of the greatest significance and it is what amendment No. 1 is all about. The minister should cease trying to tell the farmers of western Canada that a stabilization plan based on gross income instead of net income is in order.

The other night a great debate took place in the House on the subject of the stabilization plan as it relates to the situation under the Temporary Wheat Reserves Act. Members of the House heard how the laws of the land can be broken by taking shortcuts. At that time the minister was criticizing some of my hon. friends. He said the bill had been held up particularly by members of the NDP—not those from Saskatchewan who were busy campaigning but by several from other parts of the country who had remained here to block the bill. Mr. Speaker, at that time, on June 22, two New Democrats from Saskatchewan spoke on this particular bill. Again, this shows the inconsistency of hon. gentlemen opposite. The half-truths we

are hearing about this bill appear to be the order of the day.

The credibility gap widens from day to day as the government talks about the equitable distribution of wealth and hon. members opposite talk in terms of gross income without any consideration for the things that really matter, net income and the cost of production. No wonder we object to the passage of the bill before us without amendment or without its being divided into two parts so that there will be ample time for full discussion later.

The government are now recognized as being the hangmen of the Prairies. They are regarded throughout the Prairies as exactly that. From the travelling I have done this summer in Saskatchewan and Alberta there is no doubt that the carrot the government is holding before the Prairie people will not be accepted. They want more than that, and they want it immediately or there will be some changes.

I wonder whether the government is aware that last year, in one small municipality, 61 notices for tax enforcement were published. Do members opposite believe that this reflects a satisfactory situation, that it represents the normal process of operations, or do they realize that the only way in which this situation can be sensibly met is to look at costs of production on a net income basis? If they were to do this I am sure their proposals would receive more consideration in the House of Commons.

We have tried to move the government into showing some concern. We sought to do this last Thursday until 2.30 Friday morning. We thought that the government, and in particular the minister who represents Saskatoon-Humboldt (Mr. Lang) in this House, would recognize the need for providing ample opportunity for discussion and the so-called dialogue about which we hear so much between Parliament and those engaged in the agricultural process. The whole situation is ironic. A consideration of the various arrangements which have been put before us makes one wonder whether the minister is really concerned about the economic plight in which the western economy finds itself.

• (5:00 p.m.)

The members of this party know that the protection offered farm income in this bill is inadequate unless we use net income as a base and not gross income. This is exactly what the amendments before the House are designed to do, and if they were adopted something could be done about the costs of production.

I suggest to the House that if the minister from Saskatoon-Humboldt would stand in his place and agree to divide the bill, the $100 million could be paid out immediately. The facts of the situation are well known throughout the country. These acreage payments would be paid out and we could then have further discussion of the government's stabilization plan. I am sure no problems would arise and we would be well satisfied that something was being done to assist our agricultural producers. However, we know that probably this will not be the case. I thought that during the question period the minister was going to rise on a question of privilege and say that he was quite prepared to pay out that money, but such was not the case.

[Mr. Skoberg.]

I am reminded of what the Prime Minister (Mr. Trudeau) said not too long ago during an interview with Peter Thomson and Fraser Kelly, then with the Toronto *Telegram*. Incidentally, I am sincerely disappointed to hear that the Toronto *Telegram* has probably sold its subscription list for $10 million but was not concerned about its employees. The Prime Minister said:

> Perhaps, to be quite candid with you, when you talk of growing disenchantment I must begin by saying that some of my reading of the west is that it is always disenchanted.
>
> In the years when wheat is good and selling most of it is disenchanted; if there is too much sun it is disenchanted; if there is too much rain it is disenchanted.

I wonder whether the minister from Saskatoon-Humboldt or the "prairie twins", from the west are not so much concerned with the plight of the western economy as with another matter on which a question was asked by the hon. member for Saskatoon-Biggar (Mr. Gleave), namely, that they thought if the prairie provinces were prepared to make some changes there is no doubt the government would do something about the situation.

Mr. Lang: Might I raise a point of order, Mr. Speaker?

Mr. Deputy Speaker: Order. The hon. minister is rising on a point of order.

Mr. Lang: May I suggest, with respect to Your Honour, that again the hon. member is showing an inclination to speak generally about the problem, repeating a speech that has been made so many times in this House by himself and other members. The House is dealing with two very specific amendments, and in order to attempt to expedite the business before the House it would be useful if he were to address himself to those amendments.

Mr. Deputy Speaker: The Chair appreciates that there are two specific amendments before the House, but it does seem to me that the first amendment in particular is rather broad. However, I would associate myself with the minister in saying that perhaps the hon. member could be a little more precise in his remarks.

Mr. Skoberg: Mr. Speaker, I thought I would follow up my remarks on cost of production with the response that we received from the other side of the House to questions about the agricultural economy. I could also use the analogy of last Thursday, when the minister never got around to the subject of whether or not he was breaking the law but instead talked about the stabilization plan.

Mr. Lang: That was a pretty general motion.

Mr. Skoberg: When we talk of increased cost of operation I think we must look at the total picture in Canada. Government spokesmen tell us what is going to be done as far as the prairie economy is concerned, and then we are told that if the provinces themselves are prepared to do more perhaps the federal government will do the same. Although I do not object to this, in the province of Quebec there is an acceleration plan under which the government tries to create additional job opportunities. We on this side of the House are also trying to preserve job opportunities and assist the agricultural economy of the west. Eliminating these opportunities naturally increases rural problems.

This bill has received considerable debate in committee, but very little in the House. Although the minister complains about the debate it has received in the House, I thought the debate in the committee was a good one and had purpose behind it. I suggest the motions we have put forward are reasonable and practical and should be accepted by the government if it is at all concerned about increasing farm incomes above the poverty level. These motions give real consideration to the problem of increased cost of production and I see no reason why they should not be accepted.

We all know that the three agricultural ministers of Alberta, Saskatchewan and Manitoba have requested a meeting with the federal minister to discuss the general situation confronting agriculture. We know that a reasonable attempt is being made to try to find a solution. If we are to be reasonable in this House of Commons the least the minister can do is allow this discussion to take place. Surely there could be nothing wrong with adjourning the debate at this point in order to allow this kind of representation to be made, as a result of which we could divide the bill into two parts, pay out this money to the farmers and at the same time give consideration to using as a base net income rather than gross income. If this were done I think everything would be perfectly all right.

Therefore, Mr. Speaker, I move, seconded by the hon. member for Broadview (Mr. Gilbert):

That the debate on the report stage motions Nos. 1 and 2, Bill C-244, be now adjourned.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Skoberg) which was negatived on the following division:

Division

YEAS

Messrs:

Aiken
Alexander
Baldwin
Beaudoin
Bell
Benjamin
Brewin
Broadbent
Burton
Cadieu
Carter
Code
Comeau
Crouse
Danforth
Dinsdale
Dionne
Downey
Forrestall
Fortin
Gauthier
Gilbert
Gleave
Godin
Gundlock
Hales
Harding
Harkness
Horner
Howard (Skeena)
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
Lambert (Edmonton West)
Latulippe
Lewis
Lundrigan
MacDonald (Egmont)
MacKay
MacLean
Macquarrie
MacRae
McCleave
McIntosh
McKinley
McQuaid
Marshall
Mather
Matte
Mazankowski
Monteith
Muir
Murta
Nesbitt
Nielsen
Noble
Nystrom
Orlikow
Paproski
Peddle
Peters
Ricard
Ritchie
Rose
Rowland
Ryan
Saltsman
Scott
Simpson
Skoberg
Skoreyko
Southam
Stanfield
Tétrault
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Woolliams—77.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Basford
Béchard
Benson
Blair
Blouin
Borrie
Boulanger
Breau
Buchanan
Clermont
Cobbe
Comtois
Côté (Longueuil)
Crossman
Cullen
Danson
Davis
Deakon
De Bané
Drury
Dubé
Dupras
Duquet
Forest
Forget
Francis
Gendron
Gervais
Gibson
Gillespie
Goyer
Greene
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jerome
Laing (Vancouver South)
Lang (Saskatoon-Humboldt)
Laniel
La Salle
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
Loiselle
MacEachen
MacGuigan
Mackasey
McNulty
Mahoney
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Morison
Noël
O'Connell
Osler
Otto
Pelletier
Penner
Pepin
Portelance
Pringle
Prud'homme
Reid
Richardson
Roberts
Robinson
Rochon

Messrs:

Rock
Roy (Laval)
Serré
Smerchanski
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stanbury
Stewart (Cochrane)
St. Pierre
Sullivan
Thomas (Maisonneuve-Rosemont)
Tolmie
Trudeau
Trudel
Turner (London East)
Turner (Ottawa-Carleton)
Wahn
Weatherhead
Whicher
Whiting
Yanakis—101.

• (5:30 p.m.)

Mr. Deputy Speaker: I declare the motion lost.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for St. John's West (Mr. Carter)—Fisheries—Effect of operations of foreign nationals—Action to achieve conservation; the hon. member for Parkdale (Mr. Haidasz)—Air Transport—impending price war among trans-Atlantic carriers—Government approval of participation of Air Canada and CPA in price fixing meeting; the hon. member for Moose Jaw (Mr. Skoberg)—St. Lawrence Seaway—Decision on possible increase in tolls—Request for reference of Carr report to committee.

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION FOR PAYMENTS TO WESTERN CANADIAN PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

The House resumed consideration of Bill C-244, respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture, and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. Rod Thomson (Battleford-Kindersely): Mr. Speaker, one of the amendments presently before us deals with the net income feature of farming in western Canada. I ask the House, why shouldn't we have a net income feature covering the cost of living so far as the farmers are concerned? There is nothing in this legislation concerning the net income position of farmers, and that is something which disturbs me greatly.

The price of everything a farmer purchases is increasing. The price of machinery has been going up. We appointed a royal commission to study the price of farm machinery and received an excellent report from it, the Barber report, about which the government apparently is going to do nothing. The price of farm machinery is an important item in farm costs, particularly on the Prairies. It is only reasonable that something should be done about these costs if we are going to consider the net income feature of farming in western Canada.

The costs of government have increased. The salaries of teachers, university professors and of Members of Parliament have been increased. Why shouldn't the farmer's income increase also? Instead, the exact opposite is happening; the net income of farmers has gone down. To me it does not seem reasonable that we should pass legislation averaging income without taking action in this particular area. Wheat is now being sold to millers more cheaply than it has been in past years, although production costs have continued to increase. It does not make economic sense to have a basic food ingredient selling at a lower price to the producer when the income of everybody else has increased.

Further, I suggest that flour for bread constitutes a small percentage of the consumer's dollar, although the cost of practically everything else has increased. Just last Saturday I bought two loaves of a particular type of bread at the National Bakery on Bank Street in Ottawa and found that the price had gone up by one cent a loaf. What is the reason for that? It is not because the price of the basic ingredient, wheat, has gone up. The minister should consider such matters when drafting a bill of this sort.

I think that the minister who represents the riding of Saskatoon-Humboldt (Mr. Lang) made a basic assumption that the income received by prairie farmers is adequate but he has not made any serious attempt to prove that the gross income of farmers is adequate. If his assumption is based on the experience of the past five years I ask, what relationship will that have to the next five years, the way inflation has been going and with the rise in cost of all the items a farmer has to buy? It does not seem reasonable to me to expect farmers to manage in these circumstances when no other group in our economy can. If it had not been for their increased efficiency, most farmers would now be bankrupt. Some means must be found to close this gap in the cost of production that farmers have to face.

• (5:40 p.m.)

I would criticize the bill before the House and speak in favour of the amendment on two grounds. Since costs have risen and the government has done nothing about it, and since farm income has gone down and the government has done nothing or very little about that, there obviously has to be a third alternative to meet this problem. A logical method would be to evolve some means of tying the costs of production to an item sold in Canada. I have previously suggested to the minister that a good way to start would be with a two-price system for wheat. Anything consumed in Canada should be related to costs in Canada. The minister has been a member of the gov-

ernment for three years, but so far has done nothing about this problem. I suggest to the minister that any plan or income program that he is going to adopt in regard to prairie farmers should include this basic item.

If we sell food in Canada which is grown in Canada, it should have some relation to the cost of producing it in Canada. This is particularly so when we consider that many of the items purchased by farmers are based on Canadian costs. On my farm I have a 1600 International truck which was made in eastern Canada. The cost of that truck is a Canadian cost, not a Japanese or British cost. The price that the people working in the truck factory in Hamilton pay for bread, wheat or the basic ingredients of their food should bear some relation to the wages they get for the labour put into the truck—in effect, a net income figure related to other net incomes in Canada. The minister in charge of the Wheat Board has not argued that this is not a fair proposition. I suggest to him that it is a reasonable assumption that there should be a net income position for prairie farmers which would bear some relation to costs, especially Canadian costs.

The two-price system has been advocated by farm groups for a long time. The minister suggested that he has consulted farm groups about this plan and others that he has presented to Parliament. This is a system that all farm groups have suggested, and he has chosen to ignore it. It has some relation to costs and income in Canada. Of course, it would not solve all the problems of prairie grain producers but it does have some relevance to their situation. Just a few days ago the net income position of occupational groups in Canada was published. It included doctors, lawyers, automobile workers, surveyors, architects and others. It showed that some cities in Canada have a very high net income position. But was any city in Saskatchewan listed? Was the farmer listed, or the beef producer?

If the hon. member for Saskatoon-Humboldt wants to draft a plan that will do some good for the prairie economy, I suggest he should consider a two-price system for wheat. The government of Manitoba believes that this would be an important feature of any stabilization program in connection with the income of farmers, and I do not recall that the minister denied this. Indeed, he did not make any serious effort to prove that farmers were receiving an adequate income.

All the farm groups that I have talked with or that appeared before the committee are opposed to the stabilization program. The farmer's increased cost of production must be taken into consideration and the minister should look closely at some of the suggestions made by the prairie governments. The minister has not proved that the farmer is making too much or too little money. He should at least prove his case if he is going to average farm income.

It must be remembered that the government's proposal will cost the farmer 2 per cent of his gross income in grain up to $300, and that he has no option in respect of the plan. If he is already in the red, he will have to go in deeper. The minister may point out that the farmer will get money back if crops are poor enough, but one of the reasons farmers are opposed to this plan is that their experience in the past with this type of base support has been rather negative. Take, for example, the 80 per cent floor price for hogs. In my part of the country last year hogs were 19 cents a pound, or less, for quite some time. Did anybody get a support or deficiency price? This price is below the cost of production. Farmers are well aware of the fact that in this type of program, before they get a support price or any help their situation must be so desperate that they are almost bankrupt.

Another awkward feature of this plan is that it is based on too large an area. Three prairie provinces are involved. In the last three years, crops in the Peace River area of British Columbia have been rather poor. These people could be made bankrupt by contributing to the plan while farmers on the Prairies received an adequate income. This is one of the reprehensible features of the plan, that a charge can be imposed on somebody who will receive no benefit from the plan or who may be bankrupt before he does.

In my experience with the Prairie Farm Assistance Act, in some years I received assistance when I did not deserve it and in others, because of the blanket approach, I did not receive assistance when I was entitled to it. I am not advocating doing away with the Prairie Farm Assistance Act, but it has served its purpose. If something is to be put in its place it should be a program that is much more effective.

Because of its many unattractive features, because the legislation does not consider costs, because it will increase the burden on farmers at a time when they are not in a position to bear any further increase, I must support the amendment, Mr. Speaker.

• (5:50 p.m.)

Mr. J. H. Horner (Crowfoot): Mr. Speaker, my first remarks in this debate must be to point out that it is regrettable that the government has allowed itself to degenerate so much in the eyes of the people and particularly in the eyes of western farmers. In my hand I hold excerpts from a copy of *Hansard* of 1969. It is interesting to read what the late Member of Parliament for the constituency of Assiniboia had to say on the subject of agriculture. He said, as reported at page 969 of *Hansard* for November 18, 1969:

> We need a national policy for Canadian agriculture. It is long overdue.

At the bottom of the page he is reported as saying:

> I renew my plea to the government to support the price of wheat at $1.95½ for export as well as domestic consumption.

He said many interesting things in that speech. On page 967 he is reported to have said:

> It is the area of agriculture that has the greatest problems. The situation is not good—

One could read the entire speech and learn much from it. The point is that he said we need an agricultural policy. He also said that the price of wheat should be supported at $1.95½ per bushel. All hon. members appreciate the efforts of that hon. member, who sat on the government side of the House, in his attempts to bring forward concrete proposals that would help his area of western Canada. I hate to say what I am about to say because the hon. member is not here to defend himself: one can only say that he failed to convince the government of the need to support wheat at any price. They have deliberately

refused to pay the 9½ cents a bushel owed to farmers for last year. When you couple that with the amount that has been owing since then, the government owes the farmer in the neighbourhood of 15 cents per bushel. That amount should have been paid to our farmers up to the present. The government is not supporting wheat at $1.95½ a bushel; it is not supporting it at all.

It is regrettable that the government has not introduced the agricultural policy which the hon. member said was so badly needed. In the same speech he praised the appointment of a minister who would have sole jurisdiction over the Wheat Board. He said that he knew the minister would give the Board his undivided assistance and attention. Since then the position has degenerated. He no longer devotes his undivided attention to matters involving Canadian wheat; he must devote part of his attention to his duties as Minister of Manpower and Immigration. The late hon. member for Assiniboia would be disappointed if he saw the present situation. Perhaps it is better that he does not know about it.

I now wish to say a few words about the grain stabilization program. May I say, before commencing my main remarks on the motions, that if the government had paid what it owes the farmers under the Temporary Wheat Reserves Act I would have been quite prepared to vote against the motion that was brought in this afternoon. We cannot ignore the government's disobedience of the law. We should not permit the government to go on its merry way and disregard the law. With that consideration in mind I was motivated to support the motion.

The minister in charge of the Wheat Board represents the constituency of Saskatoon-Humboldt.

Mr. Deputy Speaker: Order, please. I was under the impression that the hon. member indicated a few moments ago that he was about to direct his remarks to the two motions which are before the House for debate. I think, with respect, that the hon. member should confine himself to that subject. We are now at the report stage of Bill C-244 and I suggest that hon. members should try to deal with motions that are before the House for debate.

Mr. Horner: Mr. Speaker, I heartily agree with you. I did not think I was straying from the motions. The first motion deals with an amendment to clause 2. Its effect would be that a farmer's income would be compiled on the basis of the net income of the farmer rather than on gross sales. I wholeheartedly support that concept. Today we find the farmer, to use that old, shopworm expression, caught in the cost-price squeeze as never before. Why do I say "as never before"? Wheat prices in the last year or so have gone down, yet the costs the farmer must pay have gone up. They will go up, particularly after the government brings in its new tax measure which will impose a capital gains tax on machinery, and so on. The farmer's costs are going up, yet the price he receives for his wheat is going down; consequently, he is caught in the cost-price squeeze as never before.

That is why I wholeheartedly support this amendment. After all, we are trying to stabilize the farmer's income and bring about the greatest possible security of income for people engaged in farming. To my way of thinking, if the government really wants to stabilize the farmer's income it should do so on the basis of net income rather than of gross sales.

The minister in charge of the Canadian Wheat Board (Mr. Lang) is from Saskatoon. Nevertheless, we must ask, whom is he serving? Is he serving the farmers of Saskatchewan or the government of Canada? One could say that he is serving both. In that regard it may be interesting to recall the comments made on June 2, 1968, when the Prime Minister (Mr. Trudeau) outlined in Winnipeg the agricultural policy of the Liberal Party. He is reported as having said:

> One of the most pressing long-range problems for western farmers is the need for an adequate yearly income, to get away from the boom and bust cycle that has become part of prairie farm life. To this end, the Liberals are proposing a plan, which, in effect, sounds like the equivalent of unemployment insurance for farmers. In good years they would pay into a fund; in bad years they would draw money from the fund, thereby, to a degree, stabilizing their income.

Those words do not refer to net or gross income. I like to think they refer to net income. However, as we look at the legislation, which it is claimed expresses the concepts enunciated on June 2 in Winnipeg, we can readily see that it has been dreamed up by the civil service and the Prime Minister's establishment, and not by the farmers.

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

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Horner: Mr. Speaker, before the supper hour I was talking about the dreams and aspirations of the late hon. member for Assiniboia and his concept of what an agricultural policy for Canada should envisage. As recorded at page 967 of *Hansard* for November 18, 1969, he said that the price of wheat should be supported and that there should be a national agricultural policy.

The government has attempted to establish an agricultural policy based on bureaucratic thinking and the establishment thinking within the PMO, or it might be referred to as the establishment of the Prime Minister (Mr. Trudeau), which is completely contrary to the position taken by the late hon. member for Assiniboia. This proves to me, a member of the opposition, that one cannot be effective within the government ranks, particularly when the government is comprised of an authoritative, arrogant group of ministers prepared to do what they want and not necessarily what the people want.

The late hon. member expressed the desire that prices of wheat be supported. This government is deliberately bringing in a measure which takes almost 15 cents a bushel from the farmer, taking into consideration the 9.5 cents a bushel that should have been paid out and the portion which should have been paid out since the beginning of the present crop year.

Prior to the supper hour I was pointing out that this policy was envisaged long before the minister in charge of the Canadian Wheat Board was even elected. It was long before he had his present responsibility. I say in his

defence that one cannot rightfully accuse him of being the father of the stabilization program; he is merely a servant trying to carry out the policy.

It is very important that we understand how this situation came about. The program was dreamed up. This minister is merely trying to carry it out. Let us take consider how he is attempting to carry it out. The minister's basic purpose in carrying out this program is his desire to serve the Prime Minister and the ministry. It is regrettable that he does not have greater desire to serve the farmers of Saskatchewan. I cannot change that fact; I have to accept the fact that he feels his primary purpose is to serve the Prime Minister. The Prime Minister said, "Carry out the program which I announced on June 2, 1968. Forget about the farmers and forget about the people of Saskatchewan."

The people of Saskatchewan fully understand the situation. There was recently an agricultural conference held in Regina, attended by the three prairie Ministers of Agriculture. They all regretted the actions of the federal government. The farmers have repeatedly stated that they regret the actions of the federal government. In this debate an hon. member stated that he had received 4,200 letters from people who regret this particular action. It is obvious that the minister has disregarded the views of the farmer and has decided to serve the government first.

It is always regrettable when the ministry decides it is the master, not the people, and tells the people what they are going to receive, rather than the people telling the government what they desire. That fact is vividly illustrated in this legislation. It has also been pointed out on a number of previous occasions. We have frequently seen the government adopt this attitude.

In all fairness, the minister has attempted to sell this program rather well. I say to the other ministers in the cabinet—if the Prime Minister were here he could bear witness to what I am saying—that the minister has attempted to sell this program rather well. He did not go about it in the way in which the Minister of Agriculture (Mr. Olson) tried to slide in Bill C-176. In a moment of crisis and urgency that minister tried to slide in a major piece of marketing legislation which would bring about a great deal of control and rigidity in our agricultural system.

The minister responsible for the Wheat Board went about selling the concept of the government's plan in a very good way. On April 29 he announced in Parliament that the grain stabilization program was being proposed. It looked good. The Federation of Agriculture, the Farmers Union, the grain companies and all political parties studied it throughout the winter months. They have all rejected it. The Canada Grains Council have great fears about it. Mr. Runciman, chairman of the Canada Grains Council which was set up to advise the government, said to the members of the Standing Committee on Agriculture, as recorded in issue No. 58 of the Committee's proceedings, that at best the program would be a long-range one and would not help in the short range or in a temporary situation.

There is no secret about the situation in agriculture today. As I explained before the supper hour, there is an immediate problem. To use a shopworn phrase, the farmer is caught in the cost-price squeeze. That is certainly true today because the price of wheat has gone down while costs of production have gone up.

• (8:10 p.m.)

The minister, in his attempt to sell this program, initiated a debate on October 29. He did not bring in this piece of legislation until April; I think it was April 23. I would say this was where he made his mistake. He should have brought in his program in February. At that point the farmers, the wheat pools, the Federation of Agriculture and perhaps even the Farmers Union might have been prepared to give him the benefit of the doubt and to go along with it. But he waited too long.

It is a question of timing. It has been said over the years that the art of politics is the art of timing. I think the minister failed badly in his timing. Had he brought this program in in February he would not have found himself in the difficulty which confronts him now under the Temporary Wheat Reserves Act, when he finds that $87.6 million are owing and should be paid.

I for one have little faith in this stabilization program but I am prepared to pass it provided the minister pays his debts.

An hon. Member: A little more than that.

Mr. Horner: An hon. member to my left says, "A little more than that." I would like to see a little more than that, it is true, but I am considered a moderate. I want the government to understand that we are prepared to negotiate. We are prepared to help the government help the farmer. There may be big headlines about the minister being prepared to go to jail. I am sure that many farmers in western Canada wish he had been in jail for the last six months. If he had been in jail maybe they would have got 15 cents a bushel more for their wheat.

There is no question that the amendments before the House deal with specific aspects of the minister's program. They ask that his proposals be worked out on the basis of net income rather than gross sales. Everyone concerned should bear in mind that farmers have a margin of 13 per cent of their gross sales on which to live. Now the government is proposing to take 2 per cent of the gross, which is like taking 5 or 6 per cent of the net income since farmers live on 13 per cent of their gross sales. The Bureau of Statistics can check these figures. My analysis suggests that eastern farmers live on 14 per cent of their gross sales and western farmers on 13 per cent, but I lump both groups together and say that this measure calls on farmers to pay something like 5 per cent of their net income.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member, but his time has expired. The hon. member knows he cannot continue unless he receives unanimous consent. Does the House give its consent?

Some hon. Members: Agreed.

Mr. Horner: I thank you, Mr. Speaker, and express my appreciation for the generous mood of the House. It is, I think, well known that I have not abused the rules of the House of Commons, and I assure Your Honour and mem-

bers of the House that I shall not abuse the privilege which has been granted to me. I appreciate it very much.

I was saying that the farmer lives on 13 per cent of his gross sales. In charging him 2 per cent of gross sales you are, in effect, taking 5 per cent of his net income. This is why I wholeheartedly support the principle of the first two amendments moved to this bill. I know how much the government wants to help the farmers. I know how much members opposite want to get this legislation through.

Mr. Rose: Support the NDP.

Mr. Horner: I support these amendments and would gladly have moved them myself, but I consulted fellow members of the agricultural committee and knew they were going to move them.

Mr. Rose: Where are they?

Mr. Horner: They have been tabled.

Mr. Rose: They must be under the table, then.

The Acting Speaker (Mr. Laniel): Order. The Chair is of the opinion that this exchange between two hon. members does not further the debate. I hope that in the extra time allotted to him, the hon. member for Crowfoot (Mr. Horner) will continue his remarks.

Mr. Horner: I appreciate Your Honour's comments and applogize for being side-tracked by some odd remarks.

I want to make this clear. We tabled amendments. When I go into a committee I do not play partisan politics.

Some hon. Members: Oh, oh!

Mr. Horner: The members of that committee work together. If a member belongs to a political party and says he intends to submit certain amendments, I say, "Fine. I will submit other amendments." I do not question his motives. I believe that as a member of the agricultural committee he must be motivated by concern for the good of the farmer.

An hon. Member: Right.

Mr. Horner: We in this party have filed amendments; members of the NDP have filed amendments. I want to say this clearly so that the minister will understand: We on this side are prepared to see the passage of this bill, with certain amendments. I would hope that the minister, in this hour of need of farmers in western Canada, in this hour, perhaps, of political need in view of the Assiniboia by-election, will accept some common sense amendments to the bill before us. The measure deals exclusively with western Canada. When the minister said, "Let us take it to the people", did he really mean that? If he did, let us get our heads together and make some reasonable changes to the legislation.

I am not saying that the amendments which I, the hon. member for Mackenzie (Mr. Korchinski), the hon. member for Timiskaming (Mr. Peters) or the hon. member for Saskatoon-Biggar (Mr. Gleave) have moved must be accepted. But I urge the minister to take counsel. Let us get our heads together; let us move and accept some good amendments, as parliamentarians, not as partisan politicians, for the sake of the farmers of western Canada. I make this plea on behalf of the western farmers and ask the minister to consider it.

[Mr. Horner.]

• (8:20 p.m.)

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I am taking part in the debate on these motions moved by the hon. member for Saskatoon-Biggar (Mr. Gleave) because I have a degree of certainty in my mind that grain farmers, right across political lines in my constituency, are insisting on this. Even if I were ignorant, I am not stupid about how the people who are most affected by this kind of legislation feel about it.

The motions regarding costs of production and what the minister thinks is so holy about 90 per cent of income rather than 100 per cent are a reflection, I think, of the title of this bill, which includes the word "stabilization". This word has a favourable connotation; it gives one the impression of something good, of some kind of improvement. But the word "stabilization" as used in Bill C-244 carries with it nothing more than an abstract concept devoid of any particular meaning. It is particularly meaningless since the title of the bill is "An act respecting the stabilization of prairie grain sale proceeds," and so on.

The hon. member for Crowfoot (Mr. Horner) referred to the words "grain incomes" and quoted the Prime Minister (Mr. Trudeau) who said something about grain incomes. But what my hon. friend from Crowfoot should remember and what the Prime Minister should remember is that the minister in charge of the Canadian Wheat Board (Mr. Lang) has never once alleged, intimated or claimed that this bill has anything to do with grain incomes. This bill has to do with grain sale proceeds, and there is a great deal of difference between the two. When the minister uses the word "stabilization" in the title of his bill, it strips it of all meaning in the sense of how you or I, Mr. Speaker, would understand the word.

If the bill were described as a bill to "stabilize grain incomes" there would be much validity to the use of the word "stabilization" in both the title and the content of the bill. This is why we believe that in the context of the title of the bill the word "stabilization" is devoid of meaning. There is a failure to apply the word "stabilization" to "grain incomes" instead of "grain sale proceeds". What a Chamber of Commerce, lovey-dovey, finance company type of title that, is!

There are reasons why members of the opposition have moved this kind of amendment to the bill, and I suspect some members on the government side would also like to move such an amendment. The minister in charge of the Canadian Wheat Board may be able to convince himself that the members of the opposition are bluffing or playing politics because of a Saskatchewan election, an Alberta election, an Assiniboia by-election, or any kind of election in western Canada, but I hope that by now he has the message that we are not bluffing.

I hope that the farmers of Assiniboa invite the minister to a debate on this subject. None of us has any illusions about our political lives, even if the minister has. I will take whatever chances I have in terms of how I assess the mood and feelings of the grain farmers in the three prairie provinces, let alone in my own constituency. Particularly will I take my chances in terms of how the grain farmers in the minister's constituency feel.

The minister may in his wisdom choose to ignore what some idiot like me or any other idiot on this side of the chamber may say about this kind of motion which seeks to deduct increased costs of production, but he also chooses to ignore what every farm organization in western Canada has said about changes that should be made to the legislation.

Mr. Rose: Why does he do that?

Mr. Benjamin: Yes, why? I find it passing strange, in view of the priority that is placed on this bill, that nowhere in the speech, consisting of one paragraph on each amendment, which he made when the bill was last before the House at report stage on June 22 did he refute or dispute any figures, facts or claims included in the briefs of the farm organizations and the government of Manitoba. When it comes to costs of production, I find it even more passing strange that the minister has received no support from his colleagues on the government side who come from the Prairie provinces.

I should like to ask, where is the hon. member for Portage (Mr. Cobbe)? He has a fair number of permit holders in his riding, but has he yet said a word either on second reading or report stage, or, for that matter, at any other stage? Where is the hon. member for Rocky Mountain (Mr. Sulatycky)?

The Acting Speaker (Mr. Laniel): Order. The hon. member is aware of the rule of relevancy. The Chair feels that his remarks at this time are going very much beyond that rule. As the Speaker himself said in a recent ruling, this rule is the cornerstone of debate in the House. I hope the hon. member will come back to the subject matter of the debate before the House.

Mr. Benjamin: I appreciate your reminder, Mr. Speaker, but with all respect I was very careful to begin my remarks by saying that not one Liberal member from western Canada has risen to his feet to speak about the incorporation into this legislation of a provision deducting increased costs of production. The hon. member for Portage has said nothing about costs of production and neither has the hon. member for Rocky Mountain who, believe it or not, has some permit holders in the Crowsnest Pass. Where is the hon. member for Provencher (Mr. Smerchanski)?

Mr. Orlikow: He is never here.

Mr. Benjamin: No. He has not said a word. Is the minister's bill so good that it does not need amendment? If the minister's bill does not need this particular amendment or the elimination of the minister's "kick" about 90 per cent of annual aggregate grain sale proceeds, then why have not some of his colleagues from the three prairie provinces risen in support of it?

There are a number of other members of the House from whom we expected to hear. There is a Liberal member from Edmonton—whatever his name is—who has not said a word on this bill, though how could he if he is never here? Then they have a member from Calgary who has plenty to say about oil companies, gas pipelines and tax bills, but I have not seen him rise in support of the minister's legislation. There are other Liberal members from the prairie provinces who have been noticeably absent or silent.

June 22 was the last occasion when motions Nos. 1 and 2 were before the House at the report stage. On that occasion the minister made one speech which included two paragraphs, one on each amendment. He said that inclusion of the words "costs of production" contained in this amendment would render the provision unworkable, though he did not say why. As I say, he has yet to refute one single fact or statistic in the brief of the government of Manitoba which was presented to the standing committee of the House. He has yet to challenge any of their statements.

Mr. Lang: That is not true.

Mr. Benjamin: I spoke on the telephone three or four times this morning to people who were directly concerned with this submission, and the minister has yet to dispute their costs of production figures. He may dispute them in terms of accuracy, but he has not yet disputed them or refuted the suggestion that costs of production figures could have been used in this field. He cannot do this, because he has no figures of his own. Perhaps he could get some, but he has not yet done so.

• (8:30 p.m.)

The entire submission of the Manitoba government tears the minister's stabilization bill into shreds. It talks in farmers' language, but the minister has yet to refute any of it. He thinks we are bluffing, but he has not seen anything yet. If the minister thinks he is going to get agreement from the government House leader in respect of extending the time for this debate, he has another think coming, because he has no support in his own caucus. This bill is low on the government's priority list. One has only to look back to the debates on second reading, particularly on May 6, to see that he was in a big rush to get the bill through. *Hansard* of May 7 indicates that he was in a real hurry, as does *Hansard* of May 4 and May 10. No Liberal member other than the hon. gentleman for Saskatoon-Humboldt has been on his feet in support of this measure.

Mr. Lang: Your filibusters have been enough.

Mr. Benjamin: The minister is a loser. We are not going to allow the grain growers on the Prairies to be losers because of one lonely cabinet minister who cannot get the support of his own party to do the things he knows should be done.

Mr. Lang: Order. Speak to the business before the House.

Mr. Benjamin: We are going to talk about this bill and I would like another 20 minutes to go into some of the facts and figures on behalf of the grain farmers in the three prairie provinces. I should like the minister to tell us why he cannot take one of two suggested approaches in respect of costs of production figures. I readily agree with him that the costs of production figures arrived at by farm management groups are not really broad enough, but even they represent the situation more accurately than anything he has brought forward. The minister has

even suggested there are slight weaknesses in the DBS costs of production figures. He has not even considered the method used by the government of Manitoba in arriving at these figures.

We realize that the Manitoba government is not as big as the government of Canada and not as big as this minister, but that government has taken the DBS handbook on agricultural statistics to arrive at farm net income figures. The total farm operating expenses and depreciation costs for the three prairie provinces have been tabulated by DBS. The government of Manitoba used this tabulation as a basis for arriving at costs of production figures. They do not pretend these figures are perfect; they even say that they are not perfect.

Mr. Lang: May I ask the hon. member a question?

Mr. Benjamin: By all means.

Mr. Lang: I should like to ask the hon. member whether he is aware of the fact that, apart from all the technical problems of determining what are the particular costs of production of individual farmers, the basic proposition of stabilization would not be affected whether you used a change in gross or a change in net, except if you add a significant infusion of additional cash. Does he realize that if the Manitoba scheme were implemented it might cost the producers an extra 8 per cent or 10 per cent levy on their production?

Mr. Benjamin: That might be true, if we did it the way the minister would do it. Of course it would cost the farmer more if the minister's formula were applied. When is this minister going to get the message? This is one of the few occasions in the history of agricultural debates in Parliament, going back to at least 1951, where there has been a genuine opportunity for government and opposition members to really do something about the grains income situation in western Canada.

The minister keeps applying the concepts of his predecessors. This is what we are trying to persuade him not to do. We are not particularly interested in the minister personally. We think he is a very nice fellow. But he refuses to accept the findings and figures of the Canadian Federation of Agriculture, the National Farmers Union, the United Grain Growers and the three prairie wheat pools. He turns a deaf ear in that direction.

He can turn as many deaf ears as he likes toward Conservative and NDP members from the prairie provinces because that is fair ball and by-play in this House of Commons—but why does he remain insensitive and stubborn in respect of what the farmers themselves are saying? What other choice do we have but to fight him and his government, even though our respective political necks are on the line? We have never had any illusions about that, but if he thinks we are bluffing I hope what has happened today has convinced him we are not.

Let me return again to the matter of costs of production figures. The minister may well interrupt me with questions but, quite frankly, I must confess I did not know what the hell he was talking about when he interrupted me, and I am not sure he does either. When is he going to reply in this House and tell us why costs of production figures are unworkable? That is what he said on June 22. He said they were unworkable, but he did not say why or how.

He has not said a word to dispute the figures put forward by the government of Manitoba. He just got up and said they were unworkable. The grain farmers in the three Prairie provinces are like the man from Missouri. Better still, they are from the three Prairie provinces.

The minister has not given us a satisfactory reply and no other Liberal Member of Parliament from the Prairie provinces has been off his seat to support him. There may be some reason for the Liberal members from British Columbia, from Thunder Bay, and Kenora-Rainy River to support the hon. gentleman, but none of them has done so yet. Why have they not?

How is it that the hon. gentleman can talk about filibusters when the whole history of his announcements in October and March, during second reading and at the committee and report stages, indicate this is a travesty? This is about the fifteenth bill presented by the fifteenth cabinet minister. Obviously, the bill and the minister are both a long way down, low on the totem pole. Obviously, they do not count and the government does not care. Why does the Liberal government need a corporal's guard of Liberal Members of Parliament from the prairie provinces when it knows they are not going to get anywhere?

Mr. Orlikow: They are not going to be re-elected.

Mr. Benjamin: The government does not need them and, I agree, they are not going to be re-elected. Where are the Liberal friends of the farmers other than the hon. member for Saskatoon-Humboldt? Where is the support, either visual or oral, on the part of the government for this minister? The Minister of Agriculture (Mr. Olson) has made some noise once or twice, but I think the last time was about three months ago and we have not seen him since. He does not want to be caught in association with the minister on this bill.

The Minister of Agriculture is worried about things in Medicine Hat. If he thinks the uprising between the Crowfoot Indians and the Mounted Police back in the 1800s was something big, he has seen nothing yet. There is a very good reason for the Minister of Agriculture not backing up the hon. member for Saskatoon-Humboldt on this bill. I believe this minister has made a genuine effort to persuade his colleagues in the cabinet and in the caucus to do something about this legislation, without success. I ask the hon. gentleman to try again.

When he appears at the cabinet meeting if there is one tomorrow, or at the first opportunity, he should renew his request for support of a two-price system. It is time to renew that request. He should also renew his request for something more than this stabilization bill. In that way he could prove the concern about which he speaks. I believe him when he says he will not take a back seat to any member of this House in respect of his concern for the grain growers of the prairie provinces. Let him state to his cabinet colleagues and his colleagues in the caucus that if they are not prepared to go along with his suggestions, they should get themselves another boy because he does not intend to be a political sacrificial lamb for the Members of Parliament from other parts of Canada who belong to the Liberal party but could not care less about

the farmers. If the hon. member wants to be that kind of a sucker, I feel sorry for him.

The Acting Speaker (Mr. Laniel): Order, please. I regret having to interrupt the hon. member, but the time allotted to him by the rules has expired. Unless the House gives unanimous consent, he cannot continue.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): There does not seem to be unanimous consent to allow the hon. member to continue.

Some hon. Members: Carry on.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member knows he can pursue his remarks only with unanimous consent, and there does not seem to be that consent.

• (8:40 p.m.)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, we have now reached the report stage of Bill C-244, which apart from being most interesting, contains provisions designed to assist our grain producers, especially those in the Prairies.

A lot has been said and written about Bill C-244 and after the debate on the motion for second reading in the House, it was referred to the Standing Committee on Agriculture where it was discussed clause after clause. It is now before the House at the report stage.

According to parliamentary procedure, the hon. member who did not have an opportunity to express their views or else to have the Committee on Agriculture accept the amendments they felt were reasonable, may if they so desire, submit their amendments at the report stage.

Mr. Speaker, that is exactly the case with the amendment now being dealt with, and on which I should like to make a few comments in all fairness to Western farmers.

What does the bill say exactly? Clause 2(1)(c) states, and I quote:

"grain sale proceeds" means the amount of the purchase price of grain produced on land described in a permit book and sold by a producer to a licensee, after the deduction from the purchase price of the grain of the lawful charges that are applicable to the grain on its sale to the licensee by the producer;

Now the hon. member for Saskatoon-Biggar (Mr. Gleave), an expert in that field, felt it his duty to point out to the House that the terms used in the wording of this bill are not clear enough, and that they are too vague to do justice to western grain producers.

Also, Mr. Speaker, these vague phrases do not always apply only to western farmers but also too often unfortunately to eastern producers.

Well-meaning people often think that expressions such as "the lawful charges that are applicable to the grain on its sale to the licensee by the producer" will be enough to give producers the guarantee that the production cost will be included in the price and that the producer will eventually be protected.

In the light of the experience in my own riding and of the facts we have known throughout Canada, the hon. member who introduced the amendment was perfectly justified in doing so, I think, because he simply wanted the bill to express in an understandable manner what is meant by production cost. Part of the amendment reads as follows:

"and after the deduction of the increased costs of production, and including stabilization payments, if any";

Mr. Speaker, the expression "costs of production" comprises many things which, of necessity, are involved in a production cycle; it includes not only seed grain, fertilizers and labour costs, but also capital investment, interest, depreciation on equipment and that resulting from weather conditions on the land being used. All these things must be taken into consideration if justice is to be done to the producer who devotes himself to agriculture, tilling the soil to extract from it what is required to feed mankind.

Mr. Speaker, the people were made aware of this bill and, as it should be if committees really serve a purpose, it was absolutely normal for the interested parties, or the individual producers, to go to the trouble of sitting at a table and writing down on a scrap of paper the suggestions or the recommendations which they wanted to make to the members of a committee such as the Committee on Agriculture.

Mr. Speaker, I hope that you will not be shocked, because I have on my desk half a ton of papers specifically used by western producers to let it known to a member of the Standing Committee on Agriculture what was expected of him in connection with such and such a bill. This is what you see on the desk of the member for Bellechasse. These are letters sent by western producers to a member of the committee. I wanted to bring them here, because it happens sometimes that such harmless statements are merely supposed to be an exaggeration. I insisted on answering each of these letters during the period of the debate or Bill C-244. Why? Because I myself, as a farmer and producer, was often frustrated by the government's attitude. In fact, certain letters that we addressed to it were simply thrown in the basket and we did not receive any reply. The government kept on doing as it pleased, not considering any recommendation from producers.

• (8:50 p.m.)

In these circumstances, though I am a Canadian from the East, I felt that I had to take my responsibilities, acknowledge receipt of representations addressed to me and tell those who wrote to me that I would in due time make Parliament aware of their requests. I consider that the time has now come to outline their viewpoints and invite this government to bring forth precisions on Bill C-244 so as to guarantee these people the justice to which they are entitled and to ensure that they maintain their confidence in the Parliament of Canada.

This is not a matter of politics but a matter of common sense. In fact, fair representations must be made to Parliament whose duty it is to legislate so as to ensure good government for the whole country, regardless of geographic considerations. Conscientious members must carry out their responsibilities and act in the interest of the community.

That is why I wish to support the amendment now under consideration which, in my opinion, is a fair one. As a matter of fact, it is not a matter of opposing the government, but of giving the people the assurance that the best possible legislation is adopted.

Now, Mr. Speaker, one of these letters reads in part as follows:

As a member of the Committee on Agriculture I ask you to take the following positions on Bill C-244.

It is a suggestion, a recommendation.

For a few days now we have been hearing discussions relating to the introduction of motions whose purpose is to raise a debate on the non payment of grants, support payments which were to be made under the Temporary Wheat Reserves Act. I even attended a debate which went on as late as 2.30 in the morning on this subject. I consider that under the circumstances, if we want to be really objective, we will have to reach a conclusion and we will if the suggestions and recommendations of interested producers are given some consideration. Here is what is suggested in the same letter:

Separate the payment of the $100 million from the rest of the legislation and refuse to consider Bill C-244 until the government has made such payment.

Mr. Speaker, I know that when people expect payments for work performed, even the sale of products, it is always encouraging for those who believe in the legislation to see that it is enforced and provides at least the expected benefits. But the matter under discussion is whether Parliament will take production costs into account under Bill C-244.

• (8:50 p.m.)

A moment ago, I listened to the minister responsible for the Wheat Board (Mr. Lang) make a remark that I considered serious. While one of my colleagues was delivering his speech, he said: In short, what is the production cost? As a matter of fact, it can vary from one province to the next, but not to the extent of causing serious prejudice to the western farmer. One must take the average into account, not only in clause 2 of Bill C-244, but also in any law dealing with the various classes of society.

I believe that when we are really aware of our responsibilities, it will be possible to understand one another more quickly on the contents of Bill C-244, and I invite the minister responsible for the Canadian Wheat Board to lend a careful ear to suggestions even though they may be those of the opposition. It does not mean they are all bad. Some of them may be sound. Regardless of party politics, we are here in this House to consider those proposals seriously and to incorporate them into the law for the good of the whole society.

That is why I made a few remarks to the House on clause 2 and the amendment of the hon. member for Saskatoon-Biggar. We also wanted to prove our community of interests with other Canadians, even those of the riding of Ontario represented by the hon. member for Timiskaming (Mr. Peters), who is not a wheat producer.

Mr. Speaker, at times I find it unfortunate that the opposition be accused of filibustering. It is perhaps true in some cases, but I would like to say that, since I have been in Parliament, although time may have sometimes been wasted on the consideration of certain measures, in general—the average must always be taken into account—we have worked seriously—

[Mr. Lambert (Bellechasse).]

Mr. La Salle : That is not bad.

Mr. Lambert (Bellechasse): The hon. member for Joliette says that is not bad. Surely that is not bad, because he himself often took part in debates on bills introduced in the House. I am convinced that his contributions then were not designed to delay the passing of government bills, but to make sure that Canada is better served by the Canadian Parliament through better laws.

Now, Mr. Speaker, it is in that spirit that the member for Bellechasse wishes to work here, and it is in that same spirit that he wants to support the amendment under consideration, reserving the right during later consideration of Bill C-244 to make the remarks which he will deem expedient.

Finally, I would like my friends, the western farmers, the wheat or grain producers, to know that their message reached the House, and that the member for Bellechasse was glad to act as their spokesman, as a member of the Standing Committee on Agriculture.

[*English*]

Mr. Jerry Pringle (Fraser Valley East): Mr. Speaker—

Some hon. Members: Chicken.

Mr. Pringle: I have heard considerable abuse in this House of Commons, especially from the far end to my left, but I doubt if I have ever heard more abuse than I heard this evening, abuse which I think is completely unjustified and which I am sure will start farmers thinking because, although those hon. members may not realize it, farmers do think.

I have been doing business with farmers in western Canada for 30 years and I have worked on costs of production. For 20 years we have been struggling and striving to find a standard way in which to establish the costs of production of farm products, which is the subject under discussion. It is a subject that has been in the forefront of the agricultural business for as long as I can remember. I could name dozens of programs carried out by universities on costs of production. I can tell you of occasions when farmers themselves arranged to have research programs carried out. The experts can establish that one and one make two, just like the slide-rule boys do, but it is impossible to incorporate all the variables and the human elements. This is something that is not peculiar to farm products.

Is it not strange that a new provincial government comes into power and within a few months it suddenly comes up with some kind of deal that has never before been proven, that has never been worked, and says, "This is how you find the costs of production of agricultural products." I can tell you the situation of two farmers, farming side by side and supposedly operating the same way, using the same feed, and each had 5,000 pullets. They kept records and at the end of a year one farmer came up with a figure of $1 net per pullet and the other came up with a figure of $3.25 net.

• (9:00 p.m.)

I could go on and on. You will confuse the farmers with this amendment. It is not as though the opposition feel they are doing something to help the farmers. If they were to sit down with five farmers and discuss this proposal they would know that it should not be carried out. They just want to resort to red herring techniques in this House and give the impression that they are fighting for the farmers.

I see the hon. member for Crowfoot (Mr. Horner) is leaving the chamber. In all sincerity I should like to congratulate his brother on being appointed Minister of Agriculture in the provincial government. I am sure he will be an asset to that department with his wide knowledge and experience. I have listened to him speak with his colleagues about their new prairie coalition—a kind of oddball coalition, Mr. Speaker. I was interested when he said that the government was trying to ram legislation down their throats. I have the feeling that I have heard that before. It may well be that the real Minister of Agriculture for Alberta could be sitting not too far from me in this House of Commons. I would not suggest the advice given to the brother would not be good—only time will tell.

Mr. Horner: He is the older brother.

Mr. Pringle: I have been involved in and associated with the farming industry for most of my life and I have no illusions about the financial problems which plague farmers. I have made money with them and I have lost money with them. I have worked with them and I have been in a secondary industry, which always is a preferred industry. A relative of mine taught me that it was a little better to farm the farmers than to farm. I admit I had that advantage. In their opposition to this bill some people are working for the man who farms the farmers, not the farmers. I do not blame them for getting the support; it is good support.

An hon. Member: How do you figure that out?

An hon. Member: Explain that.

Mr. Pringle: There is a worldwide concept—

Mr. Horner: Mr. Speaker, I rise on a question of privilege.

The Acting Speaker (Mr. Laniel): Order, please. Is the hon. member rising on a point of order?

Mr. Horner: I rise on a question of privilege. While I appreciate the hon. member's remarks and his wisdom at most times, he said that hon. members who are opposed to this legislation are opposed to it for personal reasons or political reasons.

Some hon. Members: Hear, hear!

Mr. Horner: I want to point out that if this legislation passes I have already been informed that I will receive a cheque for $928.98. If it is not passed I will receive nothing under the Temporary Wheat Reserves Act. I have not produced any wheat in the past two years and I will receive nothing.

An hon. Member: What is the point?

Mr. Horner: The point is that hon. members are accused of doing things for personal reasons.

Mr. Benjamin: Are your motives as pure as that, Pringle?

The Acting Speaker (Mr. Laniel): Order, please. The Chair is of the opinion that the point raised by the hon. member was well taken, in the sense that no hon. member should cast any reflection on the integrity or sincerity of hon. members. I am sure that it was not meant in that sense by the hon. member for Fraser Valley East (Mr. Pringle). The Chair was not following the debate attentively at that particular time, however. Perhaps the hon. member would continue his remarks.

Mr. Pringle: Mr. Speaker, I want it placed on the record right now that there is no way I would accuse an hon. member of doing anything in the House for personal gain. I was simply referring to the fact that they were being influenced by secondary industry, and I believe that is true. Maybe they are not, but the assumption occurs to me because of the advantage the Temporary Wheat Reserves Act Provides for elevator companies. Under this act the farmers would be paid directly.

There is a worldwide concept that food must be cheap, regardless of the cost of production.

The Acting Speaker (Mr. Laniel): Order, please. Is the hon. member for Yorkton-Melville (Mr. Nystrom) rising on a point of order?

Mr. Nystrom: No, Mr. Speaker. I wonder if the hon. member would answer a question.

The Acting Speaker (Mr. Laniel): The hon. member knows that he can ask a question only if the hon. member who has the floor accepts it.

Mr. Pringle: I do not have much time left—

Some hon. Members: Hear, hear!

Mr. Pringle: If I could answer the question I would be glad to do so, but I am almost at the end of my time and I have much more to say.

Mr. Horner: Have you?

Mr. Pringle: I worked on this speech all morning.

Mr. Alexander: You wouldn't know it.

Mr. Horner: The whole thing sounds like an afterthought.

Mr. Pringle: There is a worldwide concept that food must be cheap, regardless of the cost of production. Food must be high in quality, regardless of input costs; and food must be produced in continuous oversupply, regardless of the fact that excessive surpluses are always sold at disastrous prices. In other words, the concept of agricultural production denies producers the right to price their products. I hasten to suggest, Mr. Speaker, that any product produced in surplus and offered for sale in excess of normal markets must run the peril of securing sales by selling at lower-than-cost prices. This is true whether it

relates to neckties, pots and pans, automobiles or agricultural products.

That does not mean that this act will remain as it is for the rest of time, but it is a fair and proper start to stabilization and this we need in the agricultural industry more than ever before. The days of producing anything you want on the farm and saying the city folk will have to buy it and eat it, are gone. Specialist farming has taken over and such things as synthetic foods have taken over.It is time we realized that if we are going to maintain our agricultural industry, and especially the grain industry, we must give consideration to stabilization.

Normal stability as it relates to production, distribution and consumption can apparently only be achieved when a reasonable balance is arrived at. Certain segments of the agricultural industry in Canada have made considerable progress in bringing stability through planned production and orderly marketing. This progress has been achieved by producers who have been prepared to accept the recognized principles of business requirements. It is true that considerable planning remains to be carried out before lasting stability can be achieved, but success breeds success and gradual stability growth will continue to be in evidence within these sectors of the industry.

I do not suggest that government can or should avoid all responsibility in connection with farm income. In fact, history shows that over the years many millions of dollars have been spent by all levels of government to assist farmers. I agree that the assistance was weighted heavily toward production practices. Experimental farms, extension department services and fieldmen, university departments, financial legislation, have all combined to help farmers improve efficiency and lower production costs.

The result has been a continuous lowering of food costs through decreased production, with precious little of the savings being retained by agricultural producers. The consumers jump with joy when the bottom falls out of egg or pork prices, while at the same time they are voting to go on strike to increase their own revenue. So we have real problems in trying to stabilize in various areas of the country, and we must get the farmers themselves involved.

These so-called mandarins who start organizations and go tearing around the country sending out form letters and propagandizing are serving no useful purpose for Canadian farmers. Let the farmers get together, because they will tell you what is good for the farming industry. They know. Of course, it is more fun politically to give the government a bad time and say the farmers are not getting enough and that they need more and more.

• (9:10 p.m.)

Mr. Speaker, you need a great deal of courage to bring legislation before this House, especially if you sincerely want to help the farmers of western Canada. I use the word "sincerely" because I think the government is being sincere. The legislation the government brings in is not perfect. We have accepted amendments in the agricultural committee from various sections of the opposition. I even remember accepting an amendment one day that was in French, which I could not read. We accept amendments.

Some hon. Members: Oh, oh!

[Mr. Pringle.]

Mr. Pringle: We must consider the farmer's needs and not pay attention merely to political expediency.

Mr. Horner: Mr. Speaker, will the hon. member permit a question and tell us just what amendment was accepted relating to the Lift program? I submit that the Minister of Agriculture (Mr. Olson) accepted no amendment relating to the Lift program or to this program.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Fraser Valley East (Mr. Pringle) has the floor. Unless the hon. member for Crowfoot (Mr. Horner) has the permission of the hon. member, he cannot ask a question.

Mr. Pringle: Mr. Speaker, amendments were accepted. The hon. member, as usual, has caught me without having the amendment in front of me. I am sure that amendments suggested by his party were accepted. In any event, I will be glad to tell him about them at a later date.

An hon. Member: They were not amendments to this bill.

Mr. Pringle: Mr. Speaker, may I continue? Of course, I cannot support this amendment. If it were workable I would be most happy to support it. This is the first time that farmers have been able to participate in their own financial future. They do a great job of growing grain. They shoulder the risk of climatic conditions and take a real risk in finding markets. The Canadian people, as taxpayers, do their bit to help wherever that is possible. I do not think we have done enough. I think we must try to persuade the people to help the farmers more.

Within the framework of this Bill the taxpayers of Canada are to put up $2 of the taxpayers' money for every dollar that is provided by producers, and this will be under a program to stabilize agricultural production. If hon. members were to research the background of this bill and study debates relating to it—I bring this to the attention of the hon. member for Crowfoot—they would find that certain suggestions made by the hon. member's party were agreed to and acted upon. If this bill had been in effect since 1950 the taxpayers of Canada would have poured $432 million into the pockets of the grain farmers of western Canada over and above farmers' contributions. That term encompasses not only wheat farmers but grain farmers producing six different grains.

We must consider another matter relating to this bill. Wheat is no longer the main grain of western Canada. Hon. members have heard arguments advanced about this question. I think the right hon. member for Prince Albert (Mr. Diefenbaker) once talked about "the land of rape and honey". Rapeseed is a very important crop and was very important, as hon. members know, this summer. Flax is coming in, and just look at the big increase in our barley crop and the extra markets.

An hon. Member: And the price.

Mr. Pringle: I submit that this bill is designed to stabilize the income not only of wheat farmers but of all grain farmers.

Mr. Stanfield: This is a filibuster.

Mr. Pringle: I know that one could go out west and say that many farmers out there are doing well. They are not doing so well as many workers in other areas of the country. They are good people, and they are doing reasonably well. One has only to look at the financial statement put out by a wheat pools to realize that this is so. The operating revenues of this pool were some $23 million in 1970. Their net operating earnings—not their gross but their net—amounted to about $4 million, or 17 per cent. That wheat pool is owned by farmers and on $23 million they made 17 per cent. I could name 1,000 businessmen who would like to make a net profit of 7 per cent, let alone 17 per cent.

Mr. Peters: The hon. member should move the motion. He has only three minutes left.

Mr. Pringle: Because of the great interest being shown in this House, especially by those in the opposition, in this bill I wish to move, under Standing Order 6(5)(a):

That we continue sitting beyond ten o'clock for the purpose of continuing consideration of the report stage of Bill C-244.

Mr. Horner: Mr. Speaker, would the hon. member permit a question?

The Acting Speaker (Mr. Laniel): Order, please. The hon. member has just moved a motion. Hon. members are aware of the provisions of Standing Order 6 (5)(a) respecting the prolongation of hours of sittings of the House. Before putting the motion again to hon. members the Chair feels it is necessary to read section (5)(b) of Standing Order 6 relating to the procedure to be followed when the motion is put. It reads as follows:

When Mr. Speaker puts the question on such motion, he shall ask those members who object to rise in their places. If ten or more members then rise, the motion shall be deemed to have been withdrawn, otherwise, the motion shall have been adopted.

[*Translation*]

Hon. members know that Standing Order 6(5)(a) provides that an hon. member may propose to continue a sitting beyond the hour of adjournment stipulated in the Rules provided he moves the motion in the hour preceding the time of dinner recess or the time of daily adjournment.

Before I read the motion put forward by the hon. member for Fraser Valley East (Mr. Pringle), I must call the attention of hon. members to Standing Order 6(5)(b) which reads as follows:

When Mr. Speaker puts the question on such motion, he shall ask those members who object to rise in their places. If ten or more members then rise, the motion shall be deemed to have been withdrawn, otherwise, the motion shall have been adopted.

[*English*]

All those opposed to the motion will please rise.

And more than ten members having risen:

Some hon. Members: Shame!

The Acting Speaker (Mr. Laniel): In accordance with section (5)(b) of Standing Order 6, the motion is deemed to have been withdrawn.

Mr. Horner: Mr. Speaker, I wonder if the hon. member who has just completed his remarks would permit a question. I notice that he had three minutes left.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member's time has now expired. He can accept a question only with the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Horner: Mr. Speaker, since the House granted me more time, perhaps it would grant the hon. member more time.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): Order, please. Would the hon. member kindly resume his seat. The hon. member is aware that we must abide by the rules of the House. There does not seem to be unanimous consent, and the Chair will recognize another hon. member.

Mr. Lewis: The government does not abide by its laws; why should we abide by its rules?

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise to support the amendment in a general way because I believe that it points out one of the weaknesses of this legislation, namely, that grain stabilization is related to gross income and not in any way to net income. I am less inclined to support the second part of the amendment dealing with 100 per cent as opposed to 90 per cent. When an individual receives money for wages, through his business or by any other means, it is not the gross receipts that are important but the net receipts after deducting the costs of production, salaries, and so on.

• (9:20 p.m.)

I feel that this amendment is most important. It puts a different slant on the grain stabilization program. It gives an indication why the western farmers are not enamoured of the proposed program. Lumping together the $100 million pay-out and the grain stabilization program was a great mistake. I can only repeat what the Canadian Federation of Agriculture said in its brief to the Standing Committee on Agriculture on May 7, 1971. It pointed out that the bill is in two parts. I quote from the brief as follows:

The bill itself must be dealt with in two parts:

1. The vitally necessary payments to be made to prairie producers as so-called "special transitional payments" in the amount of $100 million. These are urgently required.

2. The long-term stabilization and storage policies contained in the bill. These require much improvement.

That is what has been hung on this bill. The $100 million has no relationship to the grains stabilization program. The pay-out is different and the gathering of the money is different. There is no reason to lump the two together. Payments made under the grains stabilization program will be based on the farmer's gross receipts for the last three years, but the $100 million payment will be based on an acreage payment only. Out of the $100 million, $70 million will come from the money allocated under the Temporary Wheat Reserves Act. There is no connection between these two parts of the bill; they should be separated. Payments under the Temporary Wheat Reserves Act should now be honoured and the grain stabilization program looked after at the proper time.

What about grain stabilization? It must be recognized that this bill is clearly designed to place definite limits on the federal obligation to support the prairie income even in the face of chronic inadequacy. Once the stabilization program is in effect, the federal government will be able to say it has made the payments regardless of the needs of the prairie farmers. It will be a decade or more after this legislation is in force before its usefulness can be assessed. It is a means whereby the government will not have to support prairie agriculture for the next four or five years. Why? I again quote from the brief of the Canadian Federation of Agriculture:

> Consider that the likely federal financial obligation under this policy—which includes the termination of the Temporary Wheat Reserves Act with no replacement of it by an alternative and better national storage reserve stocks policy with federal sharing of costs—is less than has been undertaken by the government through the Temporary Wheat Reserves Act alone in the course of the last 15 years.

This indicates that the government will be obligated to pay out much less per year than it has been paying on the average over the past 15 years even in the face of many good years and increases in the costs of farming. The obvious reason for this is the formula on which the pay-out will be based: it will be based on the previous five years' gross receipts for all of the designated wheat board area. For the past four years income has been in the neighbourhood of $800 million, $900 million to $950 million. The income in 1966 and 1967 was $1,400 million. This will be included in the calculation at the end of the crop year 1971-72. When that calculation is made for next fall these will be only one good year included in the previous five. The government will not be paying out a large amount of money for the next four or five years even in face of severely reduced grain yields and grain income; it will wash its hands of paying out money to prairie farmers for that period of time.

What is wrong with the pay-out? Consider the levy under the Prairie Farm Assistance Act. Under that act there was a 1 per cent levy by the government. Payments made under the act were considered inadequate because they often went to those who did not need them and those who did need them did not qualify under the regulations. The Prairie Farm Assistance Act was so tailored that even with a crop failure in six sections the farmer would qualify for a pay-out.

Consider the present situation. There will be a gross averaging of the previous five years over the whole of the designated area, that is, all of Manitoba, Saskatchewan, Alberta and part of British Columbia. There may be farm income losses which will cause considerable hardship for the producers but there will be no pay-out because there may be a good crop or good sales in other parts of the area. That is a serious disadvantage. Because the minister did not break down the areas into crop districts or provinces, this indicates a lack of appreciation of the gross inadequacies that this pay-out will create. It will be based on the next receipts of the producers for any one year. It will not be related to the costs of production. It is not based on a formula which takes into account production costs and the fact that there is a 3 per cent to 5 per cent inflation factor even in good years, and 5 per cent to 7 per cent in bad years.

A 2 per cent levy will represent a sizeable portion of an individual's income. For example, if there is no pay-out for five years, a farmer who has had to pay the 2 per cent levy will not receive interest on this money. He may be in a position where he has to pay, in effect, 2 per cent, 3 per cent or even 4 per cent of his gross income. This means a further reduction in value to him of the grains stabilization program as proposed in the bill before us.

• (9:30 p.m.)

I should also like to draw attention to what I believe to be a basic weakness in the plan. It is based upon wheat. Only when wheat production or sales have failed will the average income fall to a level at which farmers can expect a pay-out. For the foreseeable future, other crops will constitute such a small proportion of the total volume handled by the Wheat Board that a crop or sales failure could occur affecting rapeseed or barley, for example, but the effect on the total dollar value would not be great enough to cause a pay-out to be made. As a result, producers of rapeseed, or barley, as the case may be, would suffer.

In the parkland areas of western Canada there is a much broader diversification of crops than in southern Saskatchewan, for example. As I say, the program is based on the assumption that wheat will be the crop to suffer sales failure or crop failure. This assumption penalizes the growers of other grains who, though they must accept the scheme, are not likely to receive a pay-out.

We all realize that the elevator system needs to be modernized and that this would cost a great deal of money. There has been little modernization in the last 30 or 40 years. The Temporary Wheat Reserves Act provides a means by which elevator companies receive payments for the storage of grain. They receive more dollars than are actually involved in the storage of grain. I am sure that this keeps the price of grain handling down. There is no doubt that the repeal of the Temporary Wheat Reserves Act would lead to an increase in the cost of grain handling, and notice is being given that this indeed will be the effect. Beyond question, the ending of payments under the act would have an adverse effect on the elevator system. When one considers that the farm elevator system handles practically 60 per cent of the grain—

Mr. Deputy Speaker: Order, please. I have listened carefully to the hon. member. He is making a very good speech, but it seems to me that his remarks are quite broad. I realize there has been a tendency in this debate to range a little and I do not single out the hon. member, but I would, with respect, ask him to remember that the House is now dealing at the report stage with motions Nos. 1 and 2 which are grouped for discussion. If the hon. member ranges too far he may be out of order. I would point this out to him.

Mr. Ritchie: The ending of the Temporary Wheat Reserves Act would make the adoption of these amendments even more necessary because it would mean the termination of payments to the elevator system, payments which reduce the handling charges per bushel. Acceptance of these amendments or of similar amendments would be of great value because we are not dealing here with a monolithic industry. This is not an industry made

up of 3, 4, 5 or even 10 large companies. It is made up of some 200,000 individuals who are holders of Wheat Board permits.

Under this program a large percentage of these people, perhaps between 10 and 20 per cent, may face disaster in any year without help of any kind. It would be much better if a formula were worked out under which net farm income were taken into consideration rather than gross farm income.

Mr. John Burton (Regina East): Mr. Speaker, the amendment we are discussing goes to the core of the debate on this bill. The measure before us is entitled the grain stabilization bill. It proposes a plan to which all prairie farmers must subscribe. I believe there would be general agreement as to the desirability of providing for stabilization at an adequate level, in favour of a plan which would bring stability to the prairie grain farmer. But in the bill now before us we are dealing not just with the principle involved, not with certain broad guidelines within which the government or its agencies can operate, but with a specific type of plan, one which has been proposed by the government. I am not critical in that respect. The fact that it is so specific at least enables us to pass adequate judgment on its probable effectiveness.

It would seem to me that by now the government, and especially the minister in charge of the Wheat Board (Mr. Lang), would have got the message—that the plan proposed in this bill is inadequate, that it will not do what its proponents claim for it. Thus, we need to give serious consideration to these amendments which propose the inclusion of a provision which would cover increasing costs of production, one of the critical factors facing farmers in their day to day operations. Every day the farmer has to keep in mind that his costs of production may rise. The income he was receiving yesterday may not be adequate today or tomorrow.

I am amazed that after all the consideration this bill has received, after all the issues which have been placed before members of the House and others in this country, the minister in charge of the Wheat Board should have replied as he did to a question addressed to him this afternoon. During the question period he was asked whether he would give consideration to representations from three prairie Ministers of Agriculture. It is public knowledge that the three ministers intend to make representations concerning the bill. A good deal of publicity was given to this fact yesterday. They made it clear they were unhappy with the bill and feel it is not good enough to meet the needs of prairie grain farmers.

What happened this afternoon when the minister was asked whether he would give consideration to their representations? The minister assured the House that he would listen to the representations made by these gentlemen and would take them into consideration. But when it came to a question of adjourning this debate at the report stage and on the amendments now before us, the government and its supporters lined up solidly against a proposal which would have meant deferring final judgment on the bill until such time as these provincial ministers have the opportunity to make their views known to the government.

• (9:40 p.m.)

If the minister is not going to listen to the three prairie governments or to the members of this House who have made their views known, who is he going to listen to? It seems to me he has displayed during this debate the attitude that he knows best for the farmers of western Canada, that he and he alone knows best what is good for western agriculture.

I think we have to keep in mind that the three prairie governments, particularly the government of Manitoba, have already made their views known. I am sure the minister will acknowledge that they made representations to the federal government which were directly related to the subject matter of these motions. The present clause as worded relates to grain sale proceeds that are gross grain sale proceeds. Motion No. 1 proposes to insert certain factors regarding costs of production. When these two factors are put together, what we are then talking about is the net income of farmers. We are talking about what the farmer is left with after paying his costs of production. Thus, I think we have to remember when discussing the representations that have been made by the three prairie provinces that the Manitoba government in particular presented a plan to the federal government proposing a type of stabilization based on the net income of prairie grain farmers.

My colleague from Regina-Lake Centre (Mr. Benjamin) has pointed out to the minister that we have never received a critique from the minister or from anybody else of the proposed Manitoba plan. If there are points of criticism or of weakness to be made about that plan, then I think all of us would want to hear what they are. But never have we heard from the minister what are his views or observations on the plan that has been presented.

How can we carry on a sensible discussion of this subject, one so vital and critical to the prairie farmers, when the minister does not respond to a degree greater than has been the case up to now? The fact is that he has given no indication of where he stands on the proposals that have been made. He talks about wanting to give consideration to various viewpoints and to any representations that are made, yet he turns a silent "thumbs down" to any proposal that conflicts in any way with the fancy little plan that he is attempting to foist on the farmers of western Canada.

Whenever the minister talks about this plan he has much to say about any proposal regarding changes to the plan which involve the expenditure of more money. This is true in part. There is no question that one of our basic criticisms of the bill is that we consider the federal treasury has made an inadequate allocation of federal resources to the prairie grains industry. The minister has to remember that criticism because he will be reminded of it many times during the coming months; and it will be the regret of the Liberal party if they show no change of heart, if I can use that phrase. I said it is only true in part that it is a question of more money. There is another basic point that has been raised, and this is the equitable treatment of farmers in western Canada, treatment that is based on need as it exists. That basic point the minister has totally ignored in considering this bill.

We have also witnessed in recent days the minister's attitude in this House to the flagrant flouting of the federal law of this country by the government in its failure to carry out the provisions of the Temporary Wheat Reserves Act which are still in effect. This Act, of course, did make some contribution by the federal government to the prairie grains industry. I have made it clear when speaking on a number of occasions in this House that I acknowledge and agree that there is need for an overhaul of this legislation, that what we need is an over-all storage policy for all grains, which is a somewhat different approach. But not for one second can we go along with the type of approach put before the House by the minister, namely, simply to wipe out this legislation and to say to the farmers of western Canada, "We have no responsibility for presenting a grains storage policy. We have no responsibility to see that the prairie grain farmers do not bear the brunt of international grain competition or that prairie grain farmers do not have to compete against the treasuries of other countries". Although the minister recognized this point in some of his comments, never has he recognized it in any of the proposals or policies that he has put before the House of Commons.

It seems to me that if we really wanted to find a solution to the present impasse we could do so very simply. But we are not going to be bullied into accepting the type of proposal that the government is trying to foist on this House and on the farmers of the country. Why does not the minister begin to show some sense and pay the farmers the money due to them under the Temporary Wheat Reserves Act? Why does he not split this grain stabilization bill, make these transitional payments under one bill and propose a permanent plan in a second bill? It has been made clear to the members of the government that we on this side of the House would be prepared immediately to agree to the $100 million payment if this provision were taken out of the bill which is before us.

Mr. Deputy Speaker: Order. I think it would be fair if the Chair were to indicate to the hon. member who has the floor, as it did to the hon. member for Dauphin (Mr. Ritchie) who spoke immediately preceding the hon. member, that it seems the hon. member is ranging a little wide on motions Nos. 1 and 2 now before the House. If I am in error in this regard I know the hon. member will indicate to me in what respect. But when the hon. member debates more general matters perhaps he is ranging a little wider than he should at the report stage of our proceedings.

Mr. Burton: Mr. Speaker, I appreciate the concern that has been expressed by Your Honour in attempting to deal with these motions in an orderly way. I recognize the problem Your Honour faces, but as I indicated at the outset of my remarks it did seem to me that the amendments before the House go to the very core of this debate. Without the adoption of the amendment put by my colleague from Saskatoon-Biggar (Mr. Gleave) it would be impossible to have a plan that made any sense to the western farmers or would be of any benefit to them. It seems to me that we are dealing here with a long-range picture of the prospects facing the prairie farmers.

Related to this, of course, is the question of federal contributions or assistance to the prairie grains industry and the willingness of the federal government to stand by that industry in times of need. This in turn involves the question of the amount of money that is made available for any plan proposed in the House of Commons. This is why I was discussing the amount of money the federal government is prepared to put into its plan. Certainly this is germane to the question of taking account of increased costs of production, which is recognized in the motion moved by my colleague.

• (9:50 p.m.)

I now want to move on to further considerations involved in this bill. This afternoon the minister, in answer to a question regarding taking into account new proposals, costs of production and the net income of farmers—which is really what is involved in this amendment—indicated that if the provinces have a proposal and are willing to put up some money, the federal government will be prepared to consider it. I can only term that sort of answer as displaying a very sleazy attitude. It is a disgraceful abdication of the responsibilities of the minister, and is totally unacceptable.

This great man from the west came here three years ago. He said he was going to Ottawa to explain to the rest of Canada the needs of western Canada and of the prairie grain farmers. He is now trying to "con" the provinces into putting up some money. He knows very well this is not practicable and that the responsibility for dealing with this situation rests with the federal government. Any attempt to intimidate agencies such as provincial governments can only be classed as very despicable.

The first amendment under consideration deals with the definition section of the bill. It is important to note that clause 2(1)(c) of Bill C-244 suggests that grain sales proceeds, as the term is used in the bill, means the purchase price of grain produced on land described in a permit book and sold by a producer to a licensee after deduction of the purchase price of the grain and the lawful charges that are applicable to the grain on its sale to the licensee by the producer. The amendment moved by my colleague would add the words "and after the deduction of the increased costs of production, and including stabilization payments, if any". As was indicated, I feel this is a very critical section of the bill and that this is one of the most important amendments we have to consider at this stage. The government must give the matter serious consideration, otherwise it will completely abdicate its responsibilities.

First of all, it should be made quite clear that when one looks at the technical considerations of whether the costs of production can be determined in any sort of meaningful or adequate way, he should bear in mind that the three prairie governments have now very extensive farm management programs under way. The universities of the prairie provinces have also been engaged in such programs. They have in fact assembled data and a mass of information and figures over the past ten years which provide a substantial base upon which a meaningful determination could be made of what is involved in the costs of production in terms of developing a comparative measurement of these costs. This data is available.

I am not suggesting we have read or heard the final word in this area; we will witness further developments

and refinements of the research work already being carried out. But I suggest there is now adequate information available to enable the government to make a meaningful and adequate determination of the level of costs of production. These could be given adequate consideration within the framework of this bill.

We then come to the money question as it relates to this amendment. This, again, is a critical matter. When this bill was before the committee, representatives of the Canadian Federation of Agriculture appeared as witnesses. I do not know whether the minister considers that the Canadian Federation of Agriculture was filibustering the bill when it chose to appear before the committee and inform members of its view, but the fact is that it was made clear at that time that research and analysis indicated that the prairie grains industry is now operating at a net loss. It was also made clear that whatever farm income is now coming to the prairie provinces is coming from the production of livestock—thank goodness cattle prices have held up reasonably well—and from income in kind, which is the product you grow and use at home.

The prairie grains industry is facing probably a more serious economic situation than any other sector of the Canadian economy. But what is the government doing? We find it coming up with this half-baked plan which will not provide any sort of solution. It has to keep in mind just where agriculture is situated in our economy, yet we still have the trappings of—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but I do so to advise him that his allotted time has expired.

Some hon. Members: Continue.

Mr. Burton: Perhaps I may continue, Mr. Speaker.

Mr. Deputy Speaker: Hon. members know that the hon. member for Regina East (Mr. Burton) may continue if there is unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: There is no consent.

Mr. Southam: Mr. Speaker, it is now one minute to ten. May I call it ten o'clock?

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Deputy Speaker: The hon. member knows he may call it ten o'clock if there is unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: There is no consent.

Mr. Southam: Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Call it ten o'clock.

Mr. Southam: May I call it ten o'clock now, Mr. Speaker?

* * *

BUSINESS OF THE HOUSE

Mr. Lambert (Edmonton West): Mr. Speaker, I rise on a point of order. Will the President of the Privy Council advise the House what the business will be for tomorrow, and what is the forecast for later in the week?

Mr. MacEachen: Mr. Speaker, we will continue tomorrow with the item we have been dealing with today.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): Mr. Speaker, I wonder whether the President of the Privy Council would take into account the fact that Bill C-262 has been reported back and we in the opposition would be prepared to waive the 48-hour rule and shorten it to 24 hours in order to continue with the report stage, knowing the anxiety of the government to get ahead with this legislation. As far as I know, there is only one amendment to it.

Mr. MacEachen: Mr. Speaker, I appreciate the gesture of my hon. friend and hope it will have general application in respect of other bills. I thank him for it and will consider when it may be possible to bring that bill forward.

Mr. Lambert (Edmonton West): Perhaps on Friday?

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

FISHERIES—EFFECT OF OPERATIONS OF FOREIGN NATIONALS—ACTION TO ACHIEVE CONSERVATION

Mr. Walter C. Carter (St. John's West): Mr. Speaker, the Newfoundland fishing industry, which affects one quarter of the population of that province, faces danger of collapse within five years unless action is taken now to prevent the decline in the inshore and offshore fisheries. This government has been aware of this critical situation for a number of years but has elected to ignore it.

The attitude of the government, evidenced by its complete indifference to the problem of east coast fisheries, has been nothing short of criminal. Its past reaction to the wholesale destruction of our marine resources by foreign fishing fleets, and its unwillingness to lay down the law to the countries which are responsible, can only be termed as gutless.

• (10:00 p.m.)

While the Secretary of State for External Affairs (Mr. Sharp) and his colleagues in the government pursue their weak-kneed, spineless policy of appeasement, the livelihood of hundreds of thousands of our people, particularly

in Newfoundland, is being stolen from under our noses without even a whisper or a word of protest from this government. The Secretary of State for External Affairs has been too busy trying to maintain his image of being Mr. Clean or Mr. Nice Guy in the cocktail circuits of Europe to take any action to protect the future of our fishing industry and perhaps cause a few ripples in the diplomatic circles of Europe.

Canada has become the laughing stock of the fishing nations of the world. Our fisheries have been abused and plundered; they have become sitting ducks. Our inshore fishermen have been forced to stand idle while draggers operating within a mile or two from shore destroy their fishing gear and while the Department of Fisheries pretends to be patrolling our coast. Hundreds of fishermen in my riding who have suffered severe losses of nets, and so on, at the hands of these draggers are living proof that the Department of Fisheries is incapable of giving them the protection they need and to which they are entitled.

How much longer must our fishermen be expected to stand by and see thousands of dollars worth of gear being destroyed by ships which are illegally operating off our shores? If I were fishermen I am afraid I would be tempted to take the law into my own hands. Surely a man has the right to protect his own property. Our Newfoundland fishermen have "had the course." Their patience has reached breaking point. They are not going to be pushed any further or put up with the gutless approach that this government has taken toward their problems.

They demand action, and they demand it immediately. They demand that the government serve notice on the fishing nations of the world that unless the countries concerned agree to meet and to adopt conservation measures we will assert our rights with regard to Canada's east coast fishing resources by fixing a date within the next year when fishing by foreign fleets in our waters will be forbidden except by our leave and our licence. Canada must not accept anything less than full management control over the whole continental shelf.

Until such time as sufficient research is carried out to determine the condition of the fish stocks and the steps necessary to enable maintenance of a substantial yield, we must demand a crash quota system. Mr. Speaker, do you wonder why we are concerned? One billion pounds of cod was caught off the Labrador coast in 1968. In 1970, despite an increased fishing effort the total catch in the same area was less than half, 440 million pounds.

In 1967 our inshore fishermen landed 270,000 quintals—a quintal is 112 pounds. In 1971 it was down to 108,000 quintals. The minister will undoubtedly tell the House tonight that the government is taking action. He will probably describe in great detail a meeting which he will convene in a few weeks' time with the various fish trades associations to discuss this very problem. I wonder whether the minister would be good enough to tell the House why he waited until 1971 to deal with this very serious problem which has been growing steadily worse over the past ten years or longer.

Why has he waited until the fishing industry is on the verge of extinction before he starts showing an interest? Could it be that his colleague, the hon. member for Burin-Burgeo (Mr. Jamieson) has suddenly recognized the political advantage of such a meeting at this time in Newfoundland? Whatever the arrangements may be for the meeting and whatever the outcome, the fishermen of my province and indeed of all eastern Canada will not tolerate the government's continued pussyfooting.

The fishermen of Newfoundland and the other Atlantic provinces demand that their rights be protected. They demand that the 12-mile limit be proclaimed and enforced. They demand that their nets and gear be protected from the criminal behaviour of draggers which like thieves in the night move in and plunder their fish stocks and destroy their gear.

If the Department of Fisheries is unwilling or unable to accept its responsibility with regard to protecting our fishermen, giving the fishermen of Newfoundland and eastern Canada the protection they deserve, I suggest that it should call in the navy. Surely the fishermen should not be expected to stand by and see their livelihood being destroyed and thousands of dollars worth of their fishing gear being destroyed with hardly a whimper from the Department of Fisheries. If the department's vessels cannot properly patrol our coast, I strongly recommend that the navy be forced into action.

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, first on behalf of the Minister of Transport (Mr. Jamieson)—the hon. member for Burin-Burgeo—and myself, I would like to invite the hon. member for St. John's West (Mr. Carter) to a meeting with the fishing industry here in Ottawa on October 8 when we are going to discuss a number of these problems.

He will learn that the fishing industry in Newfoundland is not in immediate danger of collapse, as he has stated. In fact, the income of fishermen in Newfoundland has never been higher. This year it will be higher than in any previous year, and by a very considerable margin. The main reason has been a remarkable increase in the price of fish since the spring of 1969, an increase which has averaged better than 50 per cent. Our all-time record year in volume was 1970. We are off a few percentage points this year in volume, but this remarkable increase in price has more than offset the drop in volume. So if we are talking about past performance, the achievements of last summer have been remarkable indeed. I would be the first to admit that we started from a very low base and we have a long way to go in generating income in the fishing industry on the east coast before it is satisfactory to everyone.

The hon. member for St. John's West says that Canada is the laughing stock of other fishing nations of the world. I do not know what circles he moves in, but overseas fishermen envy Canada's bold initiatives, not only in declaring a 12-mile limit but in pushing other countries out of such large bodies of water as the Gulf of St. Lawrence, the Bay of Fundy and many other large inlets up and down the east coast.

As I say, representatives of the industry will be coming to Ottawa on October 8 to make submissions to the Secretary of State for External Affairs (Mr. Sharp), the Minister of Transport and myself. They will be making a number of recommendations, some of which are already being acted upon. I have no doubt that sitting down again with the industry, as we have been wont to do, we will come up with ideas. One may be to push other countries

not only out of our exclusive fishing zones but off our continental shelf as well. This will take a lot of doing because, Mr. Speaker, ours is the biggest continental shelf in the world.

AIR TRANSPORT—IMPENDING PRICE WAR AMONG TRANS-ATLANTIC CARRIERS—GOVERNMENT APPROVAL OF PARTICIPATION OF AIR CANADA AND CPA IN PRICE-FIXING MEETING

Mr. Stanley Haidasz (Parkdale): Mr. Speaker, air transport should be a convenient mode of transportation available at a reasonable price to everybody without discrimination in respect of age, status or any other factor. Parliament approved the initiative of the federal government of 25 years ago to provide more adequate air travel facilities for Canadians and tourists. The result was Air Canada.

• (10:10 p.m.)

Unfortunately, air travel today in our country and abroad by Air Canada and other air carriers who have the privilege of using our airports is neither cheap nor convenient. Improvements in the congested Toronto airport are long overdue. Moreover, air fares are neither cheap nor just. Air fares are high and discriminatory, both domestically and abroad. It is discriminatory to allow a person aged 25 to fly at a reduced fare and charge almost double for those who happen to be 26 or older. Why are old age pensioners, who have to live on reduced incomes, offered a reduced fare only on a stand-by basis? Anyone who has been to Toronto International Airport to meet a passenger undergoes a nerve-wracking experience, but for an old person to wait for a flight on a stand-by basis can be sheer hell.

Also, Mr. Speaker, why should anyone have to fly with a group, at a specified time, and be tied to a tour and unwanted accommodation to obtain a reduced air fare? Air fares should be cheaper and available without discrimination and gimmicks. It is also high time to re-examine the workings of IATA and our association with what one editorial called a price-fixing cartel.

On behalf of my constituents of Parkdale, and indeed all Canadians, I appeal to the Minister of Transport (Mr. Jamieson) and the Minister of Consumer and Corporate Affairs (Mr. Basford) to get together with their colleagues to develop an air policy that adequately meets the needs of all Canadians and will provide air transportation that is cheap, convenient and non-discriminatory.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I am sure the hon. member would not expect me to provide a detailed response to all the points he raised, in the limited time in which you will permit me to respond to this quite legitimate representation. Many views expressed by the hon. member are not only ones with which I am in full agreement but upon which I have spoken publicly in the past few weeks and months.

I want to emphasize that in so far as the domestic fare situation is concerned, even though there are occasions when hon. members would be pleased, I think, to accord me the right to establish such fares, that authority is not given to the Minister of Transport nor to the government. The airlines enjoy a considerable degree of autonomy in this regard, an autonomy which has been confirmed repeatedly by Parliament and with which I am not disposed to argue. In so far as the international situation is concerned, of course it is even more difficult in that the IATA arrangement, as we have seen in recent weeks, is a most complex one.

I agree with the hon. member that something should be done, and I believe now will be done, to eliminate a good deal of what has become an almost impenetrable jungle on rates and the confused situation with regard to air travel. The government of Canada, and I as Minister of Transport, are on record as favouring a much more simplified and much more fair arrangement of fares—if that is not a play on words. Incidentally, I have also indicated, although I repeat that I have no authority to impose this view on the Canadian airlines, that I believe that within their own country Canadians are entitled to at least comparable treatment, comparable rates and comparable conditions as if they were travelling overseas.

These are matters which are now being examined by me in considerable detail. I may say that I have a rather exhausting job in looking over various aspects of air policy, but I am hoping to come up with something that will at least meet many of the representations made by the hon. member and others.

ST. LAWRENCE SEAWAY—DECISION ON POSSIBLE INCREASE IN TOLLS—REQUEST FOR REFERENCE OF CARR REPORT TO COMMITTEE

Mr. John L. Skoberg (Moose Jaw): First of all, Mr. Speaker, I should like to congratulate the Minister of Transport (Mr. Jamieson) and the Minister of Fisheries (Mr. Davis) for remaining in the House and handling their own portfolios tonight. I think this speaks well for many of the matters we raise.

On September 17 I asked the following question about the St. Lawrence Seaway and certain tolls and moneys:

—can the minister say whether any decision has been made that increased tolls will be enacted before next spring?

The minister replied, in part:

No decision has been made. Representations are still coming in. It is my intention to get as many representations as possible before considering the matter.

Not too long ago the same type of situation existed and the minister replied in somewhat the same vein; he said he was unable to make a statement on increased tolls on the St. Lawrence Seaway. At that time there were 49 submissions opposing an increase in the St. Lawrence Seaway tolls structure. Those opposed to increases maintained that capital expenses should not be charged against the Seaway.

At the same time, the Ontario Economic Council opposed any increase in toll or lock charges and said that increased charges would have an adverse effect both on Ontario and Canada in view of the current economic climate. Without question, increased tolls on the Canadian sector of the St. Lawrence Seaway could place the future of the Great Lakes and St. Lawrence waterways in jeopardy. At the same time, we must consider aspects such as those we have been debating today relating to western

farmers, because costs to western farmers would increase. That could be very detrimental to this country in the long run. Also, Canada really needs a comprehensive transportation system. Such a system alone will serve the interests of the whole nation.

The hon. member who rose before me on the "late show" was concerned about the structure of air rates. In this case we must be concerned about St. Lawrence Seaway rates. Indeed, we must be concerned as well about rail passenger, rail freight and air transportation rates. I believe, as I have said, that a comprehensive transportation policy for Canada is essential.

The Carr report, if implemented, would as I understand it provide for an increase of 27.6 per cent over five years. We need an assurance from the minister tonight that any increase will not become effective until there has been an opportunity for ample representation. An editorial in the *Standard,* published by St. Catharines Standard Limited, of August 27, 1971, stated that a decision has been made and that officials of the department are understood to be unimpressed with representations which have been made, which no doubt include the 49 representations to which I have referred.

I think it is most important for the minister to assure the House tonight that bureaucrats will not make the sort of decisions we have witnessed in the past, and that any decision to be made will be made by the minister and his department in consultation with those interested in and concerned about increases in St. Lawrence Seaway tolls. Those who are opposed to increases in St. Lawrence Seaway tolls wonder whether they will be heard and whether their representations will be taken into consideration before a final decision is made. I would appreciate the minister giving an assurance tonight to the western agricultural community and to users of the St. Lawrence Seaway, the Welland Canal and the like, to the effect that there will not be an increase in tolls until those opposed have had an opportunity to make representations.

Our population is spread across the country and we know that it costs money to operate an efficient transportation system. We must not try to play off one form of transportation against another. We should not subsidize one form of transportation out of the public purse, as we have in the past, and then try to make the St. Lawrence Seaway pay for itself with regard to capital expenses. It is wrong to suggest that it should pay for itself in this respect. I would appreciate the minister advising the users of the St. Lawrence Seaway of his intentions.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, as was the case with the last submission, the hon. member will appreciate that the time limitation will permit me to deal only superficially with his representations. So let me begin where he ended, with the assurance that he asked for. There is no intention whatever of making any changes in existing rate structures on the St. Lawrence Seaway until the thorough and exhaustive study that I have undertaken to make of the Carr report has been made. Of course, that exhaustive study involves the receipt of a large number of submissions from users and other interested parties. There will be this study, and any reports to the contrary are totally erroneous and can be disregarded.

• (10:20 p.m.)

Our activities at the present time are concerned primarily with our relations with the United States and the joint operation of the Seaway. In the emphasis that has been placed within Canada on the operations of the Seaway, in my judgment there has been a tendency to put too great an emphasis on one aspect, the possibility of an increase in tolls on the Canadian side or, if you like, unilaterally by Canada, and a failure—which I am surprised the hon. member has compounded tonight—to recognize that in the judgment of the Carr report the United States is by far getting the better of the deal. It is here that at the present time we are making our initial efforts.

I also commend to the hon. member something else with regard to the operating costs of the Seaway. I hope he will be equally vocal in this regard. The charges made by the Seaway only constitute a portion of the total cost of moving goods through the Seaway which is actually arrived at in terms of the user. I am not exactly sure of the precise portion or percentage.

I hope those who are making statements, including some who use the Seaway, will also recognize that it is incumbent upon them to keep their rates down and to reflect the same interest in the future of the Seaway as they expect the government to do. In other words, I do not want the government of Canada to be the patsy for this operation, the only one which is prepared to maintain this cost position in terms of charges despite rising costs, whereas shipping companies and sundry other users of the Seaway who have a much more profound effect of the costs of the western farmer are free to increase their rates.

In other words, we would like to hear, not merely why the St. Lawrence Seaway should not increase its rates but some kind of indication that the carriers and others are also prepared to co-operate in the interests of maintaining, as stated by the hon. member, one of the most important waterways and transportation links in this country.

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Wednesday, September 22, 1971

The House met at 2 p.m.

ROUTINE PROCEEDINGS

HOUSE OF COMMONS

OFFICIAL REPORT OF DEBATES—REQUEST BY MEMBER FOR SKEENA TO MOVE MOTION TO CORRECT RECORD

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to move a motion pursuant to Standing Order 32(1)(p) relating to the correctness of the records of the House. If it is accepted it is a debatable motion, but I do not desire that there should be any debate except to the extent that it is necessary for me to explain the need for the motion.

On September 15 last, as found on page 7830 of *Hansard* at the top of the left-hand column, there appears a quotation from a previous edition of *Hansard* relating to a motion which the House passed on a previous occasion having to do with the subject of fish and game laws as they relate to native Indians. When I rose on that day, September 15, to seek permission to move a motion under Standing Order 43 I did not make any reference to the motion concerning fish and game laws as they relate to native Indians but rather to another motion which the House passed on the same day. Consequently, *Hansard* has recorded the wrong motion. In order to correct the record, and because a great deal of confusion has been created in the minds of members of the government of British Columbia, who of course did not need this excuse, I have brought this matter before the House.

Mr. Speaker: Order, please. The hon. member, I understand, wishes to correct the record of *Hansard*. This is done normally in a very ordinary and expeditious way simply by indicating what the change is that the hon. member wishes to be made. I must tell the hon. member that this cannot be done under Standing Order 32(1)(e) unless the hon. member has given notice to the Chair. There is no provision for this kind of motion without notice. In any event, there should be no difficulty in the hon. member indicating what change he desires, and I am sure it will be agreed that the change be made.

Mr. Howard (Skeena): Mr. Speaker, this motion is under Standing Order 32(1)(*p*). I assume it would require unanimous consent to move the motion without notice. In any event, the motion I seek to move is seconded by the hon. member for Winnipeg North Centre (Mr. Knowles) and reads as follows:

That the words quoted at the top left-hand column of page 7830 of *Hansard* for September 15, 1971 as follows:

"That an Order of the House do issue for a copy of the report of the interdepartmental committee, the establishment of which was announced on March 29, 1965, which studied the question of fish and game laws as they relate to native Indians"

be expunged and the following substituted therefor:

"That an Order of the House do issue for a copy of the Stanbury-Fields report."

If that motion is acceptable, the record will be corrected.

Mr. Speaker: Order, please. It is still my suggestion to the hon. member that changes in *Hansard* should be made in the normal way that has been traditional in the House. What I must now ask is whether there is unanimous consent for the motion, which is debatable of course, to be moved. Hon. members have heard the motion proposed by the hon. member for Skeena. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not and the motion cannot be put.

* * *

• (2:10 p.m.)

PRIVILEGE

MR. STANFIELD—ABSENCE OF MINISTER OF INDUSTRY, TRADE AND COMMERCE FROM HOUSE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to raise a question of privilege concerning the absence today of the Minister of Industry, Trade and Commerce (Mr. Pepin). In response to questions yesterday the minister indicated he would be meeting today with officials of General Motors Corporation with regard to the reported lay-offs in Oshawa and other centres. That meeting has been held. Surely the House is entitled to expect a report from the minister on a matter of such importance. In any event, surely the House is entitled to have the minister here so he could be subjected to questions on such an important matter.

Some hon. Members: Hear, hear!

Mr. Stanfield: There are 2,000 families involved. A backup of unemployment will also take place. The minister seemed upset, if not angry, yesterday because he had not been consulted about this matter in advance. He is not in the House today. I understand he will be meeting the press after the question period. If it is the roster system, which has no support under the rules, that is preventing the minister from being in the House today, I say that this is contemptuous of the House.

Some hon. Members: Shame!

Mr. Stanfield: It is a violation of the privileges of the House and its members. I hope the Prime Minister will make it very apparent to the minister that not only is he permitted to come into the House today but that the Prime Minister would like him here to answer these questions.

Mr. Speaker: Is the Prime Minister rising on the question of privilege?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, on the same question of privilege. I wish to indicate that the House knows perfectly well there is no violation of privilege in this instance. If there were, I would like to hear a quotation from the rules as to what privilege was violated.

Some hon. Members: Oh, oh!

Mr. Hees: You would ignore them if we cited them to you.

Mr. Trudeau: I see that they have no arguments, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Lewis: I rise on the same point, Mr. Speaker.

Mr. Speaker: Order, please. The Chair is required to make a ruling before there could be a debate on a question of privilege. The Chair should indicate now whether there is a prima facie case of privilege. There might have been a point of order raised by the Leader of the Opposition, but I think hon. members will appreciate this is not essentially a question of privilege and the matter cannot be debated or considered by the House on such basis.

Mr. Lewis: On a point of order, Mr. Speaker, it is a pity that the Prime Minister found it necessary to sit down before he completed his remarks because, regardless of whether or not there is a specific rule to which Your Honour or anyone else may point, there are moral rules in this Parliament.

Some hon. Members: Hear, hear!

Mr. Lewis: There is a moral obligation on the minister who has met with the heads of the corporation in light of serious lay-offs and has a statement to make. If he has called a press conference, presumably he has something to say. There is a moral obligation on him to say it to this House and let hon. members find out from him exactly what was done. I suggest that when the Prime Minister seeks to hide behind technicalities as to whether a rule can be cited, it is merely further evidence of the contempt in which this House is held by him.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, I agree with the Leader of the New Democratic Party that it is a shame I was not permitted to complete my answer because I think I had a very rational explanation to put to the House. However, it is not my habit to try to speak above shouting such as was then apparent among members of the opposition. If they are not interested in eliciting information—

[Mr. Stanfield.]

Some hon. Members: Oh, oh!

Mr. Hees: Stop being so pompous, Pierre.

Mr. Trudeau: You see how it is, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): Get out of the kindergarten.

Mr. Drury: This is a kindergarten, all right.

An hon. Member: You are worse than MacInnis.

Mr. Trudeau: Mr. Speaker, I cannot be that bad. I am sure that the Minister of Industry, Trade and Commerce will be giving an explanation to the press when he meets them and which the House is apparently not prepared to hear.

Mr. Speaker: Is the hon. member for Oshawa-Whitby rising on a question of privilege?

Mr. Broadbent: On the point of order, Mr. Speaker. I regret that the Prime Minister has not decided to assure the House that the minister is going to make a statement to the House rather than to the press. I have been informed that spokesmen for General Motors told the press that the minister would be making a statement and they refused to comment. I think the least the minister can do is to make that statement to the House.

* * *

INDUSTRY

REPORT BY MINISTER ON MEETING WITH GENERAL MOTORS CONCERNING LAY-OFFS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I ask leave under Standing Order 43 to present a motion to the House. Seconded by the hon. member for Timiskaming (Mr. Peters), I move:

That this House requests that the Minister of Industry, Trade and Commerce appear in the House today to report on his meetings with officers of General Motors.

Mr. Speaker: The hon. member requires unanimous consent. Does the House give unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the motion cannot be put.

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GRAIN

IMMEDIATE IMPLEMENTATION OF TRANSITIONAL PAYMENT TO FARMERS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I ask leave under Standing Order 43 to present a motion of pressing and urgent necessity. Seconded by the hon.

member for Battleford-Kindersley (Mr. Thomson), I move:

That this House is of the opinion that the government should divide Bill C-244 into two parts, and that arrangements should be made for a House order so that a bill to provide for the transitional payment of $100 million could be passed without debate.

Mr. Speaker: Does the House give unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the motion cannot be put.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

DEPARTMENT OF TRANSPORT—JET TYPE AIRCRAFT

Question No. 169—**Mr. Schumacher:**

1. During the calendar year 1969, how many trips were made by Jet Star and/or other executive jet type aircraft owned by the Department of Transport?

2. In each case, what were (*a*) the dates (*b*) the duration (*c*) the destination (*d*) the passengers?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1 and 2. The compilation of information and data required to ensure an accurate response to individual categories in these questions would warrant an immense amount of work by departmental staff at a considerable cost. The amount of work is enhanced by the fact that Department of Transport aircraft generally make well over 200 such flights each year. Every effort is made to answer questions of a more specific nature.

COST OF COMPUTER STUDIES FOR WHITE PAPER ON TAX REFORM

Question No. 1,318—**Mr. Mazankowski:**

1. What was the total amount expended on computer studies for the White Paper on Taxation?

2. To what companies, on what date and in what amounts were such funds paid?

Hon. E. J. Benson (Minister of Finance): 1 and 2. In addition to computer studies performed on government facilities, the following amounts were spent on computer studies for the White Paper on tax reform: Company: Systems Dimensions Limited, 770 Brookfield Road, Ottawa, Ontario amount: $11,544.35 date: January 1, 1970.

INFORMATION CANADA

Question No. 1,608—**Mr. Coates:**

1. How was the staffing of the Inforama Pavilion at "Man and His World" determined?

2. Is the release issued which indicates there are eighteen persons involved in the operation of the Inforama Pavilion and that sixteen of these are residents of Montreal, correct and, if so, why was such a large number of the total staff selected from Montreal?

Hon. Martin P. O'Connell (Minister of State): 1. The staffing of the Inforama Pavilion at "Man and His World" was determined on the basis of previous experience of this and similar pavilions at "Man and His World", and elsewhere. Local university placement offices and the National Film Board assisted in providing a list of suitable candidates who were then selected on the basis of personality and competence.

2. The figure of eighteen persons is correct. Since the exposition operates seven days per week with hours which require two shifts per day, each position manned at any given time requires approximately three people on strength to take care of shifts and allow for days off. Most of the staff is from the Montreal area for the reasons that, (a) it was not considered to be in the public interest to pay living allowances in addition to salary, therefore persons from the area would be able to live at home or in their regular place of abode; (b) it was considered essential that all staff be fluently bilingual, and the Montreal area provides one of the best sources of young people with this qualification.

DEPARTMENT OF COMMUNICATIONS—GRANTS TO PRIVATE INDUSTRY

Question No. 1,655—**Mr. Broadbent:**

1. What programs of the Department of Communications provide grants, subsidies and other cash incentives to private industry?

2. What amount was provided to industry through each program in each of the past five years?

3. What amount, by program, has gone to each of the five major regions of Canada in the same years?

Hon. Robert Stanbury (Minister of Communications): 1. None.

2. Not applicable.

3. Not applicable.

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QUESTIONS PASSED AS ORDERS FOR RETURNS

1971 CENSUS—SAINTE-MARIE CONSTITUENCY

Question No. 1,462—**Mr. Valade:**

1. What are the names and addresses of the persons hired for the 1971 census in the constituency of Sainte-Marie?

2. Were the names submitted to the Minister of Industry, Trade and Commerce or his officials and, if so, what are the names of the persons, groups or political associations who submitted the names?

3. Were these persons employed through the Department of Manpower and Immigration or any other agency or department and, if so, did the Minister responsible for the hiring issue instructions as to the persons authorized to submit names?

Return tabled.

SEIGNORY CLUB, MONTEBELLO, QUEBEC

Question No. 1,500—**Mr. Schumacher:**

1. During the fiscal years 1969-70 and 1970-71, were any payments made to the Seignory Club, Montebello, Quebec by the

government and, if so (*a*) what were the amounts (*b*) what were the reasons for each such payment (*c*) to whom was each such payment made (*d*) for which departments were such payments made?

2. Who are the owners of the Seignory Club, Montebello, Quebec?

3. To the knowledge of the government, is the ownership a partnership or private corporation and, if so, who are the principals involved?

Return tabled.

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I ask that Notices of Motions for the Production of Papers be allowed to stand.

• (2:20 p.m.)

Mr. Howard (Skeena): Mr. Speaker, while I agree that these motions should stand in this instance, may I refer to one standing in my name, No. 248, which I admit is not of very old vintage. It asks for the tabling of correspondence between the government of Canada and the government of the United States regarding the proposed nuclear device test at Amchitka Island. In view of the fact the Secretary of State for External Affairs (Mr. Sharp) has said in the House that he intends to raise this question generally during the nuclear arms debate at the United Nations, and in view of the fact that the proposed nuclear device testing date is getting closer and closer, it might be desirable to have that motion put at the earliest possible moment and the correspondence tabled so that all Canada can see the nature of the communications between the government of Canada and the government of the United States.

Mr. Jerome: Mr. Speaker, I will take note of those remarks and look into the matter to see if something can be done soon.

ORAL QUESTION PERIOD

LABOUR CONDITIONS

GOVERNMENT ACTION TO AVOID LAY-OFFS BY GENERAL MOTORS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the right hon. Prime Minister whether he can give the House some information following the discussions of the Minister of Industry, Trade and Commerce and officials of General Motors today. Can he tell the House whether, following these discussions, there is any measure the government is taking to avoid these lay-offs? Has the government satisfied itself that the proposed lay-offs are the result of a genuine problem of overproduction, or that there is some exportation of employment by this corporation in this case?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, unfortunately I am not in a position to inform the House on that matter. I understand the minister had a very important meeting this morning with officials of the company and that he unfortunately had a subsequent commitment at Lansdowne Park, I believe, with the forest products industries. He has had that obligation for some time. Because of the complexities of the discussion he had this morning he did not feel he could easily convey the results to somebody else to report to the House. It is because of this conflicting engagement that he could not be here at this time to report to the House, but I am sure his views and report on the meeting will be made known as soon as possible. I believe he has a press conference at 3.30.

Mr. Stanfield: Mr. Speaker, the minister seems to find it possible to meet the press but not the House.

Mr. Trudeau: Not at the same time.

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THE CANADIAN ECONOMY

EFFECT OF UNITED STATES ECONOMIC MEASURES ON CANADIAN EMPLOYMENT—DIRECT REPRESENTATIONS BY PRIME MINISTER TO PRESIDENT NIXON

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question which I am sure relates to a matter within his own knowledge. Now that his colleague the Secretary of State for External Affairs has made a vigorous attempt to bring home to the people of the United States the serious consequences to this country of President Nixon's economic measures—I have in mind the possible effects of the surcharge and other United States measures on Canadian employment—I wonder whether unemployment has reached a point serious enough for the Prime Minister to intervene directly to bring this home to President Nixon?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the country may be aware of the speech made yesterday in New York by the Secretary of State for External Affairs. It was made publicly to an important audience and we have expectations that these representations will come to the knowledge of important United States officials.

Mr. Stanfield: Mr. Speaker, it has become clear that the government regards this as a matter of importance in view of the fact that an important minister of government has made such a speech. I should like to ask the Prime Minister how serious unemployment has to become in Canada before he will intervene directly and take up this matter with President Nixon?

Mr. Trudeau: Mr. Speaker, the matter can be extremely serious and still be very well dealt with by ministers of this government and by officials. The opposition should realize once again that this is not a one-man government.

Some hon. Members: Oh, oh!

Mr. Hees: You can't sell that, Pierre.

SPECIAL MEASURES TO REDUCE UNEMPLOYMENT AS RECOMMENDED BY ECONOMIC COUNCIL—PROPOSED MEETING WITH PROVINCES AND MUNICIPALITIES

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Prime Minister whether he has received a copy of the most recent report of the Economic Council of Canada which, according to press reports, urges special measures to reduce the very high rate of unemployment now and the high rate of unemployment to be expected this winter. Is consideration being given by the government to such special measures?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is probably referring to the annual report which, under the law, was tabled in the House a couple of days ago and I believe is dated early in July. Therefore his information is a little bit out of date.

Mr. Lewis: Mr. Speaker, that is not what I am referring to. I will not argue with the Prime Minister, but I should like to ask him specifically, without reference to the report, whether the government is calling a conference of the provinces and municipalities not in December or January but immediately in order to arrive at some work for this winter that will create possibly tens of thousands of jobs across Canada?

Mr. Trudeau: Mr. Speaker, the member may have been away from the House, but a couple of days ago I explained I was trying to have a meeting with the provinces and that already four dates had been proposed by me in October and November. There is still some difficulty in obtaining agreement on any of those dates. As soon as I have a firm report from the provinces as to what date they can attend I will convene such a meeting, but I will not, as the member suggests, demand that the provinces come down here right away.

Mr. Lewis: Mr. Speaker, I was in the House when that question was asked and answered, and I noted that the Prime Minister said he was seeking a meeting on non-constitutional matters. I am also aware of the letters that have gone to him and the letters he has sent. I want to ask him whether he has asked the provinces, and through them the municipalities, to come to Ottawa to discuss some work program for this winter to deal with unemployment or has he asked the provinces to come and deal with general matters without specific reference to the problem of unemployment?

Mr. Trudeau: Mr. Speaker, I explained that to the House too. Some time in the summer I wrote to the provinces to try to obtain from them consent to a day early in the fall. As is the usual practice, we do not begin to discuss the agenda until we have at least some tentative agreement on a date, but I did indicate publicly in this very place that it was the government's intention to have the item of the economy very high up on the agenda. I think the House would realize that even if it had not been our intention it probably would have been put there at the request of the provinces. Under the circumstances I do not see what more the Leader of the New Democratic Party wants.

Mr. Lewis: Mr. Speaker, do I understand from the Prime Minister's answer that in fact he has not taken the initiative to call a special conference for the purpose of discussing works this winter to deal with unemployment?

Mr. Trudeau: Yes, Mr. Speaker. The Leader of the New Democratic Party can, as usual, draw the conclusion he wants from any premise. The facts are as I stated, that I am trying to arrange a meeting with me of the first ministers of the provinces on subjects to be discussed. I indicated that one of the subjects should be the very one that concerns the member, but I cannot follow his logic when he deduces from that that I would get more results if I told them to come down here now because we want to discuss this particular agenda.

Hon. George Hees (Prince Edward-Hastings): I have a supplementary, Mr. Speaker. Is it the intention of the government when it meets with the provincial representatives to put forward a specific plan or suggest "special measures to combat very high unemployment and high prices and costs" as recommended by the Economic Council of Canada in its report which it has made recently to the government and which has been in the government's hands for quite some time? Is that the intention of the government?

Mr. Trudeau: Mr. Speaker, as with the question of the Leader of the New Democratic Party, it is obscure to me whether the report is the annual report, as I think it was, or some other report as the Leader of the New Democratic Party said it was without indicating what other report he was thinking of, if he was thinking at all.

• (2:30 p.m.)

Mr. Hees: Mr. Speaker, there is no doubt whatsoever that the report that I am referring to is the report that was recently handed to the Prime Minister and the government. I am asking him if he intends to take specific action or not.

Mr. Speaker: Order, please. The hon. member for Témiscamingue.

Mr. Hees: Mr. Speaker, I have asked the Prime Minister a further supplementary in a non-argumentative and polite way. I asked him if he intends to do certain things for the good of the people of this country. As I see it, there is no reason why the Prime Minister should not answer. I am simply asking, does he intend to continue to ignore the recommendations made to the government by the Economic Council of Canada as this government has continually done in the past? Answer that one. On your feet and answer that.

Mr. Speaker: Order, please. I suggest to the hon. member that a question asked in those terms is not in order.

Mr. Hees: What a chance this country has with a government like that!

Mr. Speaker: Order, please.

[*Translation*]

REGIONAL ECONOMIC EXPANSION

REQUEST FOR GRANT TO ESTABLISH CARDBOARD MANUFACTURING PLANT AT CABANO

Mr. Réal Caouette (Témiscaminque): Mr. Speaker, I should like to put a question to the Minister of Regional Economic Expansion.

Last Monday my friend the hon. member for Bellechasse asked the minister the following question:

Has an application for a grant been filed with his Department by the Société populaire des pâtes et papiers du Québec which plans establishing a cardboard plant in Cabano but is now facing major financial problems? If so, what reply has been given to that company?

The minister answered that he would inquire and report to the House. Is he now in a position to tell the House whether that company has obtained federal assistance?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I have had inquiries made in the department. No application was made by this company with regard to Cabano. I believe an application was made on December 18, 1969 for the establishment of a cardboard factory at Sacré-Coeur, in the Lac Saint-Jean region, but no application to that effect was made with regard to Cabano.

[*Later:*]

[*Translation*]

Mr. Pierre De Bané (Matane): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion, related to the one put by the hon. member for Témiscamingue.

Am I justified in thinking that the minister, when he receives an official application from the Société populaire de Cabano, will grant it his usual sympathetic attention and will make a special effort in favour of the request?

Mr. Marchand (Langelier): As far as sympathy is concerned, that is sure, Mr. Speaker. As for money, we shall see, it will all depend on the request.

* * *

[*English*]

FINANCE

REQUEST FOR POLICY STATEMENT ON INTEREST RATES AND CONSUMER CREDIT

Mr. R. N. Thompson (Red Deer): My question is directed to the Minister of Finance. In light of increasing evidence and expectations that interest rates will rise significantly, even to record levels, and that money supply will tighten, will the government make a clear policy statement with regard to government policy on interest rates and consumer credit in order to allay increasing consumer and investor uncertainty?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I believe that we have the lowest short-term interest rates in the western world in Canada—

Some hon. Members: Oh, oh!

[Mr. Speaker.]

Mr. Hees: Watch out, you are spraining your wrist, Ben, congratulating yourself.

Some hon. Members: Oh, oh!

An hon. Member: Like father, like son.

An hon. Member: Tweedledum and Tweedledee.

An hon. Member: He looks like the yellow rose of Texas.

Mr. Thompson: Not having received an answer to that question, Mr. Speaker, may I ask the minister another. I remind the minister that everything we read from financial observers points to higher interest rates—

Mr. Speaker: Order, please. Would the hon. member ask the supplementary?

Mr. Thompson: It would be easier to ask a supplementary if the minister would answer my first question. In order to stimulate consumer and investor activity and relieve the upward pressure on the dollar, will the government consider initiating a strong low interest rate policy for the rest of this year and for 1972?

Mr. Benson: Mr. Speaker, that is exactly what we have been doing. If my friend will look at the expansion of the monetary supply in Canada he will find it has been the highest in many years.

* * *

MANPOWER

AVAILABILITY OF CONSULTATIVE SERVICES TO LAID-OFF ALUMINUM COMPANY EMPLOYEES

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question which I normally would direct to the Prime Minister but I would like to get a thoughtful and reasonable answer so I will direct it to the Minister of Manpower and Immigration instead. With respect to the announcement by the Aluminum Company of Canada of a cutback of one additional smelter at Arvida involving the lay-off of an additional 300 men and the prospect that the next such move by ALCAN will take place at Kitimat in British Columbia, are the minister's manpower consultative services, which are supposed to be able to assist laid-off workers, in operation at Arvida and does he contemplate using the same mechanism for potential lay-offs elsewhere?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I would not want to speculate with the hon. member about what may happen in other places. We ordinarily respond immediately to any notice of lay-offs, offering consultative services and attempting to go into discussions with management and labour. I would want to check the exact state of the item to which the hon. member referred.

NORTHERN AFFAIRS

SUGGESTED WITHDRAWAL OF YUKON MINERALS BILL TO RESTORE CONFIDENCE IN EXPLORATION INDUSTRY

Mr. Erik Nielsen (Yukon): I have a question for the Minister of Indian Affairs and Northern Development but before asking it I should like to welcome him back to the House and hope that he was successful in his hunting in the Yukon. The question concerns Bill C-187 which the minister announced in Whitehorse last Saturday will not be brought forward this session. In view of the 72 per cent decrease in investment capital flow in the Yukon last year in the mineral exploration field, will the minister restore confidence in that industry for next year's program by telling the House that it is not his intention to proceed with Bill C-187 but to withdraw it from the order paper and from the committee?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I was in the Yukon and I made a statement. The press in the Yukon responded in an editorial by saying it is responsible government at its best. The other day the hon. member said I was enjoying the outdoors. I worked on Saturday and I took a holiday on Monday. Yesterday I was in Calgary doing my work. I would like him to correct the record in that regard. I must say that the economy of the Yukon is very good. There is almost no unemployment there and the people did not complain. They like—

Mr. Speaker: Order, please.

An hon. Member: For you fellows to work one day out of three is pretty good.

Mr. Woolliams: Mr. Speaker—

Mr. Speaker: If the hon. member for Calgary North is rising on a question of privilege I shall recognize him, but I think I should point out to hon. members that we are running behind the regular schedule this afternoon. Unless we limit supplementaries a number of hon. members will not have an opportunity to ask their questions.

Mr. Woolliams: I yield the floor to the hon. member for Yukon, Mr. Speaker.

Mr. Nielsen: The reply of the minister displayed a rather astonishing sensitivity which seems to be shared by the treasury benches generally. May I ask in a very nice way whether the minister would restore confidence in the mineral industry in contemplating next year's exploration program by doing as they have asked and stating in the House that Bill C-187 will be withdrawn from the order paper and the committee. In this way we might get some restoration of investment.

Mr. Chrétien: Mr. Speaker, I said in Whitehorse that this bill will not be proceeded with at this session. The committee was in the Yukon and received representations. I have decided that I want to study them and make changes if any need to be made. In terms of the prospects for investment in the Yukon, I must say it looks very good. Production of minerals in the Yukon this year was greater than the year before and I think it will be better next year.

• (2:40 p.m.)

MANPOWER

MEASURES TO ASSIST GENERAL MOTORS EMPLOYEES TO BE LAID OFF AT STE. THÉRÈSE, QUEBEC

Mr. Edward Broadbent (Oshawa-Whitby): My question is for the Minister of Manpower and Immigration. In view of the announcement yesterday that all the facilities of the minister's department will be brought to bear in terms of manpower retraining assistance to the workers about to be laid off at Ste. Thérèse, Quebec, and in view of the fact that the Minister of Industry, Trade and Commerce acknowledged that the government had two or three months notice of this action, can the minister inform the House what specific measures have been taken by the government to alleviate the situation of the workers who are about to be laid off?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Again, in any of these individual cases the work being done is very comprehensive indeed, and I would like to get a full report to make to the House.

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[*Translation*]

LABOUR CONDITIONS

GOVERNMENT ASSISTANCE TO EMPLOYEES TO BE LAID OFF BY CHEMCELL LIMITED, MONTMAGNY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, to pull the Minister of Labour out of unemployment in the House, I should like to put a question to him.

In view of the fact that hundreds of employees will be laid off when the Chemcell textile plant closes down in Montmagny early in October, will civil servants from his department be sent to Montmagny to help the employees concerned to benefit from the regulation providing financial assistance for the readaptation of employees in the textile and clothing industry, because there will then be a large number of requests and—

Mr. Speaker: Order. The member put his question. He could perhaps give the minister the opportunity to answer it.

[*English*]

Hon. Bryce Mackasey (Minister of Labour): I think the idea advanced by the hon. gentleman is a very good one and I will instruct the unemployment insurance officials to get into immediate contact with the company and the employees of the company who may be laid off in the near future.

[*Translation*]

Mr. Lambert (Bellechasse): I have a supplementary, Mr. Speaker.

May I also ask the minister whether the regulations of the board responsible for the implementation of the legislation providing for retirement pensions to workers who will become unemployed might not be amended so as to cover people at 54, because many will be affected at that particular age?

[*English*]

Mr. Mackasey: The hon. gentleman is suggesting that I change the law, which I cannot do, but he has pointed out to the House the very beneficial—

Some hon. Members: Oh, oh!

Mr. Mackasey: Mr. Speaker, the hon. gentleman, as I understood the question, is suggesting that we modify the rules under the law which permit early retirement of people affected by the rationalization of the textile industry. I think it is a beneficial piece of legislation which permits retirement as early as the age of 54 under certain conditions which I believe are very generous. This legislation has been accepted by the House, and it would be impossible for any minister unilaterally to change the law that has been adopted.

* * *

CIGARETTE PRODUCTS BILL

SUGGESTED WITHDRAWAL IN LIGHT OF ACTION BY TOBACCO COMPANIES RESPECTING ADVERTISING

Mr. William Knowles (Norfolk-Haldimand): My question is to the Minister of National Health and Welfare. In view of the announcement yesterday by the Canadian Tobacco Manufacturers Council that their advertising code has been amended to include the major provisions contained in the cigarette products bill, for example, the removal of all radio and television cigarette advertising as of January 1, 1972, is the minister now prepared to abandon the cigarette products bill, so damaging to tobacco growers and so unenforceable?

Hon. John C. Munro (Minister of National Health and Welfare): Without at all agreeing with the conclusions and opinions of the hon. member I would indicate that the government is pleased with the reaction of the tobacco industry generally, but this does not affect the government's intention as expressed in the bill when we have the legislative time necessary to deal with it.

Mr. Knowles (Norfolk-Haldimand): May I ask the minister then what are the objectionable features that are lacking in the proposal of the Canadian Tobacco Manufacturers Council?

Mr. Munro: I think that is obvious if one compares the steps they have taken with the provisions of the bill.

* * *

UNEMPLOYMENT INSURANCE

ADOPTION OF NEW PROCEDURES TO ENSURE PROMPT PAYMENT OF CLAIMS

Mr. G. H. Aiken (Parry Sound-Muskoka): My question is for the Minister of Labour and it arises from the increasing number of welfare applications being made while applicants are awaiting payment of unemployment insurance benefits. Is the Unemployment Insurance Commission adopting any new procedures for prompter payment of claims?

[Mr. Lambert (Bellechasse).]

Hon. Bryce Mackasey (Minister of Labour): I thank the hon. gentleman for his usual courtesy in serving notice of his question. Under the new act which is now in effect there are provisions which permit the assignment of unemployment insurance payments by claimants to welfare officers when financial assistance is needed from the first day of the lay-off period. In so far as the speeding up of claims is concerned, at the hon. member's suggestion I have asked for an investigation of the evidence of the rate at which claims are processed.

Mr. Aiken: The minister mentioned that there was provision in the new act for assignment. May I ask him whether these provisions in the act have now been implemented by regulations or departmental procedures?

Mr. Mackasey: Discussions are now going on at the provincial level between officials of the Unemployment Insurance Commission and the various appropriate departments of the provinces. Meetings are also going on at the local level between local unemployment insurance officers and local welfare officers across Canada.

[*Translation*]

DELAY IN PAYMENT OF BENEFITS—SUGGESTED DECENTRALIZATION OF SERVICES

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I have a supplementary question for the Minister of Labour.

Since in my part of the country and in many others also there are many undue delays in handling unemployment benefit claims, does the minister intend providing for decentralization in the administration of the Unemployment Insurance Act so that its provisions may be carried out more quickly and effectively?

[*English*]

Hon. Bryce Mackasey (Minister of Labour): This question keeps reoccurring, as it should. The monthly survey of outstanding claims indicates that for the month of August 98.1 per cent of claims were paid on or before time. The approximately 2 per cent of claims which are delayed are delayed for a variety of reasons, one of which is sometimes inefficiency in the department, with which we can deal, but more often because of the fact that claimants do not fill in the forms properly or omit to mail them in some cases and just do not register their claims at all.

[*Translation*]

Mr. Speaker: I suggest to hon. members that if we spend too much time on supplementaries, we will be running out of time very shortly.

SUGGESTED PUBLICITY CAMPAIGN TO INFORM PUBLIC

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, may I ask a supplementary question?

As the public is confused regarding the application of the new Unemployment Insurance Act, does the department intend to use information media such as newspapers and television in order to enlighten the public and thus facilitate the application of this act?

[*English*]

Hon. Bryce Mackasey (Minister of Labour): Yes, Mr. Speaker, publications which give a simplified version of the new act are available in all unemployment insurance offices. In addition, there have been weekly advertisements, as has already been mentioned in the House, and more are contemplated between now and the beginning

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INDIAN AFFAIRS

WITHDRAWAL OF CHILDREN FROM SCHOOL BY PARENTS BECAUSE OF ALLEGED LACK OF FACILITIES

Mr. Don Mazankowski (Vegreville): I should like to direct my question to the Minister of Indian Affairs and Northern Development. In light of actions taken by many Indian parents in northeastern Alberta to withhold their children from attending school and the prospect that by the end of this week the number being withheld will reach approximately 2,000, the reason for this action being to back up demands for better classroom facilities and other necessities, can the minister indicate to the House what steps are being taken to give adequate assurances that meaningful action will be taken to fulfil their requests?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I received a report on this matter, just a few minutes ago, and I am informed that the Regional Director, Mr. Greyeyes, is in contact with parents about this problem. We are trying to make parents realize that it is impossible to provide all the facilities which they would like to have immediately. However, we have assured them that we shall do all in our power to clarify this situation as soon as possible, and it is hoped that students will immediately resume their studies.

[*English*]

Mr. Mazankowski: In view of the fact that Indian officials have indicated that only a personal commitment from the minister will stop the tide of this development, is the minister prepared to make that commitment and in effect grant the requests that are being made?

[*Translation*]

Mr. Chrétien: I can hardly make a specific commitment, because the matter is too comprehensive. It concerns not only the facilities but also the type of education those pupils must get, and since they attend a provincial school, the provincial government must also be involved. Therefore I cannot give a final answer today.

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[*English*]

SHIPPING

VANCOUVER HARBOUR—ALLEGED PRIORITY TO MOVEMENT OF GOODS DESTINED TO OR EMANATING FROM UNITED STATES

Hon. Marcel Lambert (Edmonton West): My question is for the Minister of Transport. Last week I asked the minister whether he would investigate the congestion in Vancouver harbour and the alleged low priority given to Canadian shipments. He told us at that time that he would report within a few days. Is he in a position to say anything more today?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker. I have a written report which I will be glad to make available to the hon. member. The gist of it is that in so far as is humanly possible preference is being given to Canadian cargoes. That is not always possible because of the mixed nature of some cargoes. The decisions with regard to the sequence in which ships are unloaded are being made largely by what I believe is known as a wharf committee, or a committee of the most concerned people. As for the question of a possible embargo, this is generally regarded as being an unwise step even if it were possible for us to introduce it, and there are some very big reservations about that. I believe that is the basis of the report. I will send it to the hon. member.

• (2:50 p.m.)

Mr. Lambert (Edmonton West): Thank you.

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DRUGS

INQUIRY AS TO FINAL REPORT OF LE DAIN COMMISSION

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Has the minister received the final report of the Le Dain Commission? If so, when does he expect to table it? If not, when does he expect to receive it?

Hon. John C. Munro (Minister of National Health and Welfare): No, Mr. Speaker. I can advise the hon. member that I have not received it. In the latest conversation I had with the chairman of the Le Dain Commission he indicated that possibly it will be ready by the end of the year.

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REGIONAL ECONOMIC EXPANSION

CLOSING OF ACADIA FISHERIES PLANTS AT CANSO AND MULGRAVE, N.S.—MEASURES TO ASSIST UNEMPLOYED

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. Knowing of his great interest in creating jobs throughout the country, I am sure that he must be aware of the problem I am about to raise. In light of the fact that Acadia Fisheries closed their processing plant at Canso two months ago, resulting in the unemployment of 500 people, and since some months prior to that their Mulgrave plant was also closed, thereby putting another 300 workers on the unemployment rolls, may I ask the hon. gentleman what steps have been taken by his department to alleviate this serious problem?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I regret that the hon. member did not give me notice of his question one hour before the

opening of the House because I would have been in a position to make a full report. I will do that tomorrow.

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TRANSPORT

INQUIRY AS TO COMMENCEMENT OF FERRY SERVICE BETWEEN MAGDALEN AND PRINCE EDWARD ISLANDS

Mr. Melvin McQuaid (Cardigan): Mr. Speaker, my question is for the Minister of Transport. In view of the fact that the roll-on, roll-off service between the Magdalen Islands and Prince Edward Island was scheduled to commence on August 1 and has not yet begun, can the minister tell the House how soon we can expect the service and the reason for the delay?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I think the reason for the delay is well known. Upon examination the vessel concerned had more difficulties of an engineering nature than had been known prior to inspection. These have now been corrected and I would hope the service could begin in the very near future.

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MANPOWER

SUGGESTED INVOLVEMENT OF YOUTH IN BUSINESS TO EFFECT CHANGES FROM INSIDE—GOVERNMENT POLICY

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Prime Minister. In view of the recent statement by the Prime Minister in Ste Adele that our youth should go into business and try to change it from the inside, can he say whether he was stating government policy? If so, can he inform us of any measures the government is contemplating to employ youth in this manner?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, a suggestion like that obviously is not government policy. It is an indication of the way I think the business world should be developing in Quebec in particular. There is no particular measure the government can take that I can see to force young people and business people together. Therefore it was in the nature of a suggestion.

RETRAINING GRANTS—REMOVAL OF REQUIREMENT OF THREE YEARS IN WORK FORCE IN ORDER TO QUALIFY

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, may I direct a supplementary question to the Minister of Manpower and Immigration. In light of manpower regulations that now prevent the availability of manpower grants for training and retraining until a person has been in the work force for three years, will the minister consider amending the act so that all unemployed can qualify for those grants?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, as has been indicated to the House many times, the question of the three-year rule is under constant review and discussion with provincial authorities. The basic position has been one of providing training for those people who have been in the labour force and not to those who are basically in the main educational stream and are up to 18 or 19 years of age. This, of course, must be reviewed in light of the numbers of people now seeking training and the availability of training places. We are looking at the matter.

[Mr. Marchand (Langelier).]

UNEMPLOYMENT INCREASE AMONG THOSE UNDER 24—NATURE OF STUDIES—REQUEST FOR REPORT

Mr. David MacDonald (Egmont): Mr. Speaker, may I direct a supplementary question to the Prime Minister. Last week the Prime Minister indicated that the government was both alarmed and concerned about the high rate of unemployment among those in the 14 to 24 age group. He indicated as well that special study and attention would be given to this matter. Can he indicate the nature of any studies or investigations which have been put into effect and also when we may expect some report on this very serious matter?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the Minister of Manpower and Immigration just gave an example of the consideration we are giving to this aspect of the question.

Mr. MacDonald (Egmont): A further supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. There are four minutes left before the end of the question period. I wonder whether supplementaries could not wait until tomorrow. I am anxious to recognize the hon. member for St. John's West.

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UNEMPLOYMENT INSURANCE

NEW LEGISLATION RESPECTING BENEFITS FOR FISHERMEN

Mr. Walter C. Carter (St. John's West): Mr. Speaker, my question is for the Minister of Labour. Can the minister tell the House when he is going to introduce legislation dealing with unemployment insurance benefits for fishermen?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, the unemployment insurance benefits that came into effect on July 1 are applicable to fishermen as well as to other members of the work force in the same manner as when the old act applied. There was an inference at one time that another plan might be developed through the Minister of the Environment, to be aimed specifically at the fishing industry. In the interval all self-employed fishermen coming under the old definition will be eligible for unemployment insurance benefits.

Mr. Carter: A supplementary question, Mr. Speaker. Will the Minister of the Environment who is responsible for fisheries tell us when he is going to introduce his new plan dealing with unemployment insurance benefits for fishermen?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, a new plan is under active consideration. However, it is not likely to be introduced until next year.

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CANADIAN NATIONAL RAILWAYS

POSSIBLE DOWNGRADING OF FREIGHT SERVICE BETWEEN STRATFORD AND SARNIA

Hon. J. W. Monteith (Perth-Wilmot): Mr. Speaker, I wish to direct my question to the Minister of Transport. Would the minister inquire of Canadian National Railways whether or not any changes are being contemplated in the upcoming fall timetable which would further downgrade service in western Ontario, particularly freight service between Stratford and Sarnia? As such a move would undoubtedly cause further lay-offs in the area, would the minister use his persuasive powers to try to prevent any further deterioration of such services?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I will be glad to take note of the question and to get an answer for the hon. member.

PROGRESS IN DETERMINATION OF CASE INVOLVING REFUSAL TO PAY FEDERAL MINIMUM WAGE

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, my question is for the Minister of Justice. Since the minimum wage is still not being paid in Canadian National hotels across the nation, can the minister say what progress has been made in reaching a final determination of the case involving Jasper Park Lodge and as to the certification of a group of employees under federal legislation?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, the hon. member knows that there is a certiorari action against the board before the Alberta Supreme Court. I have asked, through counsel, for this case to be accelerated.

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JUDGES ACT

RESUMPTION OF DEBATE ON AMENDING BILL— SUGGESTED AMENDMENT CONCERNING SUPERNUMERARY JUDGES FOR SUPREME COURT OF CANADA

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is for the Minister of Justice. I think I can ask it succinctly. When will the Judges Act come before the House again? Will he include in the Judges Act an amendment to cover supernumerary judges of the Supreme Court because of the large backlog before the Supreme Court of Canada and the overworking of the judges?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I have had some conversations with the House leader and with other leaders of the House. I understand there is a possibility that the bill may come forward on Friday afternoon. As for the point about the Supreme Court, the question of supernumerary judges as they affect the Supreme Court was dealt with fully in committee. I gave reasons why I did not feel we could contemplate that amendment. As for the work load of the Supreme Court of Canada, the hon. member will recall that when we were last talking about the Supreme Court Act in the House I suggested that it was inevitable that the court would have to be given the means to control its own roll through the introduction of an amendment to the Supreme Court Act whereby all cases would go before the Supreme Court of Canada by way of leave only.

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UNITED NATIONS

CANADIAN ACTION TO ACHIEVE REPRESENTATION FOR MAINLAND CHINA AND TAIWAN

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, my question is to the Secretary of State for External Affairs on the subject of universality of membership in the United Nations in which he is a believer. Can he advise if our delegation is making efforts in the General Assembly to bring about a situation whereby the people of Mainland China and Taiwan will both be represented in that body by delegates of their *de facto* governments?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, as the hon. member knows, Canada has a one-China policy. We consider that there is only one question immediately before the United Nations and that is who speaks for China, who occupies the China seat? The question of the future of Taiwan is a matter for the future to decide.

CANADIAN ACTION TO ACHIEVE FORMULA FOR PROVISION OF ASSISTANCE TO VICTIMS OF WAR OR CIVIL STRIFE

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, my question is also for the Secretary of State for External Affairs. Will the Canadian delegation to the General Assembly keep pushing as a matter of the highest priority the acceptance of a formula by that body for providing food, medicine and other assistance to the innocent victims of war or civil strife?

• (3:00 p.m.)

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, this is the government's policy. In so far as these items come before the United Nations or if we can take the initiative, I can assure hon. members that the Canadian government will be supporting them strongly.

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CANADA ELECTIONS ACT

PRESENTATION OF AMENDMENTS THIS SESSION IN LIGHT OF COMMITTEE REPORT

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I should like to direct a question to the President of the Privy Council in his capacity as government House

leader. Eight days ago I asked the minister if consideration was being given by him to the report of the Special Committee on Election Expenses and whether new legislation was being prepared. He has had eight days to ruminate on the matter. Can he now advise the House if legislation is being prepared and whether it will be presented in this or the next session?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, as a government we are concerned about the question of election expenses. We did refer the matter to a committee for study and its report was received toward the close of the earlier part of the session. We are now considering that report. We will advance the matter as quickly as we can but, as the hon. member will appreciate from looking at the present list of legislation on the order paper, it is improbable that we can deal with it in this session. It is even more improbable that we would have time to deal with election expenses in this session. I can hardly make a firm statement at the moment as to what will happen in the next session.

Mr. Benjamin: In view of the fact that the report has been in the hands of the minister since June 3, almost four months, and in view of the position taken not only by him but by the Prime Minister and members of all parties in the House on this matter, can he assure us he will make representations to the Prime Minister and his colleagues that legislation be brought forward during this Parliament?

Mr. MacEachen: Mr. Speaker, we are all at one in our interest in promoting this matter. I hope we can have that legislation during this Parliament. That is our objective.

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FISHERIES

DATE OF ATLANTIC AREA CONSERVATION CONFERENCE

Mr. James A. McGrath (St. John's East): Is the Minister of Fisheries now in a position to give the time and date of the conference on conservation of our fisheries resources in the Atlantic area and does he propose to extend an invitation to Members of Parliament from the Atlantic provinces to attend and participate?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, 10:30 a.m. on October 8 in the West Block. The hon. member will be invited.

Mr. Speaker: Orders of the day.

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a question of privilege. I would have raised this matter a moment or two earlier except for Your Honour's interjection with regard to the length of the question period. In any event, I have risen at the earliest opportunity.

My question of privilege relates to the answer of the Prime Minister a moment ago on the question of youth employment. Either *Hansard* for last week is inaccurate or the Prime Minister's story has been completely altered since that time. Last week the Prime Minister informed the House that the government was going to look very seriously into the high proportion of youth unemployment. This afternoon the Prime Minister indicated that they were doing nothing whatsoever except continuing the usual program that the Minister of Manpower and Immigration indicated in his answer to the hon. member for Yorkton-Melville. Possibly the Prime Minister could take this opportunity to correct the record.

Mr. Speaker: Orders of the day.

Mr. Lundrigan: On a question of privilege—

Mr. Speaker: I apologize to hon. members. The hon. member for Gander-Twillingate.

Mr. Lundrigan: Mr. Speaker, my question of privilege relates to the general business of the question period. Although I am not in a position to offer wise commentary such as my esteemed colleagues did who took part in the debate yesterday, I would like hon. members to listen for a few minutes while I present a position which should be of assistance to all hon. members.

My question of privilege does not arise out of any personal frustration with regard to the question period. It is about the only vehicle left for members of the opposition to hold the government accountable for its behaviour and actions from day to day, bearing in mind what has happened to the estimates and the redirection of the legislative process in recent years.

Despite the wisdom and great competency of Your Honour in being able to recognize members, when looking to my left a few minutes ago I counted 20 members who were unable to ask questions. I know there were many members who, like myself, did not seek the floor today because they felt it would be imposing on the rights of other members.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lundrigan: The hon. member for Vegreville could not pursue the matter he raised by asking supplementaries even though the minister who would answer was in the House for the first time in many days. The fact that he could not develop his urgent point will lead to frustration on the part of 2,000 native people in his constituency.

The general state of the economy occupies a good part of the question period. I did a good deal of research on the question period from the opening of the House on September 7 until yesterday. I discovered that 197 questions had been asked about the economy. This is an indication of the great concern which the opposition feels about unemployment and various other matters of this type and importance. Because of the discretion which must be exercised by the Chair in determining questions that can be asked and the 40 minute time limit, frequently opposition members are not permitted to pursue very important supplementaries, especially supplementaries that pertain to the critical state of affairs in the country today.

On this basis House leaders, in co-operation with the Chair, must reassess the length of the question period which is now of 40 minutes duration. It must be reassessed because the matters which the country will be facing this winter will be of great importance and the country will be robbed of the right to have these matters

pursued in depth and detail and the government held accountable for its behaviour. The question period is one of the few vehicles left. I am sure hon. members will be in agreement with extending the sitting day for a period of 15 minutes, 20 minutes or half an hour in order that the question period might be lengthened.

The roster system must be re-examined. Day after day members of the House of Commons are frustrated because they cannot ask questions on very urgent matters. This is also frustrating to their constituents. Members are not able to pursue matters through the ministerial heads of the various departments. The Prime Minister continues to pass the burden and responsibility for responding to the various ministers, even though they may not be in the House at that time.

I suggest that either a committee or the House leaders question the type of responses that members are getting from government ministers who answer for various departments. Despite the fact that members try to save time during the question period, out of frustration or because they are not as forward as they might be, I challenge any member to look through the 197 questions asked and show that the government has made a legitimate effort to respond to the needs of the people through their elected representatives. The hon. member for Egmont expressed frustration today. Other members are frustrated because we are not getting any indication of government responsibility from responses to questions asked during the question period by the elected representatives. This whole process has to be re-examined.

For Your Honour to be able to carry on in your usual competent fashion, and for members elected to represent their constituents to pursue matters as important and urgent as the economic affairs facing this country as well as local matters such as the one raised today by the hon. member for Vegreville, there has to be an early reassessment of the whole matter of the question period.

Some hon. Members: Hear, hear!

• (3:10 p.m.)

[*Translation*]

Mr. Speaker: Is the hon. member for Joliette rising on a question of privilege?

Mr. Roch La Salle (Joliette): Mr. Speaker, it has just been mentioned that it might be possible to reconsider the business of the question period. In the interest of Parliament, I think it might be important if the meeting is going to take place—

Mr. Speaker: Order. The Chair has heard the representations made by the hon. member for Gander-Twillingate (Mr. Lundrigan); they are directed to the party leaders who might hold a meeting to consider this suggestion in order to improve the daily work of the House of Commons.

[*English*]

Mr. Muir: I rise on a question of privilege, Mr. Speaker. It deals specifically with the replies, or lack of replies, received from the Minister of Regional Economic Expansion. I stated when I posed a question earlier today that I had not given notice because of the fact I was quite sure this hon. gentleman was well aware of what was taking place in this case, 800 people having been laid off from their place of employment. When the minister attempts to reply to questions we get "nothing" answers or we are told he will inquire. The other day someone used the phrase "Trudeau the shrugger". He is becoming Marchand the shrugger. He shrugs his shoulders and gives no answer.

Earlier this week my hon. friend from Central Nova posed a question about other lay-offs, having given the minister ample notice, some days notice. Again the minister said he would inquire. He had no answer. We face this situation time and time again. In fact, the minister informed me after that effort, following the question asked by my hon. friend from Central Nova, that if he were given notice answers would be forthcoming. This is untrue. It does not happen that way. My hon. friend from Central Nova gave notice several days before asking his question. It was not necessary to do that today.

We face a situation where 800 people have been placed on the unemployment rolls. They must suffer the degradation, as able-bodied men and women, of having to seek welfare. I agree with the hon. member for Gander-Twillingate. Despite our best efforts it has become impossible for us to ask questions in the House and get answers or, at least, honest efforts to reply. The Minister of Labour, the Minister of Justice, a few of those who sit on the treasury benches, are quite willing and happy to do the best they can and you know you are at least getting a sincere attempt to give a helpful answer. But I must lodge a strong protest with you, Mr. Speaker, and with the government, as to the activities which are taking place. Unemployment is rolling up into the hundreds of thousands, yet the government sits idly by and does nothing about it and will not even answer legitimate questions.

Mr. Broadbent: Mr. Speaker, I rise on a point of order in connection with questions which were raised during the question period concerning the intention of the Minister of Industry, Trade and Commerce to hold a press conference at 3:30 this afternoon on the subject of his conversations with senior officials of General Motors Corporation. If there is unanimous agreement in the House, and I am sure there would be, I wonder whether the leader of the House would approach the Minister of Industry, Trade and Commerce and ask him, in light of what took place during the question period, to reconsider his original intention and make his statement here before the House.

An hon. Member: Revert to motions.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION FOR PAYMENTS TO WESTERN CANADA PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

The House resumed, from Tuesday, September 21, consideration of Bill C-244, respecting the stablization of prai-

rie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture, and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, in opening my remarks this afternoon on the amendments to Bill C-244, which is now before the House, I should like to remind hon. members of the statement made by the House leader of our party early last summer when this bill was introduced, to the effect that if the government would agree to make a distribution of the amount provided for in the bill by way of a transitional payment, and deal with the matter by way of a supplementary estimate, the party to which I belong would be prepared to pass it within half an hour and get the money into the hands of the farmers.

With respect to the two amendments which are before us in connection with this very controversial and questionable bill, may I say I support them because any amendment introduced by the Official Opposition or by other parties in the Commons would, no doubt, if accepted by the government, make this legislation more palatable and more effective as far as western agriculture is concerned. I should like to ask the minister responsible for the Wheat Board what motivated the government in bringing the bill back to the House at this particular time, despite the fact that the Minister of Finance (Mr. Benson) has been telling all and sundry that his tax bill was to have complete priority? Was it because during the summer recess, when the minister had the opportunity to check more closely on public opinion in the west, he finally realized the seriousness of the economic plight which our farmers are facing? Or was it because the government has at least become aware of the outrageous and deeply questionable position in which they have placed themselves by failing to meet the requirements of the law through their decision to withold payment of some $87.6 million presently owing to the Wheat Board under the terms of the Temporary Wheat Reserves Act? Or is it because the dark shadow of the Assiniboia by-election, perhaps even of a general election, is casting a pall of gloom over the Liberal party in western Canada? Whatever the reason, I am more than surprised that the minister should not have learned his lesson, if not during the summer recess, then in recent days in the Commons. I had hoped he would return ready to present us with realistic amendments to the bill which would make the bill more acceptable to the western farmers.

In order to refresh our memories, let us read the title of the bill and the text of the two amendments we are debating. The bill is described as "An Act respecting the Stabilization of Prairie Grain Sale Proceeds" and to repeal or amend certain related statutes. The two amendments we are considering read as follows:

1. That Bill C-244 . . . be amended by adding the following to paragrah (c) of subclause (1) of clause 2 after the word "producer" in line 18 at page one: "and after the deduction of the increased costs of production and including stabilization payments, if any;"

2. That Bill C-244... be amended by deleting the words "amount that is 90 per cent of the" (a) from paragraph (a) of subclause (1) of clause 3 at lines 31 and 32 at page 2 (b) from paragraph (b) of subclause (1) of clause 3 at lines 4 and 5 at page 3.

[Mr. Speaker.]

This sounds complicated, Mr. Speaker, but it is pertinent to the economic welfare of western Canada. With regard to the word "stabilization" in the title of the bill, I wish to emphasize that this should mean an economically viable agriculture industry. This is the point around which a lot of the contentious debate revolves. Farmers ought not to be offered stabilization at poverty level as the bill in its present form would bring about. It is with this objective that the hon. member to my left has brought in these amendments and this is why I, as a member of the agriculture committee, feel duty bound to rise and support them.

I was amused by the remark of the hon. member for Fraser Valley East (Mr. Pringle), who is also a member of the Agriculture Committee, when he noted that farmers think. I wonder when he realized that farmers think. Sure, farmers think. They take plenty of time to think and that is why they are so unhappy about this bill. They have had time to think about it and about what it would mean to them in its present form.

• (3:20 p.m.)

Not only have the farmers been thinking about this, but all of the major farm organizations have been to Ottawa to appear before our standing committee to present farmers' views on this piece of legislation. These organizations included the three prairie wheat pools, the Federation of Agriculture, the National Farmers Union, the United Grain Growers, the Canada Grains Council, Unifarm, and even the minister of agriculture from Manitoba who attended in person. Besides this, each member of the standing committee, made up of 30 members, received over 3,000 letters, each protesting the bill in general and, more specifically, the very area that we are debating in these two motions. Just think, Mr. Speaker, some 90,000 letters were received. Think of the widespread ramifications of these protests as far as this bill is concerned. People have taken the time to write 90,000 letters to Members of Parliament about this bill.

Let me just quote briefly from several of these briefs. I can assure you, Mr. Speaker, that the points they make are very relevant to this debate. I am holding in my hand the brief presented by the Canadian Federation of Agriculture under date of May 7, 1971. On the first page of the brief two very valid points are made, and they are as follows:

1. The vitally necessary payments to be made to prairie producers as so-called "Special Transitional Payments" in the amount of $100 million. These are urgently required.

I underline that, Mr. Speaker. Indeed the federation itself emphasized it.

2. The long term stabilization and storage policies contained in the Bill. These require much improvement... They should not be, and need not be, conditional.

Let me repeat that, Mr. Speaker.

They should not be, and need not be, conditional.

The brief continues:

We cannot accept the assumption, as a ground rule set by the government, that to get the immediate payment the long term policy must be accepted. It would be highly improper for us to temper our criticism of the long term grains policy in this bill—and we do have criticisms and very serious ones—out of a feeling of fear and urgency respecting possibly delay of these essential

"transitional" payments. It is clearly and unmistakably the federal government's responsibility to ensure that the special payment is made and made soon, while also ensuring that adequate opportunity is given for the consideration, modification and improvement of the long term proposals contained in the bill.

Let me sum up the two recommendations made in the brief which are pertinent to this legislation:

1. The "transitional" payment must be made immediately and not be made conditional either upon acceptance of the rest of the bill as it stands or upon its rapid passage.

2. Aside from the "transitional" payment, the bill is not acceptable as it now stands. While supporting the principle of a stabilization policy, the Federation position is that the following minimum modifications to the policy are required to make it acceptable.

I could go on to read at some length, but what is said is incorporated in the two motions now before the House.

The Alberta Wheat Pool also made several points in its brief, and I want to quote from it briefly to substantiate the emphasis that has been put on these amendments. On page 2, the following appears:

Attractive as a principle stability may be, the first concern shown by our members at the current time is that of income itself. They have expressed coolness bordering on disinterest in any plan of stability which does not have as its first objective, stability at a remunerative level. Within this context, our association has some serious reservations about the proposals of Bill C-244.

Then, on page 5 of their brief this statement is made:

The provisions of the bill for stability relative to this situation are unattractive. Were we heading into a period of deflation we could of course view the proposals in a different light. We are inclined, however, to accept that inflation will continue more or less along the pattern of recent times. Should this turn out to be the case, then the stabilization plan as proposed seems entirely inadequate to be of real benefit.

We have recently had debates in the House on the government's tax bill as well as the latest unemployment and inflation figures, so the worst fears expressed on June 1 have now been realized.

May I make another short quotation from the brief presented by another organization representing western farmers in order to bolster my argument in this debate. On page 10 of the National Farmers Union submission to the Standing Committee on Agriculture under date of June 3, which deals with Bill C-244, this statement appears:

The illustration serves to indicate that the shotgun approach for calculating the basis for grain stabilization payments over the total designated area on a weighted average is discriminatory and can deprive a specific region or even areas within a region itself from receiving payments or result in an unjustified transfer of income from one region to other regions or between farmers within a region itself.

This is another of the basic complaints that we have received about this legislation and the motions now before the House have particular relation thereto. The National Farmers Union goes on to say this:

Not surprisingly, farmers in a region heavily dependent on grain income contribute a greater percentage of total realized net income toward the stabilization fund than do farmers in less dependent regions. Although not based on the 90 per cent concept, the point is nevertheless illustrated in Table II.

A further very real shortcoming in the Bill C-244 concept of stabilization is the absence of any price mechanism to compensate for rising costs of production.

Let me read that again, Mr. Speaker:

A further very real shortcoming in the Bill C-244 concept of stabilization is the absence of any price mechanism to compensate for rising costs of production.

This last statement refers to what the hon. member who moved these motions was trying to emphasize. The second motion seeks to repeal or amend certain related statutes and is very pertinent to this whole discussion. In effect, it relates to the Temporary Wheat Reserves Act and the PFAA deductions, among other things. These measures have always provided some reasonable assistance to farmers by way of stabilizing their income, and had the $87 million now owing the Canadian wheat farmers been paid to them when due, it certainly would have been of great help in keeping their industry on an even keel.

Here I have to make a point that I think is very relevant and which has been overlooked so far in this debate. I refer to the fact that under the Temporary Wheat Reserves Act it was only the wheat farmers and not the growers of oats, barley, flax, rye or rapeseed who were benefitting from this particular measure. In the present bill, the particular clause that we are debating provides that the $87 million now due and owing to our wheat farmers who have been so seriously affected by lagging wheat sales over the past four years be cancelled, and that this same amount be included in the present proposed $100 million transitional payments. This would mean that the federal government would provide some $13 million only over and above what is owing the western wheat farmers. This, Mr. Speaker, is indeed a clear case of robbing Peter to pay Paul and underlines the raw deal that western farmers who have specialized in wheat growing only get from this bill.

In view of the situation facing the farmers today, and in view of the serious readjustment period through which they are passing, I suggest we must examine the proposal to base the plan on the record of returns over the past five years. This, Mr. Speaker, is the crux of the debate. The record over the past five years is so bad that we cannot be satisfied, looking into the future, that use of the past five year average as the criterion for stabilizing farm incomes is appropriate. Had these five years been good years, or had a longer period been taken into the formula, the story would be different. In the past five years we have had falling sales, lower prices, increased income costs such as interest rates, taxes, cost of machinery and repairs, inflation and fuel, with the highest cost of living in history. So this legislation does not take into consideration the continued increases in the cost of production the farmer has to pay.

• (3:30 p.m.)

In conclusion, before this bill is satisfactory it will have to have built into it a formula which takes into consideration this inflationary factor referred to in these amendments, otherwise I must advise the government it will not be acceptable to our western farmers.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, we have before us today Bill C-244, the grain stabilization bill. We are dealing with amendments to that bill introduced in this House on June 22 by my seatmate, the hon. member for Saskatoon-Biggar (Mr. Gleave). The amendments

before us are very important and relate to the most essential parts of this bill. As the hon. member for Regina East (Mr. Burton) said, they really get down to the core of the bill, or what you might call the more controversial parts of this legislation.

We are not just dealing with a short-term measure or something that will have an effect for a few months or a year or two. It is something that will have many long-term ramifications, not only for the farmer but for the people who live in small towns, villages and even small cities in constituencies such as mine. Cities of the size of Yorkton, with 15,000 people, are directly influenced in almost every way by what happens to the farm economy. People in constituencies such as mine are very interested in what happens to a bill such as this. They are interested in the amendments we propose in an attempt to make the bill as realistic as possible.

This bill was referred to perhaps more often than anything else during the six or seven weeks I spent in my constituency during the summer recess. Nearly everyone in that area is concerned about it. The hon. member for Saskatoon-Humboldt (Mr. Lang), the minister in charge of the Wheat Board, has suggested that we stop filibustering and pass the bill so the farmers can get the $100 million. I wish this bill were that simple, and I am sure the farmers share that wish. They all want and need their share of the $100 million.

Almost all the farm organizations are suggesting that we split this bill and pass the clause dealing with the $100 million immediately. I think everyone in the House is unanimously agreed in that regard. However, when we study the rest of the bill clause by clause and consider its most crucial points, we find that in the opinion of most farmers it will do more to hinder them than to help them. Most farmers believe that if this bill is passed in its present form it will stabilize their income at the poverty level rather than augment their income as it should be doing. Most farmers, regardless of their standing on the political ideological scale, are opposed to this bill. Most of them have asked us to do everything we can to get the minister to listen to their representations and make basic changes such as those suggested in motions Nos. 1 and 2.

Many people feel that factors such as the cost of production should be taken into consideration in the stabilization bill. Many farm leaders and agricultural economists, who know more about agriculture than most of us here in the House, say this bill does not take into account factors such as the cost of production. This is probably difficult for those in the House who are not familiar with farming operations to comprehend. The cost of operating a farm goes up and down like a yo-yo each year because of the many indeterminable factors. In many parts of Saskatchewan this year there was an invasion of the Bertha army worm. This, in itself, has cost the people of that province many hundreds of thousands of dollars. Things of this kind have to be taken into account when we are discussing a bill of this sort.

Another thing that is directly involved, as most people see it, is the fact that this may mean a first step toward introducing the recommendations of the task force on agriculture. If we stabilize farm income, as this bill attempts to do, we will be expediting the exodus of many people from the rural areas. This measure is certainly not going to help the low, average or middle income farmer, those people who are just eking out an existence on the farm.

In essence, this bill presents a test to this minister in that the government has been saying for a long time it believes in participatory democracy. If there were participatory democracy and the government listened to the representations of farmers and their organizations it would change this bill immediately. It could do so by accepting the two amendments proposed by my colleague, the hon. member for Saskatoon-Biggar. This would take into account the cost of production.

It is not often that farm organizations are unanimous. The Canadian Federation of Agriculture, the Farmers Union, the wheat pools and others are basically different in ideology, and most have different interpretations in respect of major farm issues before the country. Most of them have different suggestions as to how to solve farm problems. All of these organizations, the Farmers Union, the Federation of Agriculture and the wheat pools in Saskatchewan, Alberta and Manitoba, as well as the United Grain Growers, are unanimous in their feeling that this bill is not good enough, and that it should be studied and changed. There was a conference two days ago of the ministers of agriculture from the three prairie provinces. Even though they come from different political backgrounds, they were unanimous in their opposition to this bill as it stands. This is another reason for the government to change the form of this bill as it stands before the House today.

We are not opposed to the stabilization of farm income as a result of a measure that takes into account the cost of production and net income rather than gross income. This would benefit the producer. Such a measure would be of assistance to farmers and would allow them to stay on the farm. We are not opposed to the principle, but we do oppose a bill such as this which will probably hinder rather than help the majority of farmers.

The debate on this bill provides us with an opportunity of deciding whether this minister and his government really mean what they say about participatory democracy. Democracy is more than just an odd election, and it is more than just listening to people occasionally. A real democracy is one in which the people are involved. It means accepting ideas and putting them into legislation and into practice. In this way the people can play a real part in making decisions that affect their own lives. The farmers are unanimous in this regard and they have expressed a consensus through their farm organization representatives.

When we go back home to our constituencies we are constantly reminded that this bill contains an element of blackmail. The government has $100 million that the farmers want and need, and it says that once the stabilization bill is passed the farmers will get that $100 million. Regardless of politics, is it not time that this type of tactic was abandoned in Canada? We should stop holding out bribes to entice people to accept the things they do not want. This is a genuine and sincere feeling being expressed by the people on the farms back home in Saskatchewan.

• (3:40 p.m.)

To add insult to injury, we have the controversy of the Temporary Wheat Reserves Act. I am told that there is now something in the order of $80 million which should be paid to the Canadian Wheat Board and then to the farmers. Let us not continue with the old style of politics in which there is an attempt to bribe and blackmail the people with little gifts, and then ask them to accept something which they do not want at all. This is contempt for the people themselves. I speak not as a politician trying to make points but as someone who grew up on a small farm, and whose family is still on a very small farm. Everytime I see my family and friends, I understand the difficulty they are facing and the fear they have that the government no longer listens to them or really cares about them, but wishes to implement some things in the task force report which would mean that eventually two-thirds of the farms would be threatened or destroyed. That does not have to be the case. We could bring in some genuine amendments to this bill so that it would be a good bill and one which would be accepted by the farmers in the prairie provinces. So, I appeal to the minister, through you Mr. Speaker, to seriously consider postponing or adjourning this debate at some time and really listening sincerely to the voice of the farmers in western Canada or at least to the three prairie governments which represent them.

This bill was first introduced into this House several months ago. It was debated for a considerable length of time in the committee. A number of people appeared before that committee as witnesses. Then, the bill came back to the House and was debated again on June 22. As I said before, the minister has accused us of being political and of filibustering the bill because there was a Saskatchewan election. This is not the case. I do not think we should concern ourselves with political points of this type. We could be as equally suspicious that the minister has introduced the bill just before a by-election as he has been that we are filibustering. Let us stop playing games, let us get down to business and do something really meaningful for the farmers of western Canada.

Mr. Osler: Mr. Speaker, would the member allow a question?

Mr. Nystrom: I think I will allow a question from the farmer from Winnipeg South Centre.

Mr. Osler: I am the first one to admit I am certainly not a farmer, but even labouring under that handicap—

An hon. Member: It is not a handicap.

Mr. Osler: I was referring to the handicap of not being a farmer. Is the member saying that with these amendments this bill is a reasonable bill or is he suggesting that the whole thing should be tossed out? Is he seriously discussing the merits of the bill with or without the amendments or is he saying the whole thing is so wide of the mark that we are wasting our time discussing it? I am confused about what he has been saying.

Mr. Nystrom: I say that we should divide the bill and send out the $100 million right away. I think all this is understood. The minister asked about the bills as well as the amendments. To answer the first part of the question, we suggest the bill should be divided and that the $100 million should be sent out. Just try us on that. I am sure we are all in agreement on that point. Second, I think we should really study the entire concept of stabilization. Let suggestions come from the farmers, from the grassroots, to the people who actually draft the bill. Let suggestions come from the farm organizations to the government rather than from the top to the people below. In the event the minister will not listen to us and will not withdraw the bill, we have suggested a series of amendments which we think will improve the bill as it stands on the order paper today. These are amendments which would take into account the cost of production, which would take into consideration factors which would increase the total income of the farmers and that would take into consideration 100 per cent of farm income instead of 90 per cent, and so on. If we cannot have the whole bill studied, we would at least like to have some of these amendments considered very seriously.

There are a number of other things I could say about this bill which concern the farmers back home. However, one thing which seems to be of very great concern to western farmers is the fact that this bill will stabilize their income on the basis of an average over the past five years. Most people say that if you did this you would be basically stabilizing farm income in western Canada at the poverty level. Many people fail to realize that the net farm income—and this again indicates the difference between net and gross—has fallen drastically in western Canada over the last few years. I have some statistics from the Dominion Bureau of Statistics which I believe are very relevant and which should help members of this House in comprehending what is happening out there. These statistics are from the May edition of the Dominion Bureau of Statistics and show that the net farm income in the province of Saskatchewan fell from $462,348,000 in 1968 to $202,718,000 in 1970, a drop of about 56 per cent over a two year period.

An hon. Member: That is why we want the gross.

Mr. Nystrom: One reason we should change this bill is to really help the average farmer instead of hindering him. Why stabilize his income at such a low level? Why not do something to put some cash into the farmer's pockets? The minister and members say, look at the sales. If we were receiving a decent price for wheat we would not mind looking at the sales. We get less for a bushel of wheat now than we did in 1969, despite the fact that the cost of bread and so on has gone up drastically and despite the fact that there is no guarantee that the cost of these other commodities will not go up in the next year. These are some of the real factors the farmer faces and which he cannot control. If the farmer had the say, maybe we would not be as adamant now about some of the things we say but the farmer cannot control these factors and that is why he needs a better stabilization bill than he is getting now. In respect of farm income, the same situation applies in Alberta and Manitoba as in Saskatchewan.

Farm income in Manitoba fell from about $162 million in 1968 to about $79 million in 1970, and in Alberta farm income fell from about $364 million to about $226 million. So, this trend is uniform right across the board in the prairie provinces. We must do something to guarantee in a

real way the stabilization of farm income in the future so that the farmers can plan and make decisions themselves in order that their farms may be more efficiently operated. Farmers are efficient. Farming, as an industry, is perhaps the most efficient industry in this country. What the farmers need is the right to participate in decisions affecting their own lives. All they are really asking for is a say in these decisions, that they not be made by the bureaucrats for them but by them in their own interest. I do not think the farmers are overly greedy. They are just asking for a fair deal.

There are many other aspects of this bill towards which these amendments are directed and with which we must be concerned. One thing which has been mentioned is that the bill is to be applicable right across the Prairies in a uniform way and would not take into account what may be special circumstances in certain areas. There might be a crop failure around Yorkton, in the Peace River country or in the north because of drought or because of the Bertha army worm or some such thing. The income of the farmers in these areas may be well below the average, but because conditions have been very good across the rest of the Prairies they do not qualify to receive funds from the stabilization plan. This is the type of thing that has to be changed if this plan is to be meaningful to most of the farmers in western Canada.

• (3:50 p.m.)

Now, I wish the minister would take into consideration some of the things that we have been speaking about in this debate, but even more important—it does not matter that much that he listen to us—I wish he would listen to farm organizations who have the expertise and first-hand knowledge on all these issues. All we ask is that he listen to the farmers themselves. This to me, as I said before, seems to be a natural extension of democracy, a thing we should be doing in this House. Instead, we are getting further and further away from the people. I am sure that if the Liberal members of this House, as was pointed out last night, were to go out to the Prairies and talk to the farmers they would come back and say the same things we are saying, that farmers do not want this bill as it is.

I would like to ask in a very serious way that members, such as the hon. member for Portage (Mr. Cobbe), rise and speak in the House. I am sure that he knows the reaction of farmers to this bill. The hon. member for Provencher (Mr. Smerchanski) and several other members of this House should be in this debate also, but they are not. I wonder why? My suspicion is that they know what farmers think of this bill and because of that they do not want to participate in this debate.

I should like to mention one or two other matters before I sit down. All hon. members who know something about agriculture should rise and speak on some of the more important aspects of this bill, such as the need to include cost of production as a factor in working out a stabilization plan. In addition, rather than basing a stabilization plan on gross income, it should be based on net income because the farmer's gross income depends on the type of farm, the year, and other circumstances beyond his control. It is very deceiving at times because one may deduce from what a farmer has physically that he is a very wealthy man, but this is often not the case. There are intangibles, as I said, to be considered such as weather conditions, drought, insects such as the Bertha army worm in rapeseed fields, and so on. These factors must be taken into consideration by the minister if the plan is to be meaningful to farmers.

[Mr. Nystrom.]

Last but not least, I hope that he will either delay this bill or agree with us to adjourn the debate until he has an opportunity to hear from the three prairie governments of Manitoba, Saskatchewan and Alberta. If some changes are not made, in 20 years time there will possibly not be a rural prairie society left that is even recognizable because over two thirds of these people will probably not be on the farms. Communities which those farms support will become ghost towns, and many of them will desappear altogether. That is not what I want and that is not what farmers want. Farming communities should be preserved and encouraged by all of us, regardless of whether we come from large urban centres or from rural areas.

Once again I would ask the minister to seriously consider listening to the voice of the people and not quite as stubborn and adamant in what he thinks are his solutions to agricultural problems. I do not want to wait until the next federal election before the people make the decision. I would like the bill changed now. If it is not, it will be changed after the next election because the people will not tolerate such utter nonsense. With the Assiniboia by-election coming up, I hope that the minister will demonstrate to us some courage and show that he does come from the Prairies, that he knows the people and has sufficient sensitivity to listen to what they want. Then, he will either seriously amend the bill or withdraw it altogether to be reconsidered. In the meantime, let us send out the $100 million and make those payments under the Temporary Wheat Reserves Act because this money belongs to the farmers. It is owing to them under the law of Canada, and it is payable every month. We should start paying it out now.

Mr. Speaker: Is the House ready for the question?

Mr. Doug Rowland (Selkirk): The two amendments to Bill C-244 which are before us, both of which stand in the name of my colleague the hon. member for Saskatoon-Biggar (Mr. Gleave), attempt to do three things. First, they attempt to have stabilization payments, if any, added to the value of the grain sold by the producer for the purpose of calculating gross proceeds from sales. This would, over a period of time, raise the amount of the five-year average of proceeds from grain sales and thus increase the number of farmers eligible to receive payments from the stabilization fund. In addition, there would be an increase in the amounts they would be eligible to receive in years of low grain income. That is a provision with which I should think all members in this chamber would be sympathetic.

The second thing the amendment attempts to do is, by removing the provision in the bill that stabilization payments be based on only 90 per cent of aggregate grain sale proceeds of all producers for the crop year under review and relating it only to 90 per cent of the five-year average of aggregate grain sales, to have the computation based upon the total figure for the crop in question and the full figure for the five-year average. In so doing, one of the glaring defects of the bill, that of providing for propor-

tionately low stabilization payments to be made at times when the drop in farm incomes is the largest, would be avoided. The merits of this action are so obvious that I do not think I need even argue them in great detail. Surely, it is obvious that in attempting to stabilize incomes in an area of the economy where, even including income in kind—that is what you grow and eat—incomes are marginal and it is essential to ensure that both the absolute and the relative figures of assistance be highest in the worst years, and it is in order to ensure this that the amendment has been submitted.

The third task which the amendments that we are considering attempt to accomplish is to have stabilization payments computed on the basis of net income rather than upon gross income. The amendment in question does so by providing that increased costs of production be deducted from the purchase price received for grain sold in the process of calculating the basis upon which to make stabilization payments.

In order to present accurately the case for a plan based upon net farm income rather than gross farm receipts, it is necessary to relate the shortcomings in the gross income approach to yet another defect in the bill, and I could do so in a couple of sentences. We in the NDP have two major reservations regarding the approach to stabilization taken in this bill. First, the plan starts from an aggregate basis, namely, total cash receipts for the marketing of prairie grains. Second, as I have already indicated, the plan works on a gross receipts basis without regard to costs of production.

We see a number of adverse effects resulting from the combination of these two techniques. First, because the plan is based on aggregate marketings of prairie grains there would be enormous pressure on the Canadian Wheat Board in slow years to make large volume sales regardless of price and while this might not be a bad policy in a marketing sense it would be disastrous for the individual farmer, especially the smaller farmer, because of the violence it would do to his net income position. Second, because the plan is based on gross income receipts from marketing rather than net farm income, the plan would do absolutely nothing to slow down or counteract the net income squeeze being experienced by farmers. I am referring to the pernicious phenomenon commonly referred to as the cost-price squeeze in which rising costs and reduced prices are combining to force more and more farmers out of business.

• (4:00 p.m.)

The third major defect we see in this approach, because of its being based upon gross income, is that the degree to which a farm unit participates in the plan depends upon the total grain marketing of that farm unit up to a limit of $10,000. In the chronic oversupply situation in which we find ourselves in the west, orderly marketing depends on quotas and quotas at present are related directly to total cultivated acreage, unfortunately. Thus, because the plan is based on gross receipts, the more successful the plan is, the more farmers would be forced to attempt to increase the size of their farms in order to obtain sufficient quotas to reach at least the limit of $10,000 in grain marketings so that they could participate fully in the plan. Obviously, this implies further rural depopulation because if the farmers participating are to have the acreage necessary, that means they are going to have to expand the size of their farms. In effect, this means that some farmers are going to have to be removed from the land to make room for others to expand. In brief, the current relentless competition amongst prairie farmers is bound to continue with the result that the number of farmers in the prairie region will continue its rapid decline. This may be the point at which the government is aiming, even though they will not admit it. If it is not their intention, I fail to see the reason for their resistance to the attempt to introduce net farm income into the plan.

The fourth adverse effect this bill would have upon the prairie economy would be to produce the anomalous situation of forcing up the price of land in a depressed farm economy, thus further raising the overhead which must be supported by the farmer whose costs are already too high. This effect would follow logically from the third result of the plan which I discussed just a moment ago and that is the tendency to force farmers to seek to increase the size of their farms in order to gain maximum benefits from the plan. The merit in the stabilization plan as proposed by the minister is the fact that the government of Canada has committed itself to long term expenditures in the interests of the western Canadian farmer. The flaws in the plan lie in its specifics and those specific flaws are such that they would effectively prevent the plan from doing what it purports to do, that is providing western farmers with some form of real income security.

The two amendments before us, submitted by the hon. member for Saskatoon-Biggar attempt to remedy some of the specific defects in the plan in order to allow it to accomplish its expressed objectives. The key recommendation contained in these amendments is introducing the idea of basing the plan upon net farm income by deducting from grain receipts the increased cost of production.

We on this side of the House have not been alone in this contention. Farm groups appearing before the Standing Committee on Agriculture have made the same point. The minister of agriculture from Manitoba also made the point when he appeared before that committee. Now, all three prairie agriculture ministers have got together and written the minister telling him that is their position and they would like to discuss it with him. Surely, it would make good sense for the minister to take the time to listen to them since they represent the area that this plan is supposed to help.

I cannot understand why, having received unanimous representations from the three provinces involved in the plan, the minister would wish to proceed with the bill without hearing their representations. Nor can I understand why the minister is not content to take the suggestion offered on numerous occasions from this side of the House. If he is worried about the cash income position of the prairie farmer and wants to send out the acreage payments provided for in the bill, why does he not split the bill, make the acreage payments and then take time to discuss the other provisions of the bill with the prairie ministers? Surely a plan designed to be ongoing, designed to last for years with potentially profound effects upon the prairie grain economy, is important enough that the minister simply cannot deny the three prairie agriculture ministers the opportunity to discuss it. I hope that the

minister will take my representations in the manner in which they are intended and will give some consideration to seeing the prairie agriculture ministers before he proceeds any further with this bill.

On this side of the House we are perfectly willing to allow passage of the acreage payments and, therefore if the minister sees fit, to split the bill. We will not allow it to go through in its entirety when we know it contains such serious defects.

Mr. Lang: I wonder if the hon. member would permit a question.

The Acting Speaker (Mr. Laniel): Is the hon. Minister rising for the purpose of asking a question?

Mr. Lang: Yes, Mr. Speaker.

The Acting Speaker (Mr. Laniel): This can only be done if the hon. member who has the floor accepts the question. The Chair would ask the hon. member if he is ready to accept a question from the hon. Minister.

Mr. Rowland: Yes, Mr. Speaker, I shall try to answer it.

Mr. Lang: Of course, as I said earlier, I shall be glad to meet with the prairie ministers of agriculture, but I am not sure I have received any word from them yet about that. I wanted to ask the hon. member, when he suggests that his party would be agreeable to giving unanimous consent to splitting the bill, does that cover an agreement to split the bill so that clauses 32 and 33 might be passed immediately and more time taken over the balance of the bill?

Mr. Rowland: Mr. Speaker, the offer which my party has made repeatedly referred only to transitional payments. It would not apply to clause 33.

Mr. Gerald Richard Cobbe (Portage): Mr. Speaker, it is not difficult for one to understand the confusion that the people in the agricultural industry face these days in view of the number of agricultural bills and regulations that have been introduced in a short time. I refer to such items as the farm products marketing agencies bill; prairie grain stabilization bill; grassland incentive program; Prairie Grain Advance Payments Act amendments; Canada Grain Act and many others. Then, we get into the old numbers game—176, 177 and 244. It is very confusing to those in the industry who are trying to sort out the total programs, and it is even more difficult when we have some people who have done an outstanding job of mixing up those programs in the minds of producers. At times members have been forced to vote against legislation which they know is good. I do not like to see people playing politics with the livelihood of others. I do not think anybody would disagree that many changes are needed in the agricultural industry. If this industry is to keep up with the changes made in other parts of the world and other segments of our society, the changes we make must be practical.

Many suggestions have been made lately about what should be done with the money involved in this bill. It has been suggested that a payout of $100 million should take place immediately. Basically, this would mean separating the payment provision from the stabilization plan and a

percentage of the $100 million going to the Temporary Wheat Reserves Act.

Mr. Benjamin: Oh, no; oh no! It is different money.

Mr. Cobbe: This payment would have to be credited to wheat farmers and to wheat farmers alone. I can see that the producers of oats and barley would get very little. Once again, the producers who in the past made an effort to overcome the problems of surplus in some areas of agriculture, either voluntarily or through the Operation Lift program, get the short end of the stick. We have introduced many programs. Many bills have come before the House dealing with the production of wheat. In many cases it has been evident that little consideration has been given to other grain producers. The cash advance payments bill, for instance, really was not an equitable arrangement for those who were not growing wheat.

• (4:10 p.m.)

It has been suggested that if the stabilization bill were to pass, the government would no longer be overly concerned about the agricultural industry because it could be argued that the stabilization bill would be looking after the problems of the grain farmer. This is a ridiculous statement. I cannot imagine any government scrapping all the programs which presently deal with the agricultural industry. No bill is perfect in the opinion of all. Changes need to be made to bills at various times. If the controls and regulations do not do the job that they should do, they should be changed. I am a firm believer in that.

Months have been spent on this program, Mr. Speaker, and many, many people and organizations have been consulted. I agree that the farmers should ask for all they can get. Nobody disagrees with that. It was even suggested that the "Big 3" from western Canada should be heard. Some of their representatives have already been heard. Those people appeared before our committee, along with many other people. I am sure that they feel more money would improve this bill. Who does not feel that way about most things? More money would do wonders for many bills which have been presented and enacted into law. I am confident that more money will be put into this program as time goes on. It is very evident that the agricultural industry will require more assistance, if one considers world conditions. Speaking of more money, Mr. Speaker, reminds me of some Members of Parliament who spoke behind the curtains and in hallways in favour of an increase in their salaries and then, when the time came to vote, voted against that increase. The provision of more money will help almost anything, if you do not have to suffer the consequences.

I hope that following passage of this bill the government will undertake a continuing review of it and, hopefully, make changes to it, because this bill spells out a totally new concept for the agricultural industry. It is a new program introduced in an effort to stabilize income. The Standing Committee considered the problems of the agricultural industry and the need for stabilizing income.

It has been suggested that if farmers had not grown crops other than cereal crops in the past, many of them would be even worse off than they now are. Some hon. members feel that after this bill is passed we shall not hear any more about the stabilization program. They feel

that way because there is a clause in the bill which requires a periodic review. They are afraid that the effects of this bill will not be reviewed until that time limit is up. I do not think this is true. I know that all members of this House are sincerely concerned about the agricultural industry and the effect economic conditions are having on it.

The suggestion that we should base contributions on net income as against gross income is very interesting. It is a suggestion to which I, personally, gave an awful lot of thought. However, I have never been able to determine what the net cost of production is in many segments of agriculture. I agree that methods are being improved and that we can get a better picture of what those costs are. Nevertheless, at present I suggest that there are very few producers who can give a definite figure as to how much it costs to produce various grains. This amendment suggests that deductions should be made on the basis of the net income of producers. The bill provides that the payments are to be based on grain sales proceeds. It has been suggested that we should change the bill and base the contributions on net income. We know, and it has been suggested many times in this House, that there are producers who have not had a net income in the past few years.

Mr. Benjamin: That's under Liberal governments.

Mr. Cobbe: That would mean, in those cases, that there would be no contribution to the fund which, in turn, according to the other parts of the bill, would mean, basically, that there would be no payments to those farmers from the fund since the payments are based on the amount contributed to the fund. On that basis, Mr. Speaker, I cannot see that it is possible for me to support such an amendment to the bill. I say that because, basically, we would be helping only those who have enough income to contribute to the fund. Many, many producers in the immediate past would not have been able to contribute to the fund. There are some in that position even at present. Therefore, they would not be able to take advantage of this bill. For that reason, Mr. Speaker, I personally cannot see how I can support this amendment.

Mr. Skoberg: Mr. Speaker, would the hon. member permit a question?

Mr. Cobbe: Certainly.

Mr. Skoberg: Mr. Speaker, I am wondering if the hon. member was suggesting that the majority of farmers today are not keeping accurate records of their operating costs. Was he suggesting that a little while ago?

Mr. Cobbe: Mr. Speaker, I was not suggesting that. I know that in the immediate past there has been a tremendous effort on the part of producers to keep accurate figures covering all their operations. Nevertheless, it is still very difficult, in my opinion, to determine costs. You get different answers from many producers about the actual costs of producing various types of grain.

Mr. Benjamin: Mr. Speaker, would the hon. member permit another question? I am wondering if I heard the hon. member correctly. Did he say in his speech that since some farmers did not have a net income, they therefore would not be able to make contributions to the fund and would not be eligible to receive payments from the fund? If he is saying that, may I ask him whether he is not aware that if a farmer makes grain sales he will make contributions to the fund whether or not he gets a net income?

Mr. Cobbe: Mr. Speaker, may I say this in answer to that question. I was referring to the effect of the amendment.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, I admit that I am not particularly well acquainted with all the technical consequences of Bill C-244. However, I must state my views and the comments of my constituents on that problem concerning grain producers, especially those of western Canada.

Mr. Speaker, we must consider here the necessity of removing some prejudices among eastern and western producers. Some of those prejudices are sometimes kept alive by the government. I would not say wilfully, Mr. Speaker, but it amounts to the same thing. It is extremely unfortunate for the fellowship which should exist in the farming community of Canada, whatever the area concerned. It is also unfortunate for the Canadian consumer who at the present time cannot take advantage of the plentiful crops offered by the producer.

In a country where production is so easy, where enormous quantities of all sorts of good things and all sorts of food products are available, it is inadmissible that the consumer cannot really benefit by it. And he does not benefit by it. Why? For the very reason that there appear to be some basic difficulties in the matter of organization and procedure and because the principles that would promote distribution according to the needs of the Canadian people are not being applied.

I would like to give an example. The eastern producer, especially the one from Quebec, finds it absolutely impossible to understand why it is so difficult for him to obtain at a reasonable price products that are overabundant in the western part of his country, when he has an extermely hard time in making ends meet. Of course, he comes to the conclusion that the government favours the western producer. It is unfortunate that these producers should think so, but apparently they don't quite know what—

• (4:20 p.m.)

The Acting Speaker (Mr. Laniel): Order. I hesitate to interrupt the hon. member but, having listened attentively from the beginning of his remarks I tend to feel he is wandering considerably from the subject. We are at the committee report stage and the two motions before us relate specifically to clauses 2 and 3. It is quite difficult, at this stage of the proceedings, to allow the hon. member to deal with the overall subject of the grain market, of marketing, of agriculture in the East and in the West. The Chair is quite willing to grant him a maximum of latitude but would invite him, as soon as he can, to arrive at a conclusion which will at least relate his remarks to the motions now before us.

Mr. Matte: Mr. Speaker, I thank you for your kind words. I may seem to be drifting away from the amend-

ment as such, but the fact remains that to come to a conclusion, I had to draw a parallel between the western and the eastern producer. In passing legislation on grain production we, in Parliament, must strive toward fairness to all. That must be our prime concern, and I take part in this debate with that in mind.

In other words, Mr. Speaker, though the matter concerns more specifically the members from western Canada, I too wanted to add my grain to this debate on grain.

Mr. Roch La Salle: What grain?

Mr. Matte: I see the member for Joliette thought right away that he could put in his seed.

This amendment really deserves our undivided attention. Offhand I would say it is very adequate. As it was so aptly put yesterday by my colleague the hon. member for Bellechasse (Mr. Lambert), who brought in this House a whole stack of letters received from western producers, it is necessary to say here what the producers themselves want.

Through this amendment, we will give satisfaction to these producers who have a first-hand knowledge of their real problems and are in a position to know what should be built into this bill to improve it and to do them justice. This is the reason why, Mr. Speaker, I must say that I am in complete agreement with the content of the amendment. Western producers will be able to produce in a reasonable and viable manner and I hope that the East will benefit from it. In this way, we will do justice to everyone and really benefit from the tremendous advantages offered by our Canadian agricultural production.

[*English*]

Mr. Speaker: The hon. member for Oshawa-Whitby.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): As the Prime Minister (Mr. Trudeau) would say "if I could get a little silence in the House . . .".

Notwithstanding the very important matter we are now discussing, during the question period earlier today it was revealed that a minister of the Crown, instead of coming before this chamber with an important report following his conversation with executives of the General Motors Corporation, decided to hold a press conference. That press conference has now come and gone, but the issues involved are still with us, namely the high and increasing level—

The Acting Speaker (Mr. Laniel): Order, please. I am sure the hon. member will admit that we are getting a bit far away from the motion before the House at this time.

Mr. Broadbent: I intend to move a motion, Mr. Speaker. I am explaining the reasons for it.

As I was saying, Mr. Speaker, the press conference has come and gone, but the issue, namely the high and increasing level of unemployment in this country, specifically in the automotive industry, is still with us. I think the House should have the right to hear a report from the minister on the results of his conversation this morning with executives of General Motors. Therefore, I intend to move a motion after which I intend to move that we revert to motions to enable the minister to make a statement to the House on his conversation with representatives of General Motors. I move, seconded by the hon. member for Fraser Valley West (Mr. Rose):

That the debate on the report stage, motions Nos. 1 and 2, of Bill C-244 be now adjourned.

• (4:30 p.m.)

The Acting Speaker (Mr. Laniel): Order. The Chair hesitates to put the question to the House at this time because it has some doubt as to the acceptability of the motion in its present form. First of all, in my opinion, the wording of the motion does not appear to follow the practice to which we have become accustomed, whereby such motions to adjourn are simple motions to adjourn the debate and do not relate to part of a debate only. In this particular case, the motion does not ask for the adjournment of the debate but merely for the adjournment of the report stage on motions Nos. 1 and 2. In the opinion of the Chair, the House has resumed the report stage of the debate on Bill C-244 in its entirety. The House might at this point be concentrating on motions Nos. 1 and 2, but if it is desired to adjourn the debate, a motion will have to be presented which would plainly ask for such an adjournment, and would imply adjournment for the day of debate on any sections of the bill we have in front of us, not only motions 1 and 2.

The Chair is ready to invite opinions from hon. members although I am not sure they will affect the ultimate decision. Does any hon. member wish to comment on the procedural aspect of the motion?

Mr. Horner: As I understand the motion put forward by the hon. member for Oshawa-Whitby, it is a motion to adjourn on the condition we would then hear from the Minister of Industry, Trade and Commerce following his press conference with regard to the employment situation and his discussions with officials of General Motors. I do not believe one can move a motion to adjourn coupled with a condition; it has to be unconditional. Of course, the hon. member has the right to move another motion, but I believe the present motion is out of order because it seeks to impose a condition that we should then hear the report of the minister on his talks with General Motors.

Mr. Knowles (Winnipeg North Centre): Two or three points have been raised in the last few minutes, Mr. Speaker. I wonder if I might deal first with the point raised by the hon. member for Crowfoot. It is true that my hon. friend from Oshawa-Whitby said that the reason he was moving his adjournment motion was in order that it would then be possible to ask the Minister of Industry, Trade and Commerce to come in to make a statement. But there is nothing in the motion to this effect. This often happens. Even the hon. member for Crowfoot sometimes moves a motion which says such and such, and then makes a speech telling us why he has put the motion forward. That is what my hon. friend has done.

With regard to the point Your Honour raised from the chair, I must say I have a good deal of sympathy with the position you have taken. It so happens that yesterday my hon. friend from Moose Jaw moved a motion in the same words:—"that the debate on the report stage of motions

Nos. 1 and 2, Bill C-244, be now adjourned"—I am reading from page 8041 of *Hansard* for yesterday. That motion was allowed by the Chair, put to the House and voted on. There is no law which says the Chair cannot change its mind. In fact, I have spent a good many years trying to get the Chair to change its mind on a number of points. But I can see Your Honour's point that to move the adjournment of the debate just on the two amendments now before us does seem to be a direction as to what to do next, namely, to go on to other amendments to the same bill. I recognize that the Chair has ruled on various occasions that members who are not of the government do not have the right to make that kind of motion.

I suggest, therefore, that perhaps my hon. friend from Oshawa-Whitby might accept the thinking of the Chair and might be willing—because I believe he still has the floor—to change his motion to read simply that the debate be now adjourned. In other words, I am inclined to agree with the position Your Honour has taken and, if he will accept it, I will give that advice to my hon. friend.

The Acting Speaker (Mr. Laniel): Unless hon. members have further comments to make, I would like to add a few observations. First, as to what was said by the hon. member for Crowfoot. Although the hon. member for Oshawa-Whitby did say something about the effect of the motion on certain actions of the House afterward, as far as the Chair is concerned it only has before it a motion for adjournment with no such conditions attached. That point was well taken by the hon. member for Winnipeg North Centre. On the other hand, the House is aware that it is the master of its own rules and, as has happened in the past, hon. members can by unanimous decision temporarily suspend any debate for a limited period of time and then return to the debate which was interrupted. However, this can only be done by unanimous consent, not by a motion of the kind we now have in front of us.

I am sympathetic to the position taken by the hon. member for Winnipeg North Centre. He referred to the motion put forward yesterday by the hon. member for Moose Jaw, accepted by the Chair and voted upon. I must say that the Chair, in making its first observation on the motion which is before us took that circumstance into account and nevertheless came to a decision, after looking at the rules and practices of the House, that the motion before us is not in the proper form. Hon. members will observe at page 382 of Beauchesne's Fourth Edition form No. 40 relating to adjournment of debate. The form reads:

That the debate do now adjourn.

The alternative form reads:

I move the adjournment of the debate.

• (4:40 p.m.)

According to past practices in this House, there has never been a condition attached to a motion to adjourn the debate. The hon. member who has put the motion might accept the suggestion that has been made by the hon. member for Winnipeg North Centre if he so wishes, and in that case the chair could accept the motion. Otherwise, it would have to refuse the motion.

Mr. Broadbent: Mr. Speaker, I thought I had made it clear that the motion was being moved without conditions; there were simply prefatory comments. However, I will accept that suggestion and adopt the revised wording proposed by the hon. member for Winnipeg North Centre. I therefore move, seconded by the hon. member for Fraser Valley West (Mr. Rose):

That the debate be now adjourned.

The Acting Speaker (Mr. Laniel): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): All those in favour please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

The House divided on the motion (Mr. Broadbent), which was negatived on the following division:

YEAS
Messrs:

Barnett
Benjamin
Blackburn
Broadbent
Burton
Dionne
Fortin
Gauthier
Gilbert
Gleave
Godin
Harding
Howard (Skeena)
Knowles (Winnipeg North Centre)
Laprise
Latulippe
Lewis
MacInnis (Mrs.)
Mather
Matte
Nystrom
Peters
Rondeau
Rowland
Saltsman
Skoberg
Thomson (Battleford-Kindersley)—27.

NAYS
Messrs:

Aiken
Alexander
Alkenbrack
Allmand
Andras
Badanai
Baldwin
Basford
Béchard
Beer
Bell
Benson
Bigg
Blair
Blouin
Breau
Buchanan
Caccia
Cadieu
Cafik
Carter
Chrétien
Clermont
Cobbe
Comtois
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Crossman
Crouse
Cullen
Cyr
Danforth
Deakon
De Bané
Dinsdale
Downey
Drury
Dubé
Duquet

Division

Messrs:

Émard
Fairweather
Faulkner
Forest
Forget
Francis
Gendron
Gervais
Gibson
Gray
Greene
Groos
Guay (Lévis)
Gundlock
Haidasz
Hales
Hogarth
Hopkins
Horner
Howe
Hymmen
Isabelle
Jerome
Kaplan
Korchinski
Laflamme
Laing
(Vancouver South)
Lajoie
Lambert
(Edmonton West)
Lang (Saskatoon)
Humboldt)
Laniel
La Salle
Leblanc (Laurier)
LeBlanc (Rimouski)
Legault
Lessard (LaSalle)
Lessard
(Lac-Saint-Jean)
Loiselle
Lundrigan
MacDonald (Egmont)
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
MacLean
Macquarrie
MacRae
McCleave
McGrath
McIntosh
McNulty
McQuaid
Marceau
Marchand
(Langelier)
Marchand
(Kamloops-Cariboo)
Marshall
Mazankowski
Monteith
Moore
Morison
Muir
Munro
Murphy
Murta
Nielsen
Noble
Noël
O'Connell
Osler
Otto
Paproski
Peddle
Pelletier
Penner
Pepin
Perrault
Portelance
Pringle
Prud'homme
Reid
Ricard
Richardson
Ritchie
Roberts
Robinson
Rock
Roy (Laval)
Ryan
Schumacher
Serré
Simpson
Skoreyko
Smith (Saint-Jean)
Southam
Stafford
Stanbury
Stanfield
Stewart (Marquette)
St. Pierre
Sulatycky
Sullivan
Thomas
(Maisonneuve-
Rosemont)
Thomas (Moncton)
Thompson (Red Deer)
Tolmie
Trudeau
Turner (London East)
Turner (Ottawa-Carleton)
Whelan
Whiting
Woolliams—151.

• (5:10 p.m.)

Mr. Speaker: I declare the motion lost.

Mr. Broadbent: Mr. Speaker, I rise on a point of order. Now that the Minister of Industry, Trade and Commerce (Mr. Pepin) is in the House, I wonder if we can obtain the unanimous consent of the House to enable the minister to make a brief statement on the result of his conversations with the General Motors Corporation.

Some hon. Members: Hear, hear.

[The Acting Speaker (Mr. Laniel).]

Mr. Speaker: The unanimous consent of the House is required for the purpose of reverting to motions.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is no agreement. Is the House ready for the question?

Mr. Derek Blackburn (Brant): Mr. Speaker, I find that the amendment before the House is one of great importance to my constituents, even though I represent a relatively urban riding in Ontario. As hon. members know, the riding of Brant contains two of the largest farm implement manufacturing corporations in Canada, Massey-Ferguson and White Farm equipment. For the past two years both of these companies have been in a depressed condition, and the main reason that these industries have been depressed has been that western farmers, grain producers and wheat growers, have been unable to purchase farm machinery, mainly as a result of the policies of the government. I should like to suggest, in fact I urge, hon. members to consider that this amendment would create more cash for the western farmers and therefore dramatically demonstrates the relationship and the interdependence between western grain growers and the urban workers in eastern Canada.

Some hon. Members: Hear, hear.

Mr. Blackburn: I would like to discuss for a couple of moments the very real problems in my city of Brantford. The North American Combine plant, when it was operating at peak, was employing between 1,300 and 1,400 workers on three shifts. At present there is one shift and about 200 workers in that huge, modern plant. To dramatize the situation even further, if one looks beside Massey-Ferguson and the North American Combine plant, one sees acres and acres of combines sitting there doing nothing, totally unproductive. They have been sitting there for two years, during which time the workers at the North American Combine plant have been on unemployment insurance and many of them, while waiting for unemployment insurance, have been forced to go on welfare. Some of those whose unemployment insurance benefits have run out are back on welfare. Brantford has become a depressed city to a large extent, mainly because of the government's economic policy in relation to the western farmers. White Farm Equipment, which at one time was the famous Cockshutt factory but is now an American corporation, has been in a depressed condition for two years as well. They have been in bad shape for a long time. There are men there who came back as veterans after the second world war who now have 22 and 23 years seniority, but who are unemployed. This is a disgrace to two major farm implement corporations, and I suggest once again that it is the result of the government's agricultural and economic policies in relation to the western farmers.

It makes very little difference whether the worker at the North American Combine plant is making 10 cents an hour, $2.50 or $4 an hour; the point is that there is no money in the west to buy anything from the North American Combine Plant. Very often our rural citizens are tempted to blame labour for raising the costs of farm

equipment. This is a perfect example of the cost factor of labour having no bearing whatever. I suggest to you that unless the western farmer is able to get more cash, the eastern worker will continue to suffer. It was interesting to note that many of the Conservative opposition members who come from the west voted against this amendment.

An hon. Member: Shame.

Mr. Blackburn: I find that rather difficult to understand. Perhaps it is my naïveté as a very new member in this House, but it seems to me that every member of this House from a western constituency should have voted for this amendment. After all, the western farmers, the grain producers, have been suffering from a depression for the past two years, and this affects my constituency. The problem is that in a country the size of Canada, it is very difficult for the people in factories and for the farmers on the prairies to realize the interdependence and the relationship between the two. I hope that if my few brief remarks do nothing else, they will at least prove that there is a substantial interdependence. There has to be money to purchase the goods, and if the goods are purchased, in Brantford in this case, we will be able to put people back to work.

I should like to state that one of the main reasons Brantford voted NDP in the last federal election was the depressed state of the farm implement business. Yet, it seems to me that the government as yet has not recognized this. They still cannot understand that unless we can put people back to work—and this amendment would help put people back to work in the east as well as assist the western farmer—that unless we resolve this real problem of unemployment, this winter will prove disastrous. I should like to suggest that every possible attempt be made to put as much cash as possible in the pockets of the western grain producers as quickly as possible so that the demand for farm implements in eastern Canada, and specifically in the city of Brantford, will go up. Of course, then we will put people back to work and the situation in my community will be much improved. On a per capita basis, Brantford has an extremely high welfare rate. We have conflicts within the community; we have frustrations and we have very deep rooted social problems, most of which stem from our depressed economic position.

• (5:20 p.m.)

I should like to urge once again in conclusion, Mr. Speaker, that this situation be rectified so that if at all possible the economic interdependence between the west and the east will be dramatically brought home to the people, to the factory workers and to the farmers on the Prairies.

Mr. Peters: Mr. Speaker, could I ask the hon. gentleman a question before he resumes his seat?

The Acting Speaker (Mr. Laniel): The hon. member knows that he can ask a question only if he gets consent from the hon. member. The hon. member for Timiskaming.

Mr. Peters: Mr. Speaker, I should like to ask the hon. member if he is of the opinion that the effect of this amendment would be to allow the automobile workers in this area and those connected with the farm machinery industry to continue to operate on the strength of the money that will be added to the income of the western farmer?

Mr. Blackburn: Mr. Speaker, I would agree entirely with that question; it certainly would improve the economic situation.

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, in view of the very great interest that is being shown by members on the other side of the House in Bill C-244 and also because of the very great importance of this bill to western farmers, I now wish to move under Standing Order 6 (5) (*a*):

that the House agree to sit after six o'clock to continue consideration of the report stage of Bill C-244.

The Acting Speaker (Mr. Laniel): Order, please. Hon. members have heard the motion just proposed by the hon. Minister, which corresponds to the provisions of Standing Order 6 (5) (*a*). Before putting the motion, the Chair will follow the practice that has been used in the past for such motions and read Standing Order 6 (5) (*b*) concerning the voting upon this question:

When Mr. Speaker puts the question on such motion, he shall ask those members who object to rise in their places. If ten or more members then rise, the motion shall be deemed to have been withdrawn, otherwise, the motion shall have been adopted.

[*Translation*]

I have to suggest to the hon. member that before the motion is put, hon. members who are opposed to it must rise, and if ten members or more rise, automatically, the motion is deemed to be withdrawn; otherwise, it is passed.

[*English*]

Hon. members have heard the motion.

And more than ten members having risen:

The Acting Speaker (Mr. Laniel): According to the same Standing Order, more than ten members having risen, the motion is deemed to have been withdrawn.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I thank you for letting me have the floor at the report stage on Bill C-244, entitled "An Act respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes."

In this bill, Mr. Speaker—

The Acting Speaker (Mr. Laniel): Order. I should like hon. members to give the hon. member for Lotbinière the opportunity to proceed with his remarks. Private talks may be carried on outside the House.

Mr. Fortin: I am pleased to see, Mr. Speaker, that hon. members on the other side are once again being reasonable.

I would like to draw the attention of the House to the basic problem which is raised by Bill C-244. First, part of the recommendation is on a certain amount. Here is an excerpt of this recommendation:

—of one hundred million dollars to actual producers resident in

Canada and named in a permit book issued for the 1970-71 crop year before March 1, 1971;

Furthermore, there is in the same bill another problem which complicates the situation even more, and this is the definition given by the government for grain sale proceeds. This is why we have now an imbroglio in the House and we must participate in this debate in order to clarify the problem.

The expression "grain sale proceeds" is mentioned in section 2 (1)(c) and I will quote what follows:

—means the amount of the purchase price of grain produced on land described in a permit book and sold by a producer to a licensee, after the deduction from the purchase price of the grain of the lawful charges that are applicable to the grain on its sale to the licensee by the producer;

• (5:30 p.m.)

That is a definition grasping for accuracy. Now what the opposition and western wheat producers seek is a clear definition of "grain sales proceeds."

My colleague the hon. member for Bellechasse (Mr. Lambert) made a speech yesterday which drew much attention and in which he defined the word "production." I believe that all hon. members will benefit from listening to it again, and I quote:

—the expression "costs of production" comprises many things which, of necessity, are involved in a production cycle; it includes not only seed grain, fertilizers and labour costs, but also capital investment, interest, depreciation on equipment and that resulting from weather conditions on the land being used. All these things must be taken into consideration if justice is to be done to the producer who devotes himself to agriculture, tilling the soil to extract from it what is required to feed mankind.

The government, by introducing Bill C-244, aims at legislation justifying grants to producers. Producers, however, rightly claim, as attested by the thousands of letters they have sent to the minister in charge, to my colleagues and to many hon. members, that the bill is unfair to them, depriving them of a stable and regular income and that the definition of what is to be supported is so vague that they are prejudiced thereby.

Mr. Speaker, that is why the amendment brought forward by the hon. member for Saskatoon-Biggar (Mr. Gleave) contains the following words:

"and after the deduction of the increased costs of production, and including stabilization payments, if any;"

The amendment makes clear the wording of the bill so that producers may be sure to get justice. In order to illustrate what producers want, here is an extract of a letter sent to hon. members, and I quote:

As a member of the Committee on Agriculture or as a member of Parliament I ask you to take the following positions on Bill C-244.

Separate the payment of the $100 million from the rest of the legislation and refuse to consider Bill C-244 until the government has made such payment.

They are also asking that the meaning of that expression clarified.

Therefore, it is the duty of each hon. member to take part in the debate in order to legitimate the request of producers and make it known to the government.

Mr. Speaker, something in the recommendation accompanying the bill proves that the government is not very logical in its legislation and statements. I quote:

—the present measure respecting the stabilization of prairie grain sale proceeds; to provide for the calculation, authorization and rate of stabilization payments—

Mr. Speaker, millions of dollars, not five or ten, are involved. We must find out how and to whom we shall distribute those $100 million, and what will be the basis for calculation. The recommendation is very definite. It deals with production and determination of sales proceeds.

With regard to calculating sales proceeds, it is clearly indicated that the production cycle must be included. And as my colleague from Bellechasse said, it is necessary to define what we mean by production.

If the minister responsible awards grants without taking into account the depreciation of machinery, interests on investments, bad weather—so many factors that make up the production costs—it could happen that the producer will receive less than what it has cost him. Therefore, at the end of the year, what would happen to him is what the eastern milk producers are experiencing, that is a loss.

For instance, in the province of Quebec, manufactured milk or fluid milk producers have to work, but they are hit with a surtax on their production if they produce more than their quota. They are penalized, why? Merely because the law is not clear, it does not give a clear definition of production and does not make any connection between a grant or assistance given by the government, the Canadian Dairy Commission or the Canadian Wheat Board and the real production cost.

In my view, this is not a political question, but an administrative one. However simple it may be, it could become very serious if the government is not willing to revise its positions and to accept the proposed amendment.

I do not want to take more of the time of the House, Mr. Speaker, but I felt that it was my duty to invite the government to revise its positions so that the difficulties faced by the milk producers in Quebec or in eastern Canada do not become the lot of the wheat producer in the West and that the government in its dealings with producers, be they from the East or from the West, be finally motivated by business-like principles and not by sentiment or politics.

Mr. Marcel Roy (Laval): Mr. Speaker, before taking part in this debate on a very important piece of farm legislation for western Canada, I have listened to the remarks of all the members on the government side as well as of the opposition and I have tried particularly to understand the position of the members opposite who since yesterday are strenuously objecting to the passage of the bill.

As for myself, I have been a member and vice-chairman of the Standing Committee on Agriculture and the same situation which exists today occurred last year at all the sittings of the Standing Committee on Agriculture.

It seems that each time we consider a farm bill, the same thing happens. When we try to help our farmers, those who claim to help agriculture constantly object to the government's bills.

I noticed earlier that the hon. member for Crowfoot (Mr. Horner) stood and voted against the motion proposed by

the Minister of Supply and Services (Mr. Richardson). So did the hon. member for Mackenzie (Mr. Korchinski)—

The Acting Speaker (Mr. Laniel): Order, please. May the Chair remind the hon. member that usage forbids a member to pass remarks on votes taken in the House. These are decisions of the House, which has to accept them as a whole.

Moreover, I will take this opportunity to remind the hon. member that he is straying considerably from the subject, even if he has not started yet speaking to the two motions before us, and I will invite him to tie his remarks, as soon as possible, to the present debate.

Mr. Roy (Laval): Mr. Speaker, I was just about to deal with the problem which concerns us at present. One can see the kind of cooperation we are now getting.

It is absolutely normal to ask for additional income. Farming has undergone changes and also, in a more rapid way perhaps, production standards. Productivity rates increased in that sector more rapidly perhaps than in any other industry. If we keep on producing regardless of market demand, it is perfectly logical and normal in that economic area. But, if we cannot find markets, the selling price goes down as well as the farmers' profits.

• (5:40 p.m.)

Following the discovery of new varieties of grain, of the rational use of fertilizers and improved farming methods, there has been in the western provinces, during the last few years, a production explosion as far as grain is concerned.

I do not think that situation happened only in the grain industry because broiler production and swine breeding also increased tremendously. If our production shows a 3 or 4 per cent excess over consumption, prices are directly influenced and the producers' income is affected accordingly.

I believe that voting a measure on the stabilization of prices based on an average excess of 5 years is a long-term solution in respect of farm production, and above all if we consider that when we reviewed our dairy policy, we set the production volume according to consumption.

Since then, while the dairy policy was being studied, the members of the Ralliement Créditiste and of the opposition parties to no avail have criticized the Minister of Agriculture (Mr. Olson) for having managed to stabilize production in proportion to available markets.

Since then, under the dairy policy of the government, production had to be commensurate to market demand. Our dairy industry has been successful, and even if the dairy producers are not entirely happy, they have realized to what extent the government was serious and wished their production to be profitable.

The problem is not one of production. Whether it concerns grains, pork or poultry, the problem consists in establishing an orderly production plan related to marketing. That is the goal set by the present government.

I would urge hon. members—because some of them have stressed the importance of solidarity—to help producers. As regards Bill C-176, farmers are waiting for its adoption which would bring a measure of order in their farm production. They are waiting for it, and yet we are still debating a bill purporting to assist western producers whom we wish to help. We must provide this opportunity so that western and eastern producers alike may realize the importance and the seriousness of the present government in establishing an orderly production.

[*English*]

Some hon. Members: Question.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I implore the patience of the cavalier gentleman on the other side. I want to make a few comments. We intend to support the amendment which has been offered by the hon. member to my left. I will give some reasons for that later.

In view of Your Honour's admonition a while ago, I hope I will be able to reply to a question asked by the hon. member for Brant (Mr. Blackburn). He made a very good speech. He asked a question and wanted to know if he was being naïve in asking it. I have never had occasion to believe that any member of the party to my left could be characterized as naïve. I say this in the kindest possible way. The description might well be afforded to some of the people who voted for them and may live to regret this decision, but I am not able to answer for my colleagues.

We sometimes come to spontaneous decisions as to how we record our vote. I will try to answer the question asked by the hon. member. Today we felt that the circumstances of the situation and the precipitate actions taken by this government were such that we should record our opposition to them. We proceeded in this way and supported the motion, but that was defeated. The government was able to employ full use of its exceptionally obedient majority. I did not agree with or would not accept the decision that was made. The decision having been made, I was not inclined to support the amendment offered earlier.

An hon. Member: Now who is naïve?

Mr. Baldwin: I do not expect my friends to be naïve. I sometimes think members opposite exhibit far more characteristics of naïveté than the gentlemen to my left. There is no doubt that my friends on my left are socialists.

Some hon. Members: Hear, hear.

Mr. Baldwin: We recognize that. We can deal with them. Years ago I attended a school in Vegreville which is well represented today. My teacher used to say "I know very well I smell a rat; I smell it in the air. I shall nip it in the bud."

Some hon. Members: Oh, oh.

Mr. Baldwin: It is the near-socialists opposite that perplex us. By their refusal to support this amendment at the report stage, they have shown that they are more interested in bringing in a measure of socialism in this country than the members to my left. I am glad that this amendment has been moved. In the standing committee dealing with this issue, my colleagues from this party were probably very indefatigable and persuasive. I presume they persuaded the hon. member to move this motion at the report stage so they would not have to move it.

Some hon. Members: Oh, oh.

Mr. Baldwin: For that reason, I am glad to support it. There may be other reasons, but we intend to support it. I will give the reasons for supporting it shortly.

I think it absolutely repugnant to be requested, as we were a short time ago, by the Minister of Supply and Services (Mr. Richardson) to sit well beyond the time of adjournment without any limitation as to when we would desist from the debate. Members opposite have the carriage of the proceedings of this House. For many weeks before the June recess they had every opportunity to bring forward this issue for debate, as well as other matters. Because of their incompetence, disorganization and incapacity to deal with a legislative program, they did not do so until two weeks before the time we were to recess. With precipitation and haste the minister proposed we sit for an unlimited time to deal with a matter in respect of which there are 14 amendments, including one in the name of the minister.

Mr. Knowles (Winnipeg North Centre): Sixteen.

Mr. Baldwin: There are 16 amendments. It is this kind of action which makes us challenge the bona fides of this government and all the government ministers. Before we rise, I will be asking the government House leader what the government proposes to do on Friday and Monday, and whether they feel there is such importance attached to this bill that they will bring it back on those days. Are they going to refuse to deal expeditiously with Bill C-262 which the government thought was important enough to bring in on the first day of the resumed session. I will be asking those questions. With my usual courtesy, I am giving oral notice to the government House leader so that he will be prepared to reply.

With that little detour, I will now come specifically to the amendment. We intend to support the amendment. We in the opposition, including the members of the New Democratic Party, intend to see that the farmers of this country get a fair deal. Without this amendment, the proposed legislation will work a tremendous hardship on the farmers of western Canada. I was in my constituency during the recess, and I had an opportunity to speak to a great many farmers in the area. I spoke about this amendment and other amendments to Bill C-244, and I think it is fair to estimate that 90 per cent of those involved in agriculture at the producing end will find that this bill in its present form is repugnant to them. In the absence of an amendment of this kind, which has the effect of providing that the increased cost of production must be taken into consideration in establishing what will be the stabilization fund—

• (5:50 p.m.)

Mr. Lang: That is not what it says.

Mr. Baldwin: —the bill is an inequitable one, a monstrous bill.

The minister will have his opportunity to speak. If he wishes to speak again, I would be perfectly prepared to hear him. He could take the rest of the time available until six o'clock if he has anything useful to say.

Mr. Horner: Pay your bills.

[Mr. Baldwin.]

Mr. Baldwin: I hope the House will give an additional opportunity to the minister to explain why he continues to be a lawbreaker. My hon. friend said "Pay your bills". Why does not the minister pay to the farmers of western Canada money which is owed to them under the terms of the Temporary Wheat Reserves Act?

The Acting Speaker (Mr. Laniel): The hon. member has taken advantage of the patience of the Chair. He should stick with the amendment as far as possible, in the short time which is available this afternoon and not go back to the subject of a debate which took place the day before yesterday.

Mr. Baldwin: I will ask for the unanimous consent of the House to allow the minister to speak, provided he deals with the questions I have raised.

The Acting Speaker (Mr. Laniel): The hon. member is aware that if the minister were to speak again at this time he would be in contravention of an established rule. However, as I said earlier, the House is master of its own procedure and the hon. gentleman could speak again if there were unanimous consent. I do not know what kind of precedent this would create, but I am prepared to ask whether there is unanimous consent. At the same time, the Chair is not sure whether the minister wishes to take part in the debate at this point.

Mr. Lang: I would be glad to do so.

The Acting Speaker (Mr. Laniel): Would the House give unanimous consent to the minister to speak a second time?

Mr. Howard (Skeena): No. I would be quite happy to give consent if, before the minister took the floor, we had an assurance that the bill would be divided into two parts so that the farmers could get the money which is available to them.

The Acting Speaker (Mr. Laniel): Taking into account the remarks of the hon. member for Skeena and some of the "nays" the Chair has heard, there does not seem to be unanimous consent.

Mr. Lang: Thanks, anyway.

Mr. Frank Howard (Skeena): There is just a minute or two available to us before six o'clock. I wish the Minister of Supply and Services (Mr. Richardson) were here because I have something to say which relates to the position he took a while ago. I do not like commenting in their absence upon the attitudes taken by hon. gentlemen opposite. However, the minister chose to leave, and he must live with it. I refer to the attempt made by the government a few moments ago to get the House to sit past the normal hour of adjournment. This practice is followed occasionally and, in other circumstances, might have been an acceptable course. But in this case it amounts to an attempt by the government to legislate by exhaustion.

Some hon. Members: Oh, oh.

The Acting Speaker (Mr. Laniel): Order. Hon. members are aware that the rule of relevancy is very important. I

do not see how the last remarks of the hon. member for Skeena (Mr. Howard) can be related to the two motions we have before us. He has referred to a completely different motion, one which might have been brought up during the debate. That motion did not relate at all to the debate upon which we are now engaged, and the Chair feels that at this time the hon. member should direct his remarks to the motions before us.

Mr. Howard (Skeena): Indeed, Mr. Speaker, I am glad to abide by your ruling and admonition. Even though I might have been slightly out of order, I was right on the point.

Perhaps I should indicate at the outset that I intend to move an amendment to the amendment presently before us. I shall do so for the sake of greater clarity. This will provide hon. members of the House who have already spoken in the debate, and who have had a great deal to say, an opportunity to respond to some of the erroneous views which members on the Liberal benches have put forward.

The amendment I should like to place before you, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles) is as follows:

That the amendment be amended by deleting all the words after "deduction" and substituting therefor the following: "of the amount by which the costs of production for the crop year within which a levy under section 9 is deducted exceeds the cost of production for the crop year ending on July 31, 1970."

The purpose is very simple. It is to insert a base year upon which to measure increased costs of production. We felt that without this sort of clarification the amendment would have left wide open the question just what was meant by increased costs of production. Increased compared to what? The sub-amendment specifies a particular year. That would be the base, and the increased costs of production would be the increase over and above the costs in that particular year. The intention is to provide clarity.

When the debate resumes, I am sure I shall have an opportunity to expand upon the merits of the amendment I have just moved and perhaps to deal also with the major objection which every farmer and farm organization I know has raised to this piece of legislation.

The Acting Speaker (Mr. Laniel): The hon. member for Skeena is probably aware that it is now six o'clock. The Chair would appreciate it if the hon. member would not expect an immediate decision on this motion. It is an amendment to a motion amending a clause in a complicated bill, and perhaps the Chair might be given an opportunity to consider its procedural acceptability. I should like to look further into the matter.

* * *

BUSINESS OF THE HOUSE

Mr. Baldwin: Might I ask the leader of the House what the business is to be for Friday, and for Monday, Tuesday and Wednesday of next week? We know what has been proposed for tomorrow. I ask this so that hon. members can prepare themselves in such a way as to facilitate the passage of whatever good legislation the government might be able to bring forward.

Mr. MacEachen: I appreciate the interest of the hon. member. My dilemma is not unlike his. There are so many competing items of priority legislation that it might be difficult to choose among them.

The Minister of Justice mentioned today that we would, hopefully, arrange to deal with the Judges' Act on Friday afternoon. Subject to confirmation tomorrow, we shall call the Employment Support Act on orders of the day on Friday, then the Judges' Act and the tax bill. I am not quite certain when I can call the agriculture stabilization bill again.

An hon. Member: Don't bother.

Mr. MacEachen: I shall tell the hon. gentleman as soon as a decision is made.

• (6:00 p.m.)

The Acting Speaker (Mr. Laniel): Was the hon. member for Skeena rising on a point of order?

Mr. Howard (Skeena): No, Mr. Speaker; I was just going to say that I have complete confidence that Your Honour will make a favourable ruling on the sub-amendment.

The Acting Speaker (Mr. Laniel): The hon. member should not prejudge the issue. It being six o'clock, the House will stand adjourned until tomorrow afternoon at 2 p.m.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, September 23, 1971

The House met at 2 p.m.

ROUTINE PROCEEDINGS

[*Translation*]

FAMILY INCOME SECURITY

TABLING OF LETTER FROM PRIME MINISTER TO PREMIER OF QUEBEC

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like to table copy of a letter dated September 17 which I sent to the Quebec premier in reply to the letter which he sent me on September 2 and which I tabled in the House on September 15.

[*English*]

My letter indicates the readiness of the federal government to have discussions about the proposal Mr. Bourassa has advanced concerning the adjustment of family allowance payments to effect an integration of federal and provincial programs. Mr. Bourassa also mentioned questions relating to Manpower centres and the professional training of adults. I agree that they too should be discussed as well as other problems, especially in the area of social policy.

The letter indicates that if from such discussions it appears that arrangements can be made that will be satisfactory from both the federal and provincial points of view, they will be submitted to the cabinet for consideration. Provinces other than Quebec will, of course, be interested in any arrangements that might seem feasible and there would be discussion with them before any final decision was made.

* * *

EXTERNAL AFFAIRS

DELAY BY EMBASSY IN ROME IN NOTIFYING PARENTS OF SON'S DEATH—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, under Standing Order 43 and in light of disturbing revelations of a serious failure on the part of a Canadian mission abroad to deal effectively with the aftermath of a tragedy affecting a Canadian citizen, I move, seconded by the hon. member for Fundy-Royal (Mr. Fairweather):

That the Standing Committee on External Affairs and National Defence forthwith investigate the circumstances surrounding the role of the Canadian Embassy in Rome in reference to the delay in communicating with the next of kin of David Bagguley. That said committee also examine the general question of the present capacity of Canadian diplomatic missions to render meaningful, useful assistance to Canadian citizens travelling abroad.

Some hon. Members: Hear, hear!

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Hillsborough. It requires unanimous consent. Is there unanimous agreement?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not. The motion cannot be put.

PROPOSED AMCHITKA NUCLEAR TEST—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O.43

Mr. Frank Howard (Skeena): Mr. Speaker, pursuant to Standing Order 43, I would like to move a motion because of urgent and pressing necessity which does not require elaboration on my part. I therefore move, seconded by the hon. member for Surrey-White Rock (Mr. Mather):

The House of Commons of Canada extends its appreciation to the congress of the United States of America for the action it took in banning the nuclear device test scheduled to take place at Amchitka Island and expresses the hope that the President of the United States of America will also join us in banning the proposed test and that this decision of the House of Commons of Canada be communicated to the President of the United States forthwith.

Some hon. Members: Hear, hear.

• (2:10 p.m.)

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Skeena. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not. The motion cannot be put.

Mr. Howard (Skeena): I wonder if I might raise a point of order which I would ask Your Honour to consider seriously. I know Your Honour has said on other occasions with respect to motions under Standing Order 43 that it is sufficient for Your Honour simply to hear a negative response, but I would ask that you consider seriously certain other factors. First, it might well be that an hon. member might say "No" but from behind the curtains rather than from his proper place. Or the dissenting voice might even come from the gallery.

Some hon. Members: Oh, oh!

Mr. Howard (Skeena): Knowing Your Honour's powers of perception, I am not suggesting you would not be able to recognize the difference, but there might be other Speakers in the future who would not. To conclude the point of order, I want to suggest that Your Honour consid-

er requiring any hon. member who objects to rise in his place and say so—

Some hon. Members: Hear, hear!

Mr. Howard (Skeena): —so there will be no question of doubt and so the record will be clear that there was a negative response and from whom it came.

Mr. Speaker: The point made by the hon. member is one of great interest. As he knows, the Chair is required to interpret the rules as they are drafted. If the rules are drafted in such a way as to indicate that an hon. member objecting to such a motion should rise and express his negative opinion, then, of course, the Chair would expect this to be done, but as long as the Standing Order is drafted in its present terms I think it should be sufficient for the Chair to hear negative response. I am not sure what the requirements are for a good Speaker, but I gather that among the more basic ones are that the Speaker should have good eyesight and good hearing.

Mr. Jerome: On the point of order, Mr. Speaker, as one who has frequently been known to negative as loudly as possible motions put forward under Standing Order 43, simply in order that we may get on with important government business, may I say I found unanimous accord with the motion expressed on this side of the House.

Mr. Speaker: Obviously the hon. member will never be a Speaker. His hearing is not good enough.

Mr. Lewis: Mr. Speaker, if the hon. member who has just spoken, sitting as he does among the government benches, is at all right in his statement, perhaps Your Honour would consider asking again whether there is unanimous consent.

Mr. Speaker: I am not sure it would be very helpful if every day the Chair were asked to put the request for consent to a motion a second time. The request has been put and in my estimation it was negatived. It may be that, on reflection, some hon. members who said "no" feel they would not be prepared to say "no" again. I would be prepared to put the request a second time if there were unanimous consent that I be allowed to do so. I draw to the attention of hon. members that a motion having been put and decided by the Chair it cannot be put a second time unless there is unanimous agreement.

Is there unanimous agreement that the motion proposed by the hon. member for Skeena be put at this time?

Some hon. Members: Agreed.

Mr. Speaker: I believe there may be unanimous agreement.

Mr. McIntosh: On a point of order, Mr. Speaker, once a motion has been put I think we should abide by the rules of the House. I said no and I suggest the motion should therefore not be put.

Mr. Speaker: The hon. member's point is well taken. This is what I feared. The motion was put and was negatived, and unless there is unanimous consent it should not be put a second time.

[Mr. Howard (Skeena).]

[*Translation*]

ASSISTANCE IN RETURNING BODIES OF ACCIDENT VICTIMS FROM SPAIN—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I ask leave, under Standing Order 43, to present a motion of extreme urgency.

My motion refers to the tragedy that occurred last Friday, September 17, at Valdepenas, Spain, causing the death of 17 Quebec citizens.

I was advised this morning, Mr. Speaker, by a person who lost two relatives in the tragedy, that next of kin cannot claim the remains of the victims without paying $2,000 per body to a foreign company operating in Montreal which, it would appear, has approached all the relatives of the victims to that effect.

I am also informed, Mr. Speaker, that several families have vainly tried to get help from the Department of External Affairs in this connection.

Consequently, Mr. Speaker, I would like to move the following motion for humanitarian reasons and in order to help the stricken families to repatriate in short order the remains of their next of kin:

That in the opinion of this House, in view of the tragic situation and the difficulties encountered by families in repatriating the remains of the Valdepenas tragedy victims, the government should make available to the victims' relatives the required air transport, offer the full co-operation of the Department of External Affairs to assist the stricken families in their arrangements for repatriating the remains without delay, and investigate on the requirements imposed on the victims' families by the company involved.

I trust, Mr. Speaker, that in view of the pressing necessity of this question and its humanitarian aspects, the House will give its unanimous consent to this motion.

Mr. Speaker: Order, please. The House has heard the motion of the hon. member for Sainte-Marie (Mr. Valade). As the hon. member knows, this motion requires the unanimous consent of the House before it may be put. Is there unanimous agreement?

Some hon. Members: Yes.

Some hon. Members: No.

[*English*]

Mr. Speaker: There is not unanimous consent so the motion cannot be put.

* * *

INDUSTRY

PULP AND PAPER—MEASURES TO ASSIST—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I ask unanimous consent of the House to propose a motion under Standing Order 43 in a case of urgent necessity.

The pulp and paper industry is experiencing a critical period due to soft market conditions and the implications of the floating dollar. Besides the resultant lay-off of some 4,000 of the work force in the past nine months across the

country and continuing setbacks, a specific case of hardship has reached one city in Canada, Corner Brook, Newfoundland, which is almost completely dependent on the industry and where a partial close-down of production will tend to cripple the economy and affect some 30,000 citizens.

I therefore move, seconded by the hon. member for Grand Falls-White Bay Labrador (Mr. Peddle):

That the government take the initiative and hold immediate discussions with the Canada pulp and paper associations and the labour movement, to establish proposals to rehabilitate the industry and to provide measures to avoid further lay-offs and shutdowns.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

* * *

PUBLIC ACCOUNTS

YEAR ENDED MARCH 31, 1970—REFERENCE TO STANDING COMMITTEE

On the order: Government Notices of Motions:

September 21, 1971—The President of the Privy Council:

That the Public Accounts for the year ended 31 March 1970, tabled in the House January 12, 1971, and the Auditor General's report thereon, tabled in the House June 4, 1971, be referred to the Standing Committee on Public Accounts.

Mr. Speaker: Pursuant to section 2 of Standing Order 21, this notice of motion is transferred to and ordered for consideration under government orders at the next sitting of the House.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

PROVISION OF PROGRAMS TO COPE WITH UNEMPLOYMENT THIS WINTER—PRESENTATION AT MEETING WITH PROVINCES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister which is based on the statement made in the annual review of the Economic Council of Canada that "the revival of such programs as municipal winter works and winter housing should be considered in formulating a more integrated and selective strategy for manpower policy". In view of this statement and in view of the urgent need for job programs for the coming winter, would the Prime Minister indicate if it is the government's intention to initiate action on such programs immediately for implementation this winter?

• (2:20 p.m.)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the Leader of the Opposition is referring to the report which I believe was made public just today, I must confess I have not read it yet and therefore am not in a position to comment on it.

Mr. Stanfield: I had assumed that, like myself, the Prime Minister would give urgent attention to the report of the Economic Council of Canada—

Some hon. Members: Oh, oh!

An hon. Member: A speed reader.

Mr. Speaker: Order please. Would the hon. Leader of the Opposition kindly ask the question.

Mr. Stanfield: With regard to the meeting with the provinces about which the Prime Minister has told us on a couple of occasions, in all seriousness and with all due courtesy and respect I should like to ask whether he has assured the premiers whom he has invited to any such conference that the government will in fact present specific programs in connection with jobs for this winter, as has been requested by many of the premiers?

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF MAURICE SCHUMANN, FOREIGN MINISTER OF FRANCE

Mr. Speaker: Order. Before the right hon. Prime Minister replies to the question which has just been put by the Leader of the Opposition, may I announce to hon. members of this House the presence in the Speaker's gallery of a distinguished visitor, His Excellency Mr. Maurice Schumann, Minister of Foreign Affairs of the French Republic.

Mr. Minister, we appreciate your visit, which can but consolidate the traditional friendship between France and Canada. We, members of the House, are particularly gratified by your presence among us, as a token of your attachment and that of your government to parliamentary institutions.

On behalf of all hon. members, Mr. Minister, I welcome you most cordially.

Some hon. Members: Hear, hear!

THE CANADIAN ECONOMY

PROVISION OF PROGRAMS TO COPE WITH UNEMPLOYMENT THIS WINTER—PRESENTATION AT MEETING WITH PROVINCES

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it seems to me that I answered this very question yesterday and said to the leader of the New Democratic Party that I had written to all provincial premiers, as of July, to suggest several dates when we could meet and discuss economic, tax and other matters.

I have repeated publicly that the federal government intends to discuss, then, mainly the problem of unemploy-

ment and economic matters in general. I must inform this House that since I gave this answer yesterday, it seems that we shall agree on a date which will be rather late in fall, but again I cannot say anything until the premiers agree with me concerning one of the dates which I have suggested to them, be it in October, November or even later. I am in no position to convene them myself.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I gather that the answer to my question is no.

[*English*]

In view of the fact that the suggestion box program as carried on within the Public Service has evidently been very successful in getting some right things done, again I ask with all respect and courtesy, would the Prime Minister consider extending this program to my colleagues and myself and hon. members to my left so that we could deal directly with departments and perhaps get some action with regard to the creation of jobs?

Mr. Speaker: The hon. member for York South on a supplementary.

Mr. Lewis: I do not know whether it is exactly a supplementary, Mr. Speaker.

Mr. Speaker: My understanding is that perhaps other hon. members have supplementaries that are exactly such.

[*Translation*]

The House might allow the Chair to recognize the hon. member for Joliette who seems to have a supplementary.

OLD AGE SECURITY—LOWERING OF PENSIONABLE AGE TO PROMOTE EMPLOYMENT

Mr. Roch La Salle (Joliette): That is a fact, Mr. Speaker. I would like to ask the Prime Minister, who is searching for a solution to the unemployment of those under 25 years of age, if, when he meets with provincial ministers, he would consider proposing the creation of an old age security pension for which one would be eligible at 60, thus reducing present unemployment by more than 50 per cent.

Mr. Speaker: I have a feeling that the hon. member's question has already been asked yesterday or the day before.

[*English*]

UNEMPLOYMENT—PARTICIPATION WITH PROVINCES IN WINTER WORKS PROGRAM

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a supplementary which a reading of *Hansard* of yesterday will clearly indicate was not answered by the Prime Minister. It is this. As a winter works program is by far the cheapest and easiest way to provide work needed by people in the winter period and as such a program requires planning now to make it effective at that time—

Some hon. Members: Oh, oh!

[Mr. Trudeau.]

Mr. Hees: I thought I heard the referee's whistle, Mr. Speaker. I guess it was just the usual noise from the other side. I will continue. Is the government now planning to advise the provinces that it intends to participate with them in a winter works program so that planning can start now and this program can be effective in the winter months?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Mr. Hees: A further supplementary—

Mr. Speaker: Order, please. I must again today, as I did yesterday, call for the co-operation of hon. members. The suggestion was made at the end of the question period yesterday that there were 20 members who were waiting for an opportunity to ask their questions. I recognize the same 20 members today. I hope that before the end of the question period I shall be given an opportunity to recognize them. I suggest to hon. members that if we spend half the question period on the question asked originally by one hon. member—on behalf of others, and I appreciate that—it becomes materially, physically and metaphysically impossible for the Chair to have all hon. members recognized before the end of the question period. I invite my colleagues to co-operate with the Chair and with their colleagues in this respect.

Mr. Hees: Mr. Speaker, I have an excellent supplementary but I will bow to your ruling and not ask it.

* * *

MANPOWER

POLICY STUDY IN LIGHT OF CRITICISM BY ECONOMIC COUNCIL

Mr. David Lewis (York South): Mr. Speaker, I want to ask a question of the Minister of Manpower and Immigration in the hope that perhaps he or his officials have at least skimmed through the annual review of the Economic Council of Canada. In view of the criticism of the manpower policy in this review, particularly that the policy is not achieving the goal of greater efficiency in manpower use in Canada, I wonder whether the minister has studied this problem and has some changes in mind in respect of the set-up of his department and the law governing it?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, this report deserves a much more thorough review than anybody could have given it at this point in time. We have noted the tremendous increase in employment on a year to year basis and in recent months in Canada. Despite a very impressive increase in terms of employment, there is still ongoing challenge with regard to unemployment. It is, of course, true so far as the manpower department is concerned that both its placement functions and its training and retraining function in respect of the training and retraining of individuals are bound to be less effective in periods where jobs are relatively more difficult for people to obtain. The record of the training programs, however, indicates a very significant improvement in the earning levels, in the performance levels and in the employment levels of those persons

who have been trained compared with their record beforehand. We are, of course, studying this continually in an effort to see whether it can be improved even more.

Mr. Lewis: Mr. Speaker, will the minister undertake to make a statement to the House indicating the results of the training as to what percentage of those trained have in fact obtained jobs, what percentage are still unemployed when they finish their training and the other factors which he mentioned?

• (2:30 p.m.)

Mr. Lang: I did that, of course, in the last portion of the session at the time the department's estimates were before the Committee. I will look at whether we have a further report at this stage and, if so, make it available in due course.

* * *

[*Translation*]

THE CANADIAN ECONOMY

EFFECT OF U.S. IMPORT SURTAX—STATUS OF CONSULTATIONS WITH UNITED STATES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a question for the right hon. Prime Minister.

Considering the 10 per cent surtax on imports entering the United States, has he any new indications that Canada will be protected against this measure?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, and that is why the government proposed a special measure to the House. Indeed, in the next few days we shall probably ask the House to pass the bill on third reading.

[*English*]

EFFECT OF UNITED STATES IMPORT SURTAX ON AGRICULTURE—REQUEST FOR DETAILS OF ASSISTANCE TO PRIMARY PRODUCERS

Hon. J. A. MacLean (Malpeque): I should like to address a supplementary question to the Minister of Agriculture. Is he now in a position to announce details of the government decision to render assistance to primary producers of agricultural products who have been adversely affected by the United States surcharge, and what action are they required to take?

Hon. H. A. Olson (Minister of Agriculture): I am not in a position to make that announcement today, but following the undertaking I gave to the House and the country in my comments about two weeks ago we have been working on some commodities and I hope that within the next few days I can give further details.

* * *

LABOUR CONDITIONS

CORNWALL—ACTION TO AVERT FURTHER LAY-OFFS BY COURTAULDS—ASSISTANCE UNDER EMPLOYMENT SUPPORT BILL

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mine may be a related question, Mr. Speaker, to the Prime Minister. In light of the fact that Cornwall is already suffering under a 20 per cent unemployment rate, is the government going to take any action? In view of the announced delay until we deal with other matters, has he any intention to take specific action to avert further lay-offs at Courtaulds Limited as a result of the loss of business with the United States and because of the very specific situation there? Would he also indicate to the House and to the people of Cornwall whether or not the employment support bill can be expanded or whether or not there is any action under that which the Prime Minister might pursue to ensure against these proposed lay-offs?

Right Hon. P. E. Trudeau (Prime Minister): It is my understanding that the bill still before the House is one which will be applicable in all parts of Canada, and I am hopeful that the people of Cornwall and the industries in Cornwall will be able to obtain help under it.

* * *

TRADE

POSSIBILITY OF SURTAX ON IMPORTS FROM JAPAN

Hon. Marcel Lambert (Edmonton West): My question is for the Minister of Finance. Would he say whether he or the Secretary of State for External Affairs or any of their officers indicated to the Japanese ambassador or any of his officials during the recent meeting in Toronto that unless Japan or other countries drastically reduce their exports to Canada, Canada would consider imposing a surcharge?

Hon. E. J. Benson (Minister of Finance): No, Mr. Speaker, but one of the things we have brought to the attention of the Japanese is that we certainly did not want to be subject to receiving goods which are diverted because of the surtax in the United States.

Mr. Lambert (Edmonton West): Is the government of Canada considering a surcharge or any other measure which would effectively control the import into Canada of goods from countries such as Japan?

Mr. Benson: No, Mr. Speaker.

* * *

[*Translation*]

EXTERNAL AFFAIRS

ASSISTANCE IN RETURNING BODIES OF ACCIDENT VICTIMS FROM SPAIN

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to put a question to the Prime Minister in connection with the Valdepenas tragedy.

Is the Prime Minister considering the possibility of giving financial assistance for the air fares of persons whose relatives died in that tragedy, in order to enable them to bring back as soon as possible the remains of the victims, since they are unable to do so at the present time, in view of the considerable amount asked to send back the remains?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Secretary of State for External Affairs informs me that the matter is being considered for the moment.

I take the liberty of adding that I am strongly under the impression that the allegations made by the member a while ago concerning the behaviour of our embassy officials there are entirely gratuitous.

Mr. Valade: Mr. Speaker, I rise on a point of order. I must say, to correct the official report, that I have never claimed that the Canadian embassy in Spain had been remiss in its duty. I said that the next of kin of the victims had gone to the Department of External Affairs, here in Canada, and that no one had shown any interest in the matter.

I should like to put the question again to the Secretary of State for External Affairs. Does he intend to consider this matter and give the necessary assistance to the relatives of the victims, either through free air transport or some form of financial help, that the remains might be repatriated as soon as possible?

[*English*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, may I be privileged to add a word to what the Prime Minister has said. We have been very conscious of this dreadful tragedy in Spain. Our embassy has been doing everything possible to help. I had under consideration whether there might be some way in which help might be given to bring the bodies of the victims home. I do not think it could be in the form of subsidization of air fares, but there are other things we have under consideration.

[*Translation*]

Mr. Valade: Mr. Speaker, I wish to ask a supplementary question.

As the victims' relatives have asked me what the government could soon do to repatriate the remains, I would ask the hon. minister to specify—

Mr. Speaker: Order, please. The hon. member for Skeena.

* * *

[*English*]

MANPOWER

ACTIVITIES OF CONSULTATIVE SERVICES IN ASSISTING LAID-OFF EMPLOYEES

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Manpower and Immigration. In view of the commitment he made yesterday to communicate to the House the activities of his manpower consultative services in areas where lay-offs have taken place, for example, General Motors in both Ontario and Quebec, is the minister in a position now to give us a full disclosure of what his department has been doing in these areas?

Hon. Otto E. Lang (Minister of Manpower and Immigration): I will be glad to do so if the House will bear with me. In the case of General Motors at Ste. Thérèse—

Mr. Speaker: Order, please. I suggest to the minister that the answer should be as short as possible. I have the impression that he is now launching into a statement which normally should be made on motions, and because of the fact that the question period is limited in time I would hope that answers to questions would be as short as possible.

Mr. Lang: Thank you, Mr. Speaker. I think I did suggest yesterday implicitly—

Mr. Broadbent: On a point of order—

Mr. Speaker: Order, please. The hon. member for Oshawa-Whitby is rising on a point of order.

Mr. Broadbent: Given the importance of this issue at this time, I wonder if we could obtain the unanimous agreement of the House to revert to motions?

Mr. Speaker: Order, please. The minister has the floor.

Mr. Lang: We have, of course, so many involvements with so many companies, and each lay-off is important. If I were to make a statement on motions each time, the House would be occupied with this at all times.

Some hon. Members: Oh, oh!

An hon. Member: That is right.

Mr. Muir: That is what happens under this government.

Mr. Hees: So many plants are closing down because of the maladministration of this government.

Mr. Lang: On the other hand, I would be delighted at any time—

Mr. Speaker: Order, please. Is the hon. member for Dartmouth-Halifax East rising on a point of order?

Mr. Forrestall: Yes, Mr. Speaker. Surely the minister would want to correct the impression he has just left. If he is referring to the 90 per cent unemployed in Guysborough county in Nova Scotia, for example, then I suggest he owes those people an apology.

Mr. Speaker: Order, please. That of course is not a point of order. Again I caution hon. members that if we embark on points of order and questions of privilege during the 40 minutes there will be those celebrated 20 members left by the wayside at the end of the question period. For the moment the minister still has the floor.

Mr. Lang: Mr. Speaker, shortly after the first confidential notification of the lay-off in the case of the plant at Ste. Thérèse it was possible to have discussions with the company and with the union, as well as with the interested department in the province of Quebec, and to arrange for the setting up of an adjustment committee to consider in the usual way the many ways in which manpower services might be available to assist with the problems of the individual workers who were due to be laid off. The timing of the words was chosen in view of the plant's announcement as indicated at that time. All parties have agreed they will co-operate to assist the workers who will be displaced, and of course the usual investigation is taking place about supplementary benefits, and so on.

• (2:40 p.m.)

Mr. Howard (Skeena): Mr. Speaker, I would like to ask the hon. gentleman a supplementary question. In light of the great amount of information that he has there, obviously relating to a whole series of lay-offs, which does not bespeak very well the government's economic attitudes, would he be prepared to say to the House that on a certain day, say the first or second day of next week, he would be prepared to appear and make a complete statement on motions about the involvement of his department in those areas?

Mr. Lang: Mr. Speaker, I certainly would not select, from among lay-offs occurring, some as being more important than others. Each lay-off is of extreme importance to the people involved. Therefore I am willing to indicate to hon. members privately or in other ways the state of affairs that applies to each. I am willing to put these things down in writing from time to time as requested.

* * *

• (2:40 p.m.)

[*Translation*]

LABOUR CONDITIONS

STE. THÉRÈSE, QUEBEC—POSSIBLE FURTHER LAY-OFFS BY GENERAL MOTORS—ASSURANCE OF MAINTENANCE OF PRODUCTION IN CANADA

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I wish to direct a question to the Minister of Industry, Trade and Commerce.

Could the minister tell us whether he has received from the General Motors authorities in Ste. Thérèse a statement to the effect that the employees in this plant would not abnormally suffer from adjustments being made?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I had a meeting yesterday with the officials of the company; they have shown me a number of opportunities offered to them in their effort to adjust their production. I am not in a position, of course, to share this with the House, but none of them indicates any shutdown at Ste. Thérèse. As a matter of fact, all possibilities considered at this time suggest maximum use of the GM plants in Canada. Since they invested more than half a billion dollars in the last five or six years, General Motors are surely not going to close down their establishments in Canada tomorrow.

[*English*]

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. As the Minister of Manpower and Immigration has said that he cannot handle all the questions that are posed these days regarding the number of lay-offs taking place in Canada, would the Prime Minister give him a little help so that he can handle this problem?

Mr. Speaker: Order, please.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I wish to direct a supplementary question to the Minister of Industry, Trade and Commerce. Could the minister inform the House whether or not the intended cessation of the production of Pontiacs at the Ste. Thérèse plant of General Motors was discussed with the General Motors officers and, if so, did the minister, on behalf of the workers involved in Canada, urge that corporation to ensure that if and when production of that car ceases at Ste. Thérèse, Quebec, the production will be picked up elsewhere in Canada?

Mr. Pepin: Mr. Speaker, I think the answer I have given implies that very strongly. When I mentioned that the company had no intention of closing any of its establishments I was implying that the company, in readjusting its production, would see to it that all the plants presently in existence would be fully active. Of course I cannot say, and the company says it has not decided—I think it is still in contemplation—where that particular model will be built and where other particular models will be built. This is presently being studied by General Motors.

Mr. Speaker: The Chair will recognize the hon. member for Oshawa-Whitby on one further supplementary and then pass on to another hon. member.

Mr. Broadbent: Mr. Speaker, my one further supplementary is this: did the minister obtain a commitment from General Motors Corporation to inform him well in advance—by well in advance I mean several months in advance—of their intention to cease production of the Pontiac at Ste. Thérèse, if they so decide?

Mr. Pepin: Mr. Speaker, I want to repeat what I said yesterday, that usually department communications with these companies are very good. I think we have had an accident de parcours. I do not know how you translate that in English, but I think the company is now more fully aware or realizes better that it is not in its best interests not to provide information, and proper information, and in sufficient time for the government to use in answering questions such as the ones that were asked of me two days ago. There is no doubt that there were a number of aspects of this matter in which it would have been useful for me to have the information. I think the company realizes that now better than ever.

* * *

LABOUR RELATIONS

SUGGESTED INTERVENTION OF MINISTER IN STRIKE AT AMERICAN SMELTING AND REFINING COMPANY

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, I wish to direct a question to the Minister of Labour. Will the minister advise the House if any approach has been made to his department by either the United Steel Workers Union or the American Smelting and Refining Company of Buchans, Newfoundland, or by the premier or government of Newfoundland, with regard to the possible intervention of the minister in the strike which has left 550 miners at Buchans idle since June of this year?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, the hon. gentleman was kind enough to serve me notice,

and I have been unable to find any record of any request by the union, by the company involved, or by the Premier of Newfoundland or the government of Newfoundland for federal participation in this labour dispute. I would imagine the fundamental reason for this is that the dispute is within provincial jurisdiction.

Mr. Peddle: In view of the apparent impotence of the Newfoundland government in this matter and in view of the disastrous economic impact of this strike at Buchans, is there any way within the law by which the minister's acknowledged skill in such matters can be brought into play to affect a settlement?

Mr. Speaker: Order, please.

* * *

THE CANADIAN ECONOMY

INTERRUPTION OF DEBATE ON INCOME TAX BILL TO INTRODUCE LEGISLATION EFFECTING TAX CUTS AND OTHER ECONOMIC MEASURES

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is actually one that was left by the wayside yesterday and is relevant to the original question asked by the Leader of the Opposition. I direct it to the Prime Minister. In light of the fact that the government has reintroduced Bill C-244, has the Prime Minister backed down from or changed his insistence on Monday that new economic measures will not be considered until after passage of the tax bill? If so, will the government introduce legislation that will bring in tax cuts and other ways of stimulating the economy?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, we always attach the utmost importance to getting on with the debate on the tax bill. The country knows that if the bill is going to be effective and benefit millions of people from January 1 on we will have to have it adopted not too late in the fall. If there can be agreement among the house leaders on bringing other items of legislation in for very short periods, the government will not be absolutely rigid about this. The important thing is that all hon. members realize what ultimate deadline they are working against if the tax reform bill is going to become law in time to be effective as of January 1.

* * *

MANPOWER

ACTION RESPECTING REFUSAL OF APPLICANTS FOR WORK TO ACCEPT SUITABLE JOBS

Mr. A. D. Hales (Wellington): Mr. Speaker, my question is directed to the Minister of Manpower and Immigration. It arises from a number of complaints that I have received as I am sure many other hon. members have also. In view of the skyrocketing costs of welfare, what steps are the manpower offices across Canada taking to follow through on jobs that have been referred to suitable applicants but which have been refused because the persons involved wish to take welfare?

[Mr. Mackasey.]

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I would want to prepare a full report in answer to a question of that magnitude involving as it does relations between the provincial authorities and the federal authorities.

Mr. Hales: Can the minister assure the House that he will make such a report very soon?

* * *

• (2:50 p.m.)

[*Translation*]

INQUIRY OF THE MINISTRY

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a supplementary question for the hon. Minister of Manpower and Immigration.

A few minutes ago the hon. minister admitted that there have been many lay-offs throughout the country and primarily in the province of Quebec.

The premier of Quebec stated last Sunday in Hull that he has created 90,000 jobs during the year. Is the hon. minister—

Some hon. Members: Hear, hear!

Mr. Caouette: —I see they are prompt to applaud on the other side, over there. Is the minister convinced that 90,000 new jobs have been created, or is it not rather that 90,000 new lay-offs have taken place in Quebec?

* * *

THE CANADIAN ECONOMY

POSSIBILITY OF ESTABLISHING PRICE AND WAGE CONTROLS

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I would like to address my question to the Prime Minister.

On November 17, 1941, the government of the Right Hon. Mackenzie King decided to control prices and salaries. In view of the current economic situation in North America, would the Prime Minister advise the House whether there will be a new control of prices and salaries to celebrate this thirtieth anniversary?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is unfortunate that we overlooked this anniversary, since the hon. member is reminding us that it is today. Instead of introducing such measures, the government believes that Canadians should ponder over the circumstances which made it possible for those measures to be successful during the last war, before asking that they again be invoked in peace time.

[*English*]

Mr. Baldwin: As long as this government is in power, there will always be emergencies.

EXTERNAL AFFAIRS

DELAY BY CANADIAN EMBASSY IN ROME IN NOTIFYING PARENTS OF SON'S DEATH

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is for the Secretary of State for External Affairs. It concerns public confidence in the communications branch of his department. Will the minister explain to the House and to the family of the late David Bagguley of Ottawa the utter lack of communication in the Department of External Affairs in relation to his tragic and unexpected death in Italy on June 30 and about which his parents were not notified until August 6?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the department has been in touch with the relatives and has expressed our profound regret at the lack of communication. I can only say to the hon. member and to the House that a very serious mistake was made. It was made during a time when there was a tremendous load upon the embassy. I should like to assure the House that I do not personally believe that this is justification for a mistake like this, and steps are being taken to see that it does not occur again.

Mr. Alkenbrack: Will an investigation be made as to the efficiency of our embassy in Italy?

Mr. Sharp: Yes, Mr. Speaker. The implication of what I have been saying is that we do not think that the communications were adequate. It ought to have been impossible for a member of the staff to have been informed of the death of a Canadian and for this not to have been passed on to his superiors. I can only express my profound regret that such a tragic event should have happened.

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TAXATION

REQUEST BY MUNICIPALITIES FOR EXEMPTION FROM SALES TAX ON ANTI-POLLUTION EQUIPMENT

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, my question is for the Minister of Finance. In view of the fact that manufacturers and producers will be granted blanket exemptions from federal sales tax on all anti-pollution equipment, can the minister give some indication that he intends to listen to the wishes of the Canadian Federation of Mayors and Municipalities and grant municipalities the same exemption on anti-pollution equipment?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I have received communications from them and, of course, their representations will receive consideration.

* * *

SPORTS

FINANCIAL ASSISTANCE TO YOUTH RECREATION CENTRE, FLIN FLON, AND FOR INSTALLATION OF ASTROTURF, WINNIPEG

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Minister of National Health and Welfare. It arises out of the reply I received from the minister recently concerning the request regarding the availability of federal financial assistance for a youth recreation centre at Flin Flon, Manitoba. The minister stated at that time that the department's limited funds have made it necessary to restrict assistance to national organizations and, under certain conditions, to the provinces. Would the minister tell us how he reconciles that answer with the donation of $50,000 recently to the stadium in Hamilton for Astroturf?

Mr. Speaker: Order, please. That is an argument rather than a question. I do not think it is in order.

Mr. Hees: The stadium is in the minister's riding; that is the answer.

Mr. Simpson: On a point of order, Mr. Speaker—

Mr. Speaker: Order, please. I suggest to the hon. member that a question asked in those terms is not a question but an argument. I have suggested before that when hon. members ask ministers to reconcile one statement with another they are debating the matter and a question should not be asked in those terms.

Mr. Simpson: Mr. Speaker, may I rephrase the question. It is a related question. Is the minister in receipt of a request for assistance for Astroturf from the Criterion Athletic Club of Winnipeg?

Hon. John Munro (Minister of National Health and Welfare): Not that I am aware of, Mr. Speaker.

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AGRICULTURE

INTERPROVINCIAL MARKETING—LEGALITY OF PROPOSED SOLUTION TO CHICKEN AND EGG WAR

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, may I direct my question to the Minister of Agriculture. Can the minister inform the House if the proposed solution to the chicken and egg war now being worked out by various governments is in conformity with the British North America Act which allows free and uninterrupted trade across provincial boundaries?

Mr. Speaker: Order, please. The hon. member is obviously inviting the minister to express a legal opinion. A question in those terms is not in order.

* * *

YOUTH

INVESTIGATION OF USE OF GRANT BY STUDENTS AT TARBOTVALE, N.S.

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Secretary of State. Has the minister responded, and what action has he taken, to complaints regarding nudity and other activities being subsidized by a $6,000 grant to six so-called students to operate an establishment at Tarbotvale in the constituency of Cape Breton Highlands-Canso?

Some hon. Members: Oh, oh!

Mr. Greene: Are you preaching for a call, Bob?

Mr. Muir: Mr. Speaker, may I further ask the hon. gentleman whether part of the grant will be used to provide clothing for those students?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I am amazed that such a matter has escaped my notice. I shall endeavour to find out and answer the hon. member.

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CANADIAN CONSTITUTION

STATUS OF NEGOTIATIONS BETWEEN OTTAWA AND QUEBEC FOLLOWING VICTORIA CONFERENCE

Mr. Pierre De Bané (Matane): Mr. Speaker, I have a question for the Prime Minister.

Considering the correspondence between himself and the Quebec premier which he has just tabled and his very encouraging answer to Mr. Bourassa, I wish to ask him if there is any hope for constitutional reform, taking into account the fact that social security was the stumbling-block in Victoria? May we hope—

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, for my part, I am prepared to hope. I feel that the question should rather be directed to Premier Bourassa who, when he said no in Victoria, added that he needed further information. Perhaps he hopes to get this during those discussions and, in that case, everything should go well. But, once again, he is the one who should state publicly what kind of explanations and elucidation he mainly wants to obtain and what he is driving at.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

RESPONSE TO COMPLAINT BY UNION RESPECTING OPERATION OF NEW GLASGOW OFFICE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is for the Minister of Labour. Could he indicate to the House, particularly for the benefit of my colleague, the hon. member for Central Nova, and myself, the response he has made, if any, to the telegram from Mr. Charles Wallace, President of Local 1231, United Steel Workers of America, with respect to the operation of the unemployment insurance office in New Glasgow, Nova Scotia?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, I received the telegram from this particular union complaining about service in the New Glasgow area. I asked for an inquiry and I find that the staff, contrary to what is said in the telegram, has not been cut. It consisted of 16 members before the new act came in and there are still 16 members there. There is no indication of delays in the Moncton-Halifax area in hearing appeal cases and there has been no difficulty in the New Glasgow area since the new act came into effect. I have asked the Unemployment Insurance Commission to get in touch with the union directly in light of conflicting versions.

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AGRICULTURE

REQUEST BY PRAIRIE PROVINCE MINISTERS FOR MEETING TO DISCUSS FEDERAL POLICY

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, may I direct my question to the minister in charge of the Wheat Board. Has the minister received a request from any or all of the Ministers of Agriculture for Alberta, Saskatchewan and Manitoba for a meeting to discuss proposed federal agricultural policy and in particular Bill C-244? If so, can he inform the House as to the nature of his reply?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I have received a telegram asking for a meeting with the prairie agricultural ministers. The telegram was addressed to me by the Minister of Agriculture for Alberta. I suggested specifically, the date of October 1. I think it should be possible for me to meet with them on that date.

* * *

GRAIN

INQUIRY AS TO PAYMENT OF MONEY UNDER TEMPORARY WHEAT RESERVES ACT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, may I address a question to the minister in charge of the Wheat Board. In view of the impasse which has developed regarding Bill C-244 and the debate surrounding the administration of the Temporary Wheat Reserves Act, can the minister indicate if the cabinet has now given serious consideration to paying the $61 million due under the Temporary Wheat Reserves Act as of August 1, 1970, of which amount $40 million is owing for the 1969-70 wheat pool? I ask this question, Mr. Speaker, in hopeful anticipation that the government will abide by the law of the land while at the same time—

Mr. Speaker: Order, please. I suggest again that the question period should not be used for the making or repeating of speeches which are normally made after the question period. The hon. member has asked a question and perhaps the minister might be allowed to reply.

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I think I might have an opportunity a little later today to reply at greater length than you might allow at this time.

STABILIZATION BILL—AVAILABILITY OF REPORT ON CONSOLIDATION OF SMALL FARM UNITS

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, may I direct a supplementary question to the minister. Can the minister say if, under the proposal for a prairie grain

stabilization plan, any final report has been prepared on the consolidation of small farm units into units of more efficient size? If so, can the minister say whether this report will be made available to the House?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, the paragraph in the statement to which the hon. member refers had reference to some plans being developed by my colleague, the Minister of Agriculture. Further details about these plans were subsequently issued by the minister, and I know that a full copy was distributed to all hon. members of the House.

Mr. Speaker: Orders of the day.

* * *

• (3:00 p.m.)

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baldwin: I rise on a point of order, Mr. Speaker. I would like to ask the government House leader about the business for the rest of this week and the beginning of next week, if he can direct his mind to that at this time.

Mr. MacEachen: Mr. Speaker, among the items that will be called will be the Judges Act. I hope to get consent later today to deal with it in a special way tomorrow. We will call the tax bill, the employment support bill and the agricultural stabilization bill. We will certainly call the employment support bill as the first item on Monday. I will probably call the agricultural stabilization bill as the first item tomorrow and, following that, the tax bill. For the moment, I reserve the opportunity to change the first item tomorrow if it seems desirable.

Mr. Baldwin: Can the minister indicate, for the benefit of members who want to participate in these important debates, whether that order will be preserved or is the minister reserving the right to change it from day to day?

Mr. MacEachen: No, Mr. Speaker. I do not propose to change the item suggested for Monday. The only one that might change is the first item to be called tomorrow, and probably that will not be changed.

Mr. Lambert (Edmonton West): I rise on a point of order, Mr. Speaker. It relates to a directive which Your Honour gave a week ago Monday at the conclusion of my speech and the point of order that I raised with regard to the regularity of Bill C-259. Your Honour indicated in very pointed terms that the House leaders should meet to discuss the nature of some procedure to cure apparent defects in Bill C-259. To date, no such House leaders' meeting has been called. The House is proceeding contrary to Your Honour's directive, with the consideration of a possibly imperfect bill which is contrary to the rules of the House. I hope the minister will be able to tell us when and if he plans to call such a meeting to produce some sort of solution to this situation.

Mr. MacEachen: Mr. Speaker, I am not certain that I have exactly the same interpretation of Your Honour's ruling as the hon. member. However, I propose to meet with my opposite numbers at an early date. I will be happy to discuss this suggestion along the lines put forward by the hon. member.

While I am on my feet, would it be possible to raise another item with respect to the business of the House? I understand that discussions have taken place between the Minister of Justice and members opposite, as a result of which some expectation exists that we might be able to deal with the Judges Act in an hour and a half tomorrow afternoon. I know this is a firm expectation, not a commitment. There might be agreement to have an order of the House to commence with the Judges Act at 2:30 tomorrow afternoon, so that regardless of what other business is before the House at that time we will deal with the Judges Act.

Mr. Baldwin: We are agreeable to that, Mr. Speaker. Within that period of one and a half hours, with the usual expedition that this party shows in dealing with bills, it should be through.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we are quite willing for the government to exercise its authority over the business of the House and to call this item at 2:30 tomorrow afternoon or even earlier. It is always possible that it might be through by four o'clock, but I hope it is not being assumed that there will be an order of the House that the bill is to be through all stages by four o'clock. This might happen, but I remind the President of the Privy Council that there are several report stage amendments and third reading. We do not mind when the bill is called, but we do not want to be tied at this moment to a cutoff point.

[*Translation*]

Mr. Fortin: Mr. Speaker, our party has agreed to this proposal, although we were anxious to express our objections, namely, that it is not the usual procedure and it is difficult, as the previous speaker has said, to foresee the length of the debate. We are wondering why this was not discussed during the meeting of the House leaders of all parties.

[*English*]

Mr. Speaker: It is the understanding of the Chair that the order agreed to now is that the item will be called at 2:30 tomorrow afternoon. These are the terms of the order now agreed to by the House.

Mr. Dinsdale: Mr. Speaker, I rise on a point of order. For two days in a row I have tried to get a very important question before the Prime Minister. Unfortunately, as the government has been using every opportunity to turn Parliament into a time machine, I find it almost impossible to get matters of great urgency before the ministry which, after all, should be responsible to the elected representatives of the people.

Some hon. Members: Oh, oh!

Mr. Dinsdale: I hear a lot of static coming from members opposite, Mr. Speaker, including the Minister of Energy, Mines and Resources (Mr. Greene).

An hon. Member: He does not have any energy.

Mr. Hees: And he has very few resources left.

Mr. Speaker: I wonder if the hon. member would indicate what the point of order is so that the Chair might be given an opportunity to rule thereon.

Mr. Dinsdale: Mr. Speaker, there is so much noise coming from the other side that I can hardly hear myself.

Some hon. Members: Oh, oh!

Mr. Dinsdale: In my 20 years in this House of Commons there has never been a time when it has been so difficult to get messages of concern through to the ministry. This is partly because of the fact private members have lost their privileges and also because of the catcalls from the trained seals on the government benches.

Mr. Speaker: Order, please. The hon. member is making a speech. I suggest he is not making a point of order. He has the floor and I would like him to indicate the point of order on which he seeks a ruling from the Chair.

Mr. Dinsdale: I thought all members in this chamber were equal. I am wondering, in view of the fact that I have to be away on an important public engagement tomorrow in Manitoba, whether I could at least pose my question and if the government would deign even to take it into consideration and reply at a later date.

Mr. Speaker: Order, please. The hon. member is now asking that the Chair seek the unanimous consent of the House to return to the question period so that he may ask his question or that the House give unanimous consent to the hon. member to ask a question.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The hon. member has heard the negative response which the Chair has received. I regret very much that the hon. member has been placed in the position where he was not able to ask his question. As he realizes, it is difficult for the Chair to try to give every member an opportunity. I did not realize the hon. member was unable to ask a question yesterday. My impression was otherwise, but if I am mistaken I apologize to the hon. member.

Mr. Dinsdale: On the point of order, Mr. Speaker, I appreciate Your Honour's difficulty. It is impossible for anyone to cope with the growing arrogance of this government.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Nielsen: Mr. Speaker, I rise on a question of privilege concerning *Hansard* and affecting the privileges of all hon. members. Yesterday I asked the Minister of Indian Affairs and Northern Development (Mr. Chrétien) a question which is recorded at page 8067 of Hansard. He answered in English. I listened to his answer very carefully. In the last line but one of the answer there appears these words: "There is almost no unemployment there." The minister did not say any such thing. He has smuggled in the word "almost".

• (3:10 p.m.)

Again, on September 21 I asked a question of the parliamentary secretary to the same minister. The question and answer are recorded at page 8036 of *Hansard*. A whole phrase has been deleted from *Hansard*. He said in his reply: "As the hon. member knows, there have been consultations going on for two years." That whole phrase has been deleted.

Some hon. Members: Shame!

Mr. Nielsen: I believe this is a matter coming under Your Honour's jurisdiction and I suggest it be re-emphasized that the privilege of hon. members in altering *Hansard* does not extend to altering the sense of the language used, and certainly does not extend to the deletion of a whole phrase or the smuggling in of extra words.

Mr. Speaker: The hon. member has re-emphasized the position on behalf of the Chair. He has, of course, stated the situation correctly and I believe it should be known to all hon. members. Orders of the day. Order, please. I apologize to the Leader of the Opposition. We have a further point of order to consider before we call on him.

Mr. Marshall: My point of order, Mr. Speaker, is that since September 7, when the House resumed, I have been recognized once during the question period. I simply wish to announce that I represent 100,000 people and I am back in the House of Commons.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NON-CONFIDENCE MOTION—FAILURE OF GOVERNMENT TO FOLLOW PROVISIONS OF TEMPORARY WHEAT RESERVES ACT

Hon. Robert L. Stanfield (Leader of the Opposition) moved:

That this House, conscious that the Government is bound by the laws of this Parliament as are the citizens of this country, condemns the Government for its deliberate flouting of the provisions of the Temporary Wheat Reserves Act and for the deliberate suppression of the Temporary Wheat Reserves Act in the publication of and bringing into force of the Revised Statutes of Canada 1970.

He said: Mr. Speaker, there are times in political life when a particular issue, no matter how important it may be in itself, suddenly takes on an added dimension and puts a spotlight, indeed, a pitiless spotlight, on the way of operation, on the way of thinking, on the whole philosophy of life of a particular government. There are times when a government exposes itself to the gaze of the people who elected it to office. There are times when it shows its real face, a face which it has succeeded in keeping hidden over a considerable period of time behind one of several masks it has at its disposal. But eventually the mask is torn off and eventually the reality is bared. In such a case, the government does not get charged with indecent exposure. If it does not die of shame, it will be buried anyway by the people who no longer recognize themselves in the reflection the government offers them.

Some hon. Members: Hear, hear!

Mr. Hees: That is putting it very straight.

Mr. Stanfield: In 1957, a little before my time here, it was the pipeline debate which showed the people of Canada that it was time to rid itself of a government which had lost everything but its own arrogance. In 1971, after a long series of inexcusable blunders and tragic miscalculations, we have the final touch of madness—the government's set refusal to pay to Canadian citizens money which is due to those citizens under the law of the land.

Some hon. Members: Shame.

Mr. Stanfield: In 1957—

Mr. Hees: In 1956.

Mr. Stanfield: In 1956—I am corrected by the hon. member for Prince Edward-Hastings (Mr. Hees); I am always subject to correction—it was contempt for the rights of Parliament which led the Liberal government of that day to its destruction. In 1971 it is contempt for the very laws themselves, which the government feels secure enough to flout, in the face of this House and of the Canadian people.

I have no intention of denying the importance of the particular law in question. There are many thousands of farmers who are affected by the government's refusal to pay the money it legally owes to the Wheat Board. Whole communities, whole provinces, are affected by the action, or inaction if you like, of hon. gentlemen opposite in this respect. The minister in charge of the Wheat Board said the other night that he owed a great debt to many people. I say he does owe a great debt, and it is not to the backbenchers who applaud him and it is not to his advisors who tell him how to justify his negligence; it is to the people of Canada who have for too long trusted him and trusted the word of the government. It is a debt, in fact, to the people of Canada who have trusted the laws of Canada. That is the tragedy and that is the crime. It is a crime, because no government has the right to ignore the law, the very law which this or any other government swears to uphold. The government can ask Parliament to change the law, but the government has no right to flout the law.

Some hon. Members: Hear, hear!

Mr. Stanfield: That is the case we wish to make, Sir. That is the case we wish to bring home to the Canadian people. A government is elected, among other things, on the basis of its intentions and its programs. I agree with that. But a government is not elected, at least in a democracy, to ignore the law which exists. A parliamentary democracy may not be perfect. Indeed, it is far from perfect. But any government which tries to claim its own perfection by ignoring democracy and ignoring the law is a government which does not deserve the trust of Parliament or the trust of the people who elected it.

Some hon. Members: Hear, hear!

Mr. Stanfield: There are some—I have seen their observations and their comments—who believe that we in the opposition are not really serious when we attack the government on this point. They suggest we do not really mean it when we discuss the possibility of impeaching, for example, the Minister of Finance (Mr. Benson) for his part in this affair. Well, they are partly right, Mr. Speaker. We do not really want to separate the minister's head from his shoulders; we should be delighted if we could get the two together. What we do want is to point out to the Canadian people that we now have before us a government which is not only acting ineffectively and incompetently in a whole range of economic policies, we also have a government which is acting illegally.

There are a number of things which I find almost incredible about this government. But there is nothing I find more incredible than a former dean of a law school of a respected university in this country who is not only conniving at the breaking of the law, but is brazenly suggesting to the House that the law does not even matter. The minister responsible for the Wheat Board did not even try to justify himself before this House. He cited no precedent for his unheard of action. He offered no defence. All he did was to attack the opposition in this House for not jumping to the government's whip, and mildly and meekly passing any measure that this government in its wisdom might see fit to present to the House. At least the opposition was acting within its lawful rights, Mr. Speaker. At least the opposition was acting within the law. That is more than we can say for this government, and that is more than this government can say for itself.

• (3:20 p.m.)

Unable to deny that he had defied the law, the minister put on a bit of a show. He pretended that this flouting of the law was an act of bravery on his part. He said that he would be willing to go to jail in the interests of the farmers. I have a very strong stomach, Mr. Speaker, but I almost lost my supper in view of the posturing of the minister that night. What does the minister expect? Does he expect us to propose him for the Victoria Cross for breaking the law? It was a pitiful performance, and I should like to think that it was a performance that was unworthy of the minister. I leave that judgment in the final analysis for his own conscience.

They say that patriotism is the last refuge of a scoundrel. I say that self-righteousness is the last refuge of a man who has done wrong, who knows he has done wrong, who is at this moment still doing wrong, and who can see no honourable exit for himself. But I will suggest to the minister one honourable way out which will also make him feel better. It is to admit frankly to this House and to the Canadian people that he has done wrong. Such an admission, perhaps, will not do his judgment credit but it might at least do much to save his honour.

Mr. Bigg: His boss has run out on him.

Mr. Stanfield: No; in fairness to the Prime Minister may I say the Prime Minister did explain to me that he had to go, and I accept his very valid reason for leaving the House at the present time.

The unfortunate part is that particular minister is not alone in his guilt. The Minister of Finance is equally guilty. He is the minister who under the law is responsible for paying the moneys in question to the Canadian Wheat Board. It is not a matter of choice on his part; under the law he must pay the money, yet he has not done so. He has

acted as though the law in question had been repealed, even though in fact it has not been repealed.

This brings me to a third member of this conspiracy, the—

Mr. Nielsen: The Prime Minister.

Mr. Stanfield: We must not overlook the Minister of Justice (Mr. Turner) on the way to the Prime Minister. In spite of the fact that this law has not been repealed but remains as the law of this country, it is absent from the *Revised Statutes of Canada* for 1970. That is bad enough, Mr. Speaker, but what is worse, as the hon. member for Peace River (Mr. Baldwin) has already pointed out, is that there is a note in Appendix "A" to the *Revised Statutes of Canada* to the effect that this law has already been repealed. Certainly that Appendix is in no sense a legal document, but it is a document of information.

Therefore, Mr. Speaker, what we have here is clearly an attempt to deceive the Canadian people as to what the real situation was and still is, and that, in turn, is part of this conspiracy, not merely by some of its members but by the whole government, to break the law of this country. So we have something more than a sin of omission: we have three members of the government—indeed, we have the government itself—conspiring to break the law of this country. I say that this could never have happened without the approval and authorization of the head of that government, the Prime Minister of this country, and he must accept that responsibility.

This is a serious charge, Mr. Speaker. The government has not denied the charge because it cannot deny it. The best it has done, so far at least, is to accuse the opposition of not co-operating with it in the passage of a new law. That, Sir, is the reasoning of arrogance. It is the reasoning of Louis XIV. Instead of it being Louis XIV saying "L'État, c'est moi," in this case it is the Prime Minister of Canada saying "La loi, c'est moi"—"The law is me". "I am the law", says the Prime Minister. That may have been acceptable in 17th century Europe, but it is not acceptable in Canada in the year 1971. At least, it is not acceptable to the Canadian people or their representatives in this Parliament, regardless of what some of the hon. gentlemen opposite may happen to think.

We are discussing here the guilt of the whole government, a government that is blinded by its own arrogance and indifference. We have known for some time that this government was contemptuous of Parliament. The members of the government have shown this in their words and their deeds. Hon. gentlemen opposite say they are in a hurry; they find parliamentary debate too slow and too uncertain for their liking.

In the past few years there have been some changes made in our parliamentary procedures designed essentially to expedite the business of the House—that is, the governmental business of the House—and presumably government opportunities for taking action. Under the old rules government estimates could be held up virtually indefinitely by members of the opposition. This situation had been changed before I arrived in this House. When I arrived here there was a limited time for discussion of estimates in the House, and I must say I was shocked to see one consequence of this, which was that ministers answered only those questions put to them on the estimates that they chose to answer, and to the extent that they chose to answer them. When ministers did not give a satisfactory answer there was absolutely no way in which members of the opposition could obtain one, because once time expired the motion was put and the estimates were passed.

I am not arguing today that we should go back to the old rules, though doubtless some members would be prepared to do so. But what I am saying is that since the estimates were taken out of the House—indeed, since a time limit has been put on even debating estimates in the House—the opposition has lost any method it had of compelling a member of the government to give information to this House. Obviously, the members of the opposition seem to have lost the capacity as well to compel members of the government and the government as a whole to obey the law of the land. There has been a vast reduction in the power of the House to hold the government responsible to the House.

Under the old rules, when there was virtually no limit on the extent of debate on estimates, no government of Canada would have dared to defy the law as this government has. No government would have dared to do what this government has done because if it had, it would have realized that it would never get its estimates through this House, Mr. Speaker. It would never have dared to do this.

• (3:30 p.m.)

This vast change in the relative strength of the two sides of Parliament, the government's side and the opposition's side, I say imposes upon us in the opposition a heavy duty to fight the clear breach of the law with which we are faced. On the other hand, the power of the opposition to force the government to comply with the law and behave properly, as a result of the changes in the rules to expedite business, has been reduced. Surely, this imposes a higher moral, institutional and parliamentary obligation on the government to obey the law and behave in a highly responsible manner toward the House.

The government has shown its contempt for the House. The imposition of the roster system was bad enough; there is no justification for it under the rules. When, as happened yesterday, the Minister of Industry, Trade and Commerce (Mr. Pepin) was not in the House to answer serious questions that he must have anticipated would be put to him that day, surely we have reached some kind of low point. I heard the Prime Minister's explanation that the minister in question had another engagement that was important. I think that in itself shows the relative priorities that the Prime Minister and the minister attach to parliamentary obligations compared to obligations outside the House. Surely, the least that the Prime Minister and the Minister of Industry, Trade and Commerce ought to have done in the circumstances was to see that the Prime Minister or some other minister was fully briefed on the meeting that took place with representatives of General Motors in the morning and was able to fully answer the questions in the House rather than have the Prime Minister simply say that he did not have the information.

That is the point we have come to in this House, Mr. Speaker. There have been many occasions when this gov-

ernment has made light of the House of Commons and the rules of this House; there have been other occasions when the government has flouted the law. One example occurred when it produced the Blue Book of Estimates. If ignored an existing government department, the Department of Fisheries, because it was at that time the government's intention to abolish that department although the bill had not been passed making that change. Mr. Speaker, the law is not based on intentions; it is based on proper procedures. Changes in the law do not come about until the proper procedures have been followed. If those proper procedures have been ignored, we are no longer living under the rule of law in this country. That surely is one danger in the precedent.

This debate has a significance that goes far beyond this particular law, important as it is to the people concerned. We are going right to the heart of our parliamentary institutions; we are going right to the heart of political democracy. Mr. Speaker, this is the most dangerous single event or precedent that I have seen in Parliament in my day.

Some hon. Members: Hear, hear!

Mr. Stanfield: It is tragic that the precedent does not bother the minister. The attitude of these ministers is, in effect, to admit that they are lawbreakers but to deny that they have done anything wrong. If that is the case, by what right does this government presume to punish others who break the law, Mr. Speaker?

Some hon. Members: Hear, hear!

Mr. Stanfield: By what right does it pass judgment on individual Canadians who come before the courts? If the government can break the law why can others not break the law, Mr. Speaker? Surely, the government is giving an example to everybody in the country. It is what you can get away with that counts as far as this government is concerned. In acting as it has the government has not only downgraded the law, it has forfeited the respect of the Canadian people.

Some hon. Members: Hear, hear!

Mr. Stanfield: I realize that this government does not like opposition. It finds opposition a nuisance. But I say to you, Mr. Speaker, that it is the opposition that today is preserving the honour of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Stanfield: This government would like to use Parliament as a sausage grinder to turn out its own legislation. I think we are showing today that as far as the opposition is concerned, we have no intention of allowing that to happen. Furthermore, we are here to defend Parliament and through Parliament the right of Canadians and we are here to defend the law.

Some hon. Members: Hear, hear!

Mr. Stanfield: If the government persists, it will have to answer to this Parliament and it will have to answer to all Canadians for the consequences. By its present attitude the government is endangering the orderly conduct of business in this House. That may not seem important to some members of this government, but I think it is important to the great majority of Members of this Parliament, whatever their party stripe happens to be.

Regardless, Mr. Speaker, of what some members of the present government may think and regardless of what the present Prime Minister may think, parliamentary democracy and the rule of law are bigger than any one or all of us sitting here now.

Some hon. Members: Hear, hear!

Mr. Stanfield: That is our purpose in bringing this matter forward; that is our purpose today and we intend to keep fighting until we succeed or until this government goes down the drain where it belongs.

Mr. David Lewis (York South): Mr. Speaker, it is possible for the minister or the government to play with words about what is now before the House. It is possible to try to play things down—"we intended to repeal it so what are you making a fuss about?" I suggest to you, Mr. Speaker, that as the Leader of the Opposition (Mr. Stanfield) has properly put to this House, what this House is now discussing is basic to our system of government and is basic to democracy anywhere in the world.

Mr. Stanfield: Right.

Some hon. Members: Hear, hear!

Mr. Lewis: I ask you to note Mr. Speaker that the Prime Minister of this country was a teacher of law, that the Minister in charge of the Wheat Board (Mr. Lang) was a Dean of Law teaching law students the importance of observing the law, and they are now responsible for breaking it without conscience and without reason.

Some hon. Members: Hear, hear!

Mr. Lewis: Everytime the Prime Minister has the opportunity to make a speech, particularly to young people in Canada, and I don't have to produce quotations, he tells them that our system is based on law and order. He boasts of the fact that Canada is a democracy where people are intended to obey the law; he boasts of the fact that he is strong enough to make people obey the law. However, when it suits this government's purpose, a purpose which is evil, then unhesitatingly they break the law and say to the opposition and the farmers of Canada, "If you don't like it you can lump it".

• (3:40 p.m.)

What the government is doing seems to me to be particularly reprehensible, unpalatable and unpleasant because it takes advantage of the fact that a particular act, the Temporary Wheat Reserves Act, brings the money to the farmer in a roundabout way. The money initially goes to the Wheat Board. The party directly affected is the Wheat Board. Because the Wheat Board is under the jurisdiction of the Minister in Charge of the Wheat Board it is not likely to take action against the government, either by laying a charge under section 115 of the Criminal Code against the Minister of Finance (Mr. Benson) for failing to do his duty as an act requires him to do which might not land him in jail I suppose but in some place that the dean of law said he is ready to go, or to issue a writ

and a statement of claim against the government to collect the money for which the Wheat Board has issued an invoice. The government knew perfectly well the Wheat Board would not do it or go to the court and ask for a mandamus.

The government knew that the person—I use the term "person" in the legal sense—to whom under the act the money was to go directly was the Wheat Board, and that it could therefore with impunity sit back and not pay it. That is a cowardly act because it is the farmers not the Wheat Board, not the minister in charge of the Wheat Board, not the Minister of Justice (Mr. Turner) or the Prime Minister (Mr. Trudeau) who suffer. It is the farmers who suffer. In the last few years, because of government policy, the farmers have been placed in the worst financial bind they have been in for years and are now denied the money this Parliament voted them under the Temporary Wheat Reserves Act. The government keeps this money without even batting an eyelash and is brave about it, as the minister in charge of the Wheat Board wanted to be. It is possible that this government will get away with this in the long run. I hope not. I hope the Assiniboia by-election will be the first instance in which the government will learn its lesson, and that the voters in that constituency, for whomever else they may vote, will vote against the government candidate because of this kind of shabby action.

Some hon. Members: Hear, hear!

Mr. Lewis: But it is possible that the government may get away with it. I am somewhat of a student of history, as all of us are, and I have seen governments get away with a great deal. As the Prime Minister once said in his preincarnation before his present position of arrogance and power—I am not quoting but this is a correct representation—everytime anybody is deprived of a part of his right the whole of society suffers. I say to the government that what we are considering now is action by a government which is in breach of the law, which can be described as defalcation, theft or contempt of the law, and when the government acts in that way it is an indication to every citizen in the country to look with less respect upon Parliament and with less respect upon government in general. The people of Canada should look with disrespect on this government. But that is not the issue. The painful fact about this kind of behaviour is that it does not hurt merely the government in power but throws a shadow over all democratic government.

Some hon. Members: Hear, hear!

Mr. Lewis: The painful fact about this kind of behaviour is not merely that one, two or three people were guilty of a misdemeanour but that when this behaviour is exercised by a government despite its attention having been drawn by Members of Parliament to the misdemeanour, a question mark is placed against democracy itself by the young people in Canada. Like young people all over the world, they have become disenchanted with the democratic process because it has been slow in producing peace, in producing justice, in producing human equality and in ridding us of the twists and turns that have beset our society. It has been slow in all these areas. We have to admit it has been slow, but we can still say, as I believe, that democracy is the best way even though a little slow. However, it has been slow in many of these areas and the young people in Canada in large numbers have become disenchanted with the democratic process because of its slowness, because of its failure, because of its rifts and its divisions.

What will the young people say when they read and hear what has been said, and realize that there is a law on the books requiring the Minister of Finance to pay monthly since August 1, 1970 an amount which has been requested by the Canadian Wheat Board and with respect to which the government has deliberately refused to pay a penny every single month since August 1, 1970. That law does not say the minister may; it does not set out any conditions or any circumstances. This section of the act contains as clear and forthright a statement as can be. It simply provides, without reading the whole of section 3:

> The Minister of Finance shall, out of the Consolidated Revenue Fund, pay to the Board for each day in that crop year an amount equal—

And later, it continues:

> (b) in respect of any subsequent crop year—

That is subsequent to August 1, 1955.

> —the total amount payable for the crop year shall be paid in equal monthly payments within such crop year.

I happen to be a lawyer by profession, but one does not have to be a lawyer to understand that clear language. For once, the people who drafted that particular law did not use legalese. It is almost English, as I read it. There is no doubt as to what it says. It says that the Minister of Finance (Mr. Benson) shall pay out of the Consolidated Revenue Fund a certain sum of money, the calculation of which is also made clear. It says that the Minister of Finance shall pay each month in that crop year one twelfth of the amount of money. There is no doubt as to what it says. What possible reason can the government have for not paying it, except its absolutely unlimited self assurance and arrogance that it can do as it pleases and get away with it because it has those rows of men who are governed by their loyalty to a party and to the bag man of the party rather than any loyalty of conscience.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Notre-Dame-de-Grâce (Mr. Allmand) is rising on a question of privilege.

Mr. Allmand: Mr. Speaker, I ask the hon. member to withdraw the accusation he made by saying that we are supporting the government because of some loyalty to a bag man. I reject that entirely. I support this government because I support its policies.

Mr. Lewis: I was not talking in general about hon. members opposite supporting the government. I assume that members opposite support the government because they support its policies. I give them credit for at least that much. But I cannot understand how any person on the other side can with conscience permit the government which leads that party to break the law and yet not open his mouth.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lewis: The combined opposition parties on this side form a minority in the House, but if the members on the other side, lawyers and others, who know perfectly well that there has been a breach of the law, that it is unforgivable and indefensible—

Some hon. Members: Hear, hear!

Mr. Lewis: —showed the courage of their convictions and told their government that they would not stand for it, then the Minister of Finance and the ex-dean of law would have to do what the law tells them to do.

Some hon. Members: Hear, hear!

Mr. Lewis: There are some members of the House who suggest occasionally that I am a bit hard. I was told at lunch just today—

• (3:50 p.m.)

[*Translation*]

They say that I am hard, Mr. Speaker.

[*English*]

I make no apologies for saying what I did, even though I regard with the greatest respect everyone on the other side whom I have met personally. However, I say to them that there are times in Parliament when this kind of party loyalty should take second place to a clear duty of every Member of Parliament to protect the law and to make the government observe it.

Some hon. Members: Hear, hear!

Mr. Lewis: I say that the government is guilty of defalcation and contempt of the law. They are guilty also of blackmail because the reason for all of this is that they have put $100 million into Bill C-244, and combined it with a stabilization plan which is unacceptable to the farmers. In this way they have put on the farmers of western Canada and on farm organizations a double squeeze. They say "you give us the stabilization plan or you will not get either the payments under the Temporary Wheat Reserves Act or the payments under the stabilization act", and I say that that is clear blackmail which is unworthy of any government, unworthy of even the government under which Canada now suffers.

I suggest to you, Sir, that we can restore the place of Parliament, the place of government and the place of the law if the minister who speaks for the government in this debate does several things: first, if he has the sense of duty to admit that perhaps a mistake has been made, made in good faith originally I have no doubt. I do not question that. Originally, the government had a bill that was going to repeal the Temporary Wheat Reserves Act, and it thought it had a good bill. I remember when it was introduced with a paeon of praise as being the best kind of stabilization plan that had ever been conceived. The government may well have thought that therefore it would pass through the House quickly, and that the repeal of the Temporary Wheat Reserves Act would take place, as a result of which payments for a month or two might be delayed. That may have been the idea of the government in good faith. But the minister now cannot hide behind that.

Fourteen months have passed since August 1, 1970, and for fourteen months the government has failed to obey the law. Therefore, the minister can no longer say "we intended that the act be repealed". Laws are not made by intentions; they are not repealed by intentions. Two or three months might be forgivable, but fourteen months of ignoring the law is surely indefensible. The minister should admit that originally it was hoped that in two or three months the law would be repealed and a new law would take its place. Even then, he would have been out a month or two. Now that he sees that a long time has gone by, that Bill C-244 has not yet passed this House let alone the other place, he should admit that an error was made and should undertake to pay the money out forthwith without any delay, not even the delay of a day. He should pay the money to the Wheat Board and enable the Wheat Board to make the money available to the farmers entitled to it.

Second, I again make a plea to the minister that he split Bill C-244, take the $100 million, the temporary transitional payment, as a separate item and put this to the House. So far as my party is concerned and I would be surprised if this were not true of the Conservative opposition, we would pass it without debate in half an hour, thus letting the farmers have the advantage of that money.

Some hon. Members: Hear, hear!

Mr. Lewis: Finally, a meeting is to take place, as the minister admitted during the question period, of the provincial ministers of agriculture of the three prairie provinces who have asked the minister to meet them on Bill C-244 so that they can make suggestions for its improvement. I suggest that it is indecent of the government to try to pass Bill C-244 without at least hearing what the provincial ministers of agriculture of the prairie provinces have to say. Therefore, it seems to me that the road is clear for the government. They should pay the money under the Temporary Wheat Reserves Act without delay, all the money that is now payable, and if the government has the graciousness and generosity, they should split Bill C-244 so as to make the $100 million available as well.

I have had occasion to spend some time in the prairie provinces in the last few months. I have met many farmers and I know from personal observation, as do many hon. members, that the wheat farmers in western Canada in particular are in great financial distress. They deserve to get the money that is owing to them, not only under one act or the other but under both the Temporary Wheat Reserves Act and under Bill C-244.

I regret to have to say that we cannot agree with the second part of the motion moved by the Leader of the Opposition (Mr. Stanfield) because—and I say this with respect—it is simply inaccurate. The Temporary Wheat Reserves Act has not been repealed, and the Revised Statutes do not claim that it was. In the schedule to the statute which sets out the acts which were repealed the Temporary Wheat Reserves Act does not appear.

I will therefore, without taking any more time, move:

That the motion be amended by deleting all the words after the words "the provisions of the Temporary Wheat Reserves Act" and

by substituting therefor the following words: "and this House calls on the government to pay forthwith to the Canadian Wheat Board the sums of money it is required to pay as specified in the Temporary Wheat Reserves Act, the said act still being part of the law of Canada."

The amended motion would then read:

That this House, conscious that the government is bound by the laws of this Parliament as are the citizens of this country, condemns the government for its deliberate flout of the provisions of the Temporary Wheat Reserves Act and this House calls on the government to pay forthwith to the Canadian Wheat Board the sums of money it is required to pay as specified in the Temporary Wheat Reserves Act, the said act still being part of the law of Canada.

In conclusion, may I plead with Parliament, hon. members opposite as well as hon. members on this side of the House, that what is in issue is the very status of Parliament in the eyes of the people of Canada, the very respect for government in the eyes of the people of Canada. As conscientious Members of Parliament we cannot allow the government to break the law with impunity and to continue to break it without a word from this House of Commons.

Some hon. Members: Hear, hear!

• (4:00 p.m.)

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, first of all I would like to congratulate the leader of the official opposition (Mr. Stanfield) for introducing at this time a motion of utmost importance for western wheat producers, and may I also congratulate the leader of the New Democratic Party (Mr. Lewis) for moving an amendment to clarify the situation from the legal standpoint and substitute the following words for certain others:

[*English*]

—this House calls on the government to pay forthwith to the Canadian Wheat Board the sums of money it is required to pay as specified in the Temporary Wheat Reserves Act, the said Act still being part of the law of Canada.

[*Translation*]

Mr. Speaker, I have just come back from a trip out west where I had the opportunity of meeting farmers in northern Alberta and Saskatchewan, as well as the southern part of those provinces. In fact, I visited Weyburn, Radville, Regina, Calgary, High Prairie and Lethbridge. I met representatives of agricultural associations, among others those of the wheat producers. Everywhere, and I say this quite sincerely, I noticed that the people were not pleased at all with the government. This government is not very popular in western Canada because it does nothing concrete to help the farmers of that area.

I met farmers who are still waiting for the payments of the Canadian Wheat Board, people who have been forced to resort to banks and financial institutions to borrow rather considerable amounts at 12, 15, 18 and 20 per cent interest, while the Canadian Wheat Board is absolutely unable to help them because the government does not act on their behalf. The minister responsible for the Canadian Wheat Board (Mr. Lang) blames the opposition. The latter demands that the $100 million referred to in Bill C-244 be immediately distributed to farmers. The government insists and answers that the opposition is to blame if western farmers are not paid. If we want to take the government at its word, in short if the government, which has a majority in the House, is really tired of the opposition, why does it not invoke Standing Orders 75A, 75B and 75C that were adopted last year and does it not impose a vote on Bill C-244? No! The ministers, playing politics, wander throughout the country saying: It is the opposition that is holding us back! It is the opposition that is hindering our work! Let the opposition adopt the bill, then we will be able to distribute the $100 million.

That is truly intimidation. And this intimidation, the government believes that it will be able to convince western farmers that they will be its victims, but they are merely disgusted. Western farmers are now disgusted with the government because it does not carry out its responsibilities.

Mr. Speaker, I see the Minister of Agriculture (Mr. Olson) who always has something to say with regard to wheat, and I recall the time when he sat among the Créditistes here and spoke to us of the two-price system with regard to wheat for western farmers. His two-price system, today—

[*English*]

Mr. Nielsen: He is not listening to you.

Mr. Caouette: I know he is not listening, and when he does he doesn't understand.

• (4:10 p.m.)

[*Translation*]

Mr. Speaker, as for his two-price system for farmers in order to help them sell their products, there has been no mention of it since he became Minister of Agriculture. When he was sitting on this side, he seemed to talk with logic but he does not have the right to do so any more and he says to farmers: Your business is good.

Mr. Speaker, when I met western producers last week, I found that the government or the Canadian Wheat Board were causing them a good many difficulties. A farmer had attempted for instance to sell wheat in another province and he was called a bootlegger. They threatened him with a heavy fine since it is forbidden to make transactions without going through the Canadian Wheat Board. When the same people ask the Canadian Wheat Board for assistance, the answer is: We cannot help you, we are waiting for instructions from Ottawa.

The people in Ottawa say: If nothing goes, the fault lies with the opposition. The aim is to make the opposition responsible and to play the political game, in order to attract farmers' votes in case there would have to be an election. I repeat what I said earlier: Farmers are not taken in by the troubles of the government. And, as it says in the motion, nothing prevents the government from using the existing legislation to give the Canadian Wheat Board the $100 million that will enable them, in turn, to make the necessary payments to farmers who are entitled to them and will then be able to meet their obligations and solve their problems.

Mr. Speaker, I also heard some farmers complain. Everywhere in Canada we hear the same old story! Out West, quite often we hear people say: If things are not going well, it is because Ottawa gives too much money to

the East. And in the East, we hear people say: If things are going all wrong, it is because Ottawa is giving too much money to the West. There is enough money for all Canadians, and we can help the farmers from the East as well as those in the West.

Out West people say: The government is giving grants to the milk producers, textile manufacturers, butter and cheese producers and tobacco growers in the East. That seems rather funny. The government subisidizes tobacco farming in order to enable the growers to make ends meet, and then it pays for advertisements telling the people: Don't smoke, don't use tobacco because it is harmful to your health. Subsidies are granted to promote production and later comes the warning: Do not use tobacco. Is there anything more stupid than that?

Mr. Speaker, there was no granting of subsidies to Western Canada. Farmers were told three years ago that too much wheat had been produced in the West, that there was a surplus, in short, that the elevators were chock-full. The farmers had so much wheat they didn't know what to do. Indeed, wheat was under the snow throughout the winter months.

Then the Minister of Agriculture told the farmers to produce barley. There was a great demand for it on an important international market. Many farmers stopped producing wheat and began producing barley. This year, they were told we had too much barley. But it seems that the wheat market is getting stronger. They are told to start producing wheat again. Farmers have been taken in like that for many years.

Mr. Speaker, on many occasions we suggested that the government establish a global farm policy for wheat and dairy producers, etc. We must make them sure that they will sell their production. The point is to build silos for storing wheat that could eventually be used to assist underdeveloped countries. Why not?

During the war, we built warehouses with a view to storing armaments, in case we had to take part. We spent hundreds of millions of dollars to buy Bomarc missiles, in case we needed them. Today, we have to discard them because they are said to be obsolete and of no use.

However, wheat could serve a useful purpose, for instance, feeding two thirds of the human beings now starving. We could help those who hunger and thirst for justice, and this not only in Canada but also elsewhere in the world. And by helping these people, we would help our farmers and guarantee the sale of their entire production, not at ridiculous prices, but at prices which would enable them to live and enjoy the same standard of living as that of industrial workers and most other citizens.

It seems to me that no miracle is necessary to guarantee to the farmers the sale of their entire production; then western and eastern farmers would stop blaming one another. Not only would Canadian farmers be happier, but they would cease to always expect the government to adopt laws which quite often do not help them really.

It has been customary these last few years, to bring forward bills containing a lot of disparate and complex clauses.

Omnibus bills are introduced, because the government does not want to deal with a particular subject.

In this case, if we were to pass Bill C-244 providing for $100 million for the Canadian Wheat Board, we would also be passing a bill which provides for stabilization, which is unacceptable by and large. Therefore why not keep those provisions of the bill which provide for $100 million that the Canadian Wheat Board will give out to the western farmers who need it, if the government decides at last to abide by those provisions.

The government should take its responsibilities, which are not those of the opposition. I say this in closing: the opposition can be blamed, but there are means available to the government to secure passage of the bill it has introduced. The government could apply Standing Orders 75A, 75B and 75C which it adopted last year and which would oblige the government to call a vote on the bill within 48 hours. But it is afraid. It is pulling back and blaming the opposition. Insofar as we are concerned, I believe that in our capacity as members of the opposition, we can take our responsibilities, the first one of which is to tell the ministers what we expect from them, what the people expect from the government. And what the Canadian people expect from the government is that famous just society that was promised in 1968.

[*English*]

Mr. Mackasey: Mr. Speaker, would the hon. member permit a question?

The Acting Speaker (Mr. Laniel): Order, please. The minister knows that he may only ask a question if the hon. member agrees to accept it. Does the hon. member agree?

Mr. Caouette: Of course, I do.

[*Translation*]

Mr. Mackasey: If Bill C-244 were put, would the hon. member vote for it as it stands?

Mr. Caouette: With or without amendments, we will not support it, that is just what we are saying. We say: Give the Canadian Wheat Board the $100 million it is meant to get under the bill, and we will then debate the other provisions of the bill.

[*English*]

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, in his remarks this afternoon the Leader of the Social Credit party referred to something which I consider to be of utmost importance in this country. He said that in his travels in western Canada he heard the persistent theme that the government is doing everything for eastern and central Canada, and nothing for the west. I know that in the particular part of the country from which he comes, as well as in other parts, the reverse is shouted with tremendous volume. People say that we are doing everything for the west and nothing for the other parts of the country. I appreciate what the hon. member has said to this House because, in view of his own place of residence, his own interests in his constituency and so on, I find it extremely useful to be able to join with him in expressing concern about this and about its importance to this country. I have frequently found in western Canada that policies such as our textile policy are cited as examples of the help we give to eastern Canada. In Quebec, at the same time, these policies are considered to be inadequate for conditions there. That is a matter of

serious consequence, because it is of fundamental importance for this country that we, as politicians on the national scene, should attempt to unite the country by helping people to understand the difficulties in each area of the country. I, in my turn, try to express the problems of Quebec to my constituents, and the hon. member in his turn, helps to explain to his constituents the problems which western Canada faces. I, therefore, appreciate the sentiments he expressed.

The government has been considering rapidly and thoroughly many aspects of the problems facing western Canada. Indeed, since mounting our special efforts almost two years ago, there are few aspects of the problems concerning the grain farmer with which we have not dealt or which we have not considered seriously from the point of view of attempting to make improvements and bettering the grain producer's position. Many more measures which are under consideration will come forward before long. They relate to improvements in the situation with which farmers are faced.

When the stabilization bill proposals were enunciated in their final form on March 15, I indicated at that time in statements I made that the whole question of the income position of the grain farmer, which we were concerned about, needed constant examination. I indicated I was convinced that we had not done enough on the sales side, that is on the marketing side, over the years in going after international markets. We had not stressed that side enough. It seemed to me that there were only two sources from which income for the producer could come. One source was the proceeds from the sale of his product and the other was the treasury, or the rest of the people of Canada. I indicated at that time that although we were optimistic about our sales position, and in fact, that year turned out to be a record year for the export of grain, that we would have to look at all times at the income position of the farmer. I also indicated in the context of proposals which we were moving forward, which have now emerged in part and only in part as Bill C-244 which is before this House, that the package or proposals we were talking about was designed to increase treasury support for the prairie farmer by something in the order of $100 million in 1970-71 and 1971-72 taken together over what would have been the case if no improvement in programs had taken place. That indicated our recognition of the serious cash position of the farmer. Nevertheless, we believed that there would be a record year in exports.

In the course of considering those proposals, we looked at existing programs and offered new ones. We looked in particular at the Temporary Wheat Reserves Act, which had been fairly seriously criticized by farmers over the years because of the manner in which it offered assistance to wheat only as against other grains which the very same farmers might choose to grow. That act was criticized also because of the way it led to the congestion of elevators on August 1 just before the new harvest was to be taken off. It was criticized also because, in helping with regard to wheat and in leading to a per bushel payment for wheat, the act helped large farmers very significantly more than it helped small farmers,—taken as a group; because it was the large farmers, of course, who might have a very large number of bushels of wheat delivered. They would get the same benefit per bushel as the operator of a small farmer who might deliver a much smaller amount of grain.

• (4:20 p.m.)

It was certainly our belief that for all of these reasons that particular statute was inadequate and undesirable. It was our belief that because of the cash shortage we should try to take the money that was involved in that statute for the year 1970-71, which at that time was estimated at about $60 million, and add to that amount more money for a payment to be made that same year under the transitional provision of the stabilization act. But we proposed a payment to be made on an acreage basis so that producers of grain other than wheat would share. Payments were to be made with a limit on the size of the farm that would be able to claim. Looking at the interests of all Canadians and the needs of other interested groups at that time, we decided that more of the $100 million, which we felt was available at that time, would be paid to those with smaller farmers than if we had not put an acreage limit upon the plan. That was the proposal.

The proposal was very clear on March 15. It had been clear previously from discussions with producers that we thought this should be done for 1970-71 and a period beyond that time. Because the Temporary Wheat Reserves Act was generally considered to be undesirable for those reasons, it was important that it be repealed and an improved method of payment be found as soon as possible.

In the debate on the bill, a number of hon. members opposite indicated their agreement with the view that the Temporary Wheat Reserves Act was generally undesirable, inadequate or led to distortion. This simply confirmed the view that was commonly held. At that point we indicated what we intended to do and subsequently did in producing for first reading on April 29 Bill C-244. In that bill, the stabilization program was to be established. Under that stabilization program, future commitments by the federal government to the western farmer are made.

In the short time available, I will not argue why that was bound to be worth more to the farmer in the future than retaining the Temporary Wheat Reserves Act would have been. Rather, I want to make the point that at that time the government was introducing, as a proposal to the House, a package which we had discussed with producers, a package which we felt at that point, having adjusted it in significant ways as a result of producer representations, was a significant improvement over the law as it stood without these changes. At that time the bill clearly stated our intention, that we should propose in that way to Parliament the repeal of the Temporary Wheat Reserves Act effective July 31, 1970.

It was surely clear to all members that when the bill passed, that clause would make the situation the same as it would have been had the act been repealed effectively and before that date in question. It was clear to the House that this was so. I gather from the remarks, in terms of timing, by the Leader of the Opposition (Mr. Stanfield) and the leader of the New Democratic Party that they understood that, because under the Temporary Wheat Reserves Act in fact some progress payments would have been made to the Canadian Wheat Board even before that point of introduction. In other words, it was the govern-

ment's plan to test the will of Parliament on a substitution that we considered to be a better package, immediately adding approximately $40 million which is part of our total package, and adding a good bit more than that to the prairie farmers' income during the course of that two year period. That was introduced to test the will of Parliament.

It was clear to us from the consultations we already had with Members of Parliament that there would likely be substantial support in this House for that bill. It was never our intention to suggest that somehow neither the one set of benefits nor the other would be available to farmers. We were specifically discussing a new proposal more beneficial to farmers when compared to the law as it stood without these changes. We wanted this bill to progress through the House. I think the record on that is clear. Certain opposition members, when speaking with regard to agricultural legislation as many of them from the prairies do, take a tremendous amount of time to discuss matters irrelevant to a bill before the House and delay legislation.

Some hon. Members: Oh, oh.

Mr. Lang: The record in the committee also makes this clear.

Mr. Lambert (Edmonton West): You are being fatuous.

Mr. Lang: It is clear as well that the political fact that there was an election in Saskatchewan, and the fact that there is a pending by-election in Saskatchewan, has been in the consciousness of members of this House. At all times I asked members of this House and members of the committee to allow this issue, whether the Temporary Wheat Reserves Act should be repealed effective July 31, 1970 and there be substituted therefor this other package of proposals or the other part of the proposals composed of the stabilization bill, to come to a vote to test the will of Parliament on it.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh.

Mr. Lang: If the Temporary Wheat Reserves Act were to be fallen back upon in place of the measures now before the House, this would mean that the payments which ordinarily would have been made to the Wheat Board for transmission to the farmers would again be made. This would have amounted to something in the order of $62.1 million according to the most recent calculation of that figure. There have been other figures mentioned, but this one appears to be more certain. This is at the end of July. If this had been paid, $38.6 million would, in the ordinary course, have reached the farmers during the month of June. We recognize that if the House were not to approve that significant clause in Bill C-244 that we would certainly have an obligation with regard to this legislation and to this payment and, indeed, with regard to interest on it for the period during which this payment was delayed. It appears hon. members may have been following a different course, that is, talking endlessly without any intention of letting this question come to a vote.

• (4:30 p.m.)

Let me put the issue completely before Your Honour. The government has continued to give high priority to Bill C-244 as an item in its legislative agenda. It has called the bill despite the fact that the competing priorities are of great importance. We shall continue to seek the approval of the House for Bill C-244. Several hon. members have suggested we should use on or other technique to close off debate. But members of the government are very loath to do so, wishing normally to give the opposition a generous and full opportunity to speak. The hope is, though, that members will speak relevantly and to the point, and in due course allow a decision to be taken.

Some hon. Members: Hear, hear!

Mr. Lang: The question of the alternatives has been discussed before by members of this House. In the committee, questions were asked about what would happen if the bill were not passed as of the end of the earlier part of the session. I indicated then that if that were to happen the government would have to look again at its attempt to pass what it considered to be an improvement to the law, and consider reverting to the law as it stood, without changes being made. In other words, not to rely any longer on the passage through the House of a clause which had already been approved on second reading and in committee repealing the Temporary Wheat Reserves Act as of July 1, 1970. Should the opposition continue to prevent the House coming to a vote on this issue—filibuster, my hon. friend says, and I agree with him—should the opposition prevent this issue coming to a vote in a reasonable period, we would have no alternative but to—

Mr. Benjamin: Obey the law.

Mr. Horner: Pay your debts.

Mr. Korchinski: Plus interest.

Mr. Lang: —say to the farmers that their spokesmen in the opposition have prevented us from enacting what we consider to be an improvement in the law and we, therefore, would have to consider that Bill C-244 in all its parts was a dead issue, and, of course, immediately, at that time make the payment under the Temporary Wheat Reserves Act for that year and, indeed, for this. This would mean, Mr. Speaker—

Mr. Lewis: More blackmail.

Mr. Lang: The hon. member says "More blackmail".

Mr. Faulkner: The experts are speaking.

Mr. Lang: The leader of the New Democratic Party is, of course, very conscious of the fact that an attempt will be made by his colleagues fighting the by-election in Assiniboia to picture their obstruction of beneficial legislation for farmers as a lack of attention by this government to the problems of farmers. Where is the blackmail?

Mr. Lewis: Mr. Speaker, I have listened to some tortuous sentences in my life, but never to one quite so tortuous as that.

Mr. Lang: To the farmers, I say as I said on March 15: We shall, of course, have to examine ways of seeking to improve the situation. We shall continue to try to bring additional measures forward to help them.

The lack of support for the Temporary Wheat Reserves Act was emphasized by the fact that when the farm organizations came before the committee, though they were generally quite free to express criticisms of what the government was doing, or not doing, for the prairie farmer—

Mr. Peters: And did.

Mr. Lang: —and they did, because they were very conscious of the fact that as long as the prairie farmer is in a serious position he is not likely to be appreciative of things which were already being done; they were demanding, basically, that more be done. As leaders of farm organizations they might not have been willing to be satisfied with my undertaking to examine the over-all situation in which farmers find themselves. When they appeared before the committee they did not object to the repeal of the Temporary Wheat Reserves Act as of July 1, 1970, except to the extent that they came forward with alternative proposals involving the payment of money to farmers from the treasury. Basically, though, there was no objection to the repeal of the act. None of the farm representatives said the act was inherently good legislation. That is significant.

Mr. Peters: They never even mentioned it, and I have been a member of the committee for 15 years.

Mr. Lang: Members opposite have tried to suggest that the bill before the House could somehow be dealt with in such a way that the parts which are very popular among the farmers, involving the simple payment of money, could be separated from the rest of the legislation. But the government is bound to come forward with packages of proposals which are intended to improve the farm situation. It is very easy for members opposite to say: We would like the good part of that, and the good part of this.

Mr. Baldwin: What part of C-244 is bad?

Mr. Lang: It is easy for them to say: We would like more money for the people in our region. But, as I suggested to the leader of the Social Credit party, members representing the province of Quebec or other parts of eastern Canada might complain that the government was doing too much for western farmers as compared with what was being done for farmers, say, in Quebec.

Mr. Horner: The government is robbing the farmers of money.

Mr. Lang: The Temporary Wheat Reserves Act is agreed generally to be an inadequate piece of legislation.

Mr. Lewis: It is still the law.

Mr. Lang: With the greater emphasis on the production of barley and rapeseed, it was inevitable that a substitute for it be found. It was important, also, that the elevator system should not remain clogged with wheat as in the past. As a result of the fact that this year the elevators are no longer completely clogged with wheat, it has been possible for producers to market grain in larger quantities in the month of August and the first weeks of September than for a significant period of time. Indeed, during the first six weeks of the crop year until the week ending September 15, producers have marketed a total of 83.5 million bushels of grain compared with 46.3 million bushels in the previous year and 36.7 million bushels in the year before that. This means that almost as much has been marketed by producers this year as in the two previous years together.

Some hon. Members: Hear, hear!

Mr. Horner: At half the price.

Mr. Lang: This is partly due to the fact that in our attempts to help the farmer and our tremendous emphasis on marketing, marketing and more marketing, not only did we see the completion of a record year of exports last year but we are still seeing, on September 15, exports running significantly ahead of the same time last year. Last year, when we were on our way to a record year—hon. members opposite have been speaking of the poor years—90.7 million bushels of grain were exported. As at the same date this year 98.5 million bushels of grain have been exported.

• (4:40 p.m.)

I have explained the alternative that faces this House in terms of reaching the question on Bill C-244 and enacting a series of proposals that are a significant improvement in the situation facing the farmers on the Prairies. I hope that this improvement will soon be realized.

In addition, may I say that I will continue to work for improved and better programs for the farmers of the prairie provinces for whom, in my responsibility for the Canadian Wheat Board, I have a special interest. I continue to hope that in presenting these proposals to the House they may gain the support of hon. members opposite.

Mr. Nielsen: Obey the law.

Mr. Lang: I also suggest to hon. members opposite that it is extremely difficult for the government to put forward and to implement laws that benefit the prairie farmers as long as—

Mr. Horner: You have made a tool out of the Canadian Wheat Board.

Some hon. Members: Oh, oh.

The Acting Speaker (Mr. Laniel): Order, please. The Chair wishes to bring the House to order and to ask the co-operation of all hon. members in letting the minister be heard and complete his remarks. I am wondering whether the minister has concluded. In any event, I think this rule should apply throughout this debate and all other debates.

Mr. Baldwin: Mr. Speaker, on a point of order, we would be glad to obey your request, but would you also remonstrate with the minister by asking him to be relevant and to speak to the motion before the House.

Mr. Lang: Mr. Speaker, I have reviewed for the House the decision taken by the government to offer the House a package of proposals affecting the prairie farmers that is better, in my opinion, than anything that existed before. Included in that package was the repeal of the Temporary Wheat Reserves Act effective July 31, 1970. The bill containing these proposals will continue to be debated. That

the repeal of this act was to be effective as at that date has been known to the House for many months. I ask the House, as I ask it each day that the bill is before it, to allow these issues to come to a vote in this House.

So that there is no misunderstanding about this, let me repeat that we would not feel, as I said to the committee on June 18, that we could necessarily go forward with these proposals, including the immediate payment of money to the prairie farmers, without the support of the House. We could not continue, without reviewing our position, to act as it would be proper to act, with the approval of the House, in repealing the Temporary Wheat Reserves Act effective July 31, 1970. If that proposition is not in due and reasonable course permitted to come to a vote, if this filibuster grows and continues, then we would have no alternative but—

Mr. Peters: Go to the country.

Mr. Lang: —to accept that our attempt to improve the situation of the prairie farmers under Bill C-244 has not been possible. We would say to the people that we believe that responsibility for the delay, for the obstruction, was that of the opposition in not letting these matters come to a vote.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): Order, please. I regret having to interrupt the minister but his time has expired.

Some hon. Members: Continue.

The Acting Speaker (Mr. Laniel): The minister knows that he cannot pursue his remarks unless he has unanimous consent to do so. Does the House agree to allow the minister to continue his remarks?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): There does not seem to be agreement. The hon. member for Yukon.

Some hon. Members: Shame.

Mr. Erik Nielsen (Yukon): Mr. Speaker, hon. members opposite cry "Shame", but I have been sitting here, as we all have, listening to the minister for the past 30 minutes and expecting to hear some defence of the unlawful actions of the government. I have heard absolutely no defence. For 30 minutes the minister spoke of reverting to the law as it stood, an astonishing statement coming from a dean of law. He spoke of the legislation being bad. I should not have to point out to this dean of law that, whether legislation be bad or good, it is still the law of the land. I know that he cannot be an example of the product of the law school of which he was dean. I cannot bring myself to believe that he is the sort of graduate that that distinguished law school turns out.

The justice minister issued a news release dated today announcing a national conference on the law. The opening statement of that news release is as follows: "Our legal profession must respond promptly and creatively to the fact that society is our client".

Mr. Olson: Get back to wheat.

Mr. Stanfield: We are not on wheat, we are on the law.

Mr. Nielsen: If society is the client of the Minister of Justice (Mr. Turner), this dean of law and this government, then I can only say it is deserving of much better counsel than it is getting.

The motion before the House states that the government is bound by the laws of this Parliament, as are the citizens of this country, and condemns the government for its deliberate flouting of the provisions of the Temporary Wheat Reserves Act. I want to deal with some of the reasons that I believe have brought Parliament to its low level and to the low regard in which it is held by the people of Canada.

Mr. Hogarth: With your contribution you should know.

Mr. Nielsen: The hon. member for New Westminster (Mr. Hogarth) is very fond of interjecting while seated, but if he would have the spine to get up and take part in this debate I would think a lot more of him. However, I shall have something to say generally about the courage of hon. members opposite.

Mr. Hogarth: I do not doubt that. You are a great man when it comes to courage.

Mr. Nielsen: I will compare my background and courage with that of any member on the opposite side, particularly the Prime Minister (Mr. Trudeau). I have spoken before, Sir, of the concern which I have had for the transformations that are taking place in our form of government, a concern which is being shared by ever increasing numbers of Canadians throughout this country.

• (4:50 p.m.)

The subject matter of this motion of non-confidence is another manifestation of the wilful and deliberate destruction of responsible government as we have known it and the emasculation of this House of Commons which is supposed to be the instrument by which our democratic way of life should be protected. The process of erosion began under the previous Prime Minister. I thought then that matters were approaching the danger point and that an aroused public opinion was required in order to bring to a halt the objective of that government to arrogate all power unto itself. That did not come about. In the course of the last three years, however, the rapidity with which the present Prime Minister accelerated the process of destruction presents, in my view, the single most dangerous occurrence which is concerning Canadians today. This is being brought about by a man who, in my view, is the most dangerous Prime Minister in Canada's history.

Some hon. Members: Hear, hear.

Mr. Nielsen: To quote him, he is a man who believes it to be:

> . . . conceivable that a benevolent despot might rule wisely, establish a just order for all his subjects, and leave them enough freedom of expression.

The rub there is, by whose standards are we to determine whether his rule is wise? By whose standards are we to determine whether the order established by such a despot is just and by what and whose standards are we to

determine if his subjects are left enough freedom of expression?

Mr. Mahoney: Read it all.

Mr. Nielsen: The hon. member for Calgary South (Mr. Mahoney) interjects. He is the member who stood up the other day and said that everything about the economy of this country is beautiful, that we are getting along just fine. If the hon. member would like to borrow the publications—if he has not read them yet he is welcome to them.

Clearly this kind of philosophy and other Trudeau philosophies are transforming this House of Commons into a flabby, ineffective debating forum.

Mr. Jerome: Right on, now.

Mr. Nielsen: The forum is a flabby debating forum precisely because of that stupid collection over there, Mr. Speaker, the braying donkeys. It is a legislature which the Prime Minister barely tolerates and which he now uses as his own personal tool to accomplish his aims. This place is no longer the master, the master sits over there.

Mr. Boulanger: Don't point at me.

Mr. Nielsen: No longer does he account to Parliament for his actions.

Mr. Paproski: You may not believe it Boulanger, but wait until you get on the road.

Mr. Nielsen: Whatever the actions of his ministers, he must bear the ultimate responsibility. He is above the law, the Prime Minister who sits over there. Remember his promises? He did make a few.

Mr. Paproski: What promises?

Mr. Nielsen: One was the establishment of a just society. Another promise was to reform Parliament. Yet another was "the creative use of the law". We are certainly getting a reformation of Parliament. He has destroyed the cornerstone of the very essence of our system, the principle of accountability. The creative use of the law—he uses the law if it pleases him but if it does not please him or if he finds it inconvenient for his purposes, he ignores the law.

Mr. Hogarth: Erik, the only law you know is your mother-in-law.

Mr. Nielsen: I think the hon. member for New Westminster (Mr. Hogarth) could join the class of the minister responsible for the Wheat Board. They seem to be on the same intellectual level as far as the law is concerned. The Prime Minister ignores the law, safe in the knowledge that he has a sufficient number of what he has been pleased to refer to as "braying donkeys" behind him to support his decisions.

Creative use of the law indeed! He has used the law to incarcerate innocent citizens for actions which were not crimes at the time but which he made crimes in order to justify his own benevolent despotism.

Mr. Mahoney: A direct quote from the *Weekend Magazine.*

[Mr. Nielsen.]

The Acting Speaker (Mr. Laniel): Order please, order please! Although hon. members may be enjoying this, it is the responsibility of the Chair to keep order in the House. I hope that hon. members would try as much as possible to refrain from shouting from one side to the other so that the Chair can hear what is being said.

Mr. Paproski: A point of order, Mr. Speaker. I think it is only fair—

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Edmonton Centre (Mr. Paproski) is rising on a point of order.

Mr. Paproski: On a point of order, Mr. Speaker. I think it is only fair that people on the other side of the House should have a little more respect for the Chair. I concur with you, Sir.

The Acting Speaker (Mr. Laniel): Order, please. The Chair appreciates the remark from the hon. member and welcomes it. The hon. member for the Yukon (Mr. Nielsen).

Mr. Greene: Get to the point.

Mr. Nielsen: The Minister of Energy, Mines and Resources (Mr. Greene) interjects. He tells me to speak to the point. He should have given that advice to his colleague, the minister responsible for the Wheat Board.

Some hon. Members: Hear, hear.

Mr. Nielsen: My observation to the minister is that he is a minister whith very little energy left and very few resources.

Mr. Greene: It is always nice to see you in the House.

Mr. Nielsen: We have a just society, a society in which the Prime Minister is the master, a society in which he is the government, a society in which he is accountable to no one and, now, not even to Parliament. He has made a fraud of this place. But there is still one feature of our system which requires his accountability, the people and the ballot. Once every four years, by tradition, he must account for his actions at the polls.

The most frightening aspect of all these events, however, is the woeful lack of knowledge on the part of the great majority of Canadians of what exactly has happened to their system of government under this Prime Minister since 1968. No one understands this more than he does and he uses that lack of knowledge, that ignorance, just as he uses this place. If every Canadian voter could see the open contempt that he displays for this place and with which he treats it, if they could see him shrug off his obligation to account for the actions of his ministers and himself during the oral question period, if they could hear his snide comments in reply to the questions of members—but this side of his character is not known to those Canadians who do not see him here. They only see him on television, a media which he uses as he does everything else.

Mr. Boulanger: What are you doing, your own biography?

Mr. Nielsen: I am criticizing the man who I think is responsible for the denigration of this Parliament.

Some hon. Members: Hear, hear.

Mr. Nielsen: He is quite another person on television and he knows precisely how to act in order to convey a superb television image. That is all it is, an image—cool, charming, articulate, wise—but it is still only an image. As one writer put it, television "may unmask one liar and transmit another as the very heart and soul of integrity. The results may have nothing to do with the real qualities of the man, only with his apparent qualities." This is his idea of accountability, to use television to charm people in their homes. But account to Parliament? He tolerates that as a necessary nuisance.

What of the rest, his cabinet ministers and his braying donkeys? No one in that cabinet dare speak out. Real freedom of expression does not exist. The ex-minister of communications knows whereof I speak. In an article in *Maclean's* magazine for July 1971, on page 32, the hon. member is reported to have said this:

> You were always listened to with great respect, but nothing would ever happen. . . . It was like a procession. You know, when the Pope gets down off the altar at St. Peter's and walks down the aisle the one thing you know is that he's going to get to the other end of the aisle. That's the way these things are. You can argue and argue and in the end the procession goes on its way.

• (5:00 p.m.)

So does the member for Trinity (Mr. Hellyer) know whereof I speak. These are two men of courage in my view, two men who were not prepared to adhere to the admonishment of the Prime Minister to "behave yourself and do as I think"; two men who dared to think for themselves and who were banished by a man who has taken absolute power unto himself.

Why, we ask, have we reached the point where Parliament enacts a law which is deliberately breached by the government headed by this Prime Minister? The people have a right to feel secure in the belief that such conduct could not possibly occur. Why? Because they say, "Parliament is there to protect us from that sort of thing and members in the House of Commons would not allow such conduct". As we have experienced, this House of Commons is powerless to do anything unless it be that some opposition members might hope to induce representatives of the media to attempt to arouse public opinion, as was done when the government attempted to muzzle the Auditor General.

An hon. Member: Shame.

Mr. Nielsen: What could be more important a matter upon which to inform Canadians? If the hon. member for Calgary South (Mr. Mahoney) would have the guts to get up on his feet and say things he might get a response from me.

What could be more important a matter to occupy the concern of all members of the House, not only we who sit in the opposition but all members? What could be more important a matter than for this House, acting in unison, to bring to a halt a Prime Minister and a government openly and brazenly violating the law of the land? Yet what action will be taken by the members of the so-called Liberal party who sit in this House? Will they, by their vote, express their disapproval of a government breaking the law? Will any of them have the courage to say that laws are meant to apply not only to the ordinary citizen but also to Prime Ministers, Cabinet ministers and governments? Or will those members display their usual cowardice and meekly do as they are told by the autocratic leader of their party? Strong words, you say?

Let me tell Liberal members here that even stronger terms were used by their leader in the April, 1963 edition of *Cité Libre* in an article written by him entitled "The Abdication of the Spirit":

> I would have to point out in the strongest terms the autocracy of the Liberal structure and the cowardice of its members. I have never seen in all my examination of politics so degrading a spectacle as that of all these Liberals turning their coats in unison with their chief, when they saw a chance to take power . . . The head of the troupe having shown the way, the rest followed with the elegance of animals heading for the trough.

That is what their leader thinks of them, and that is the contempt he has for those members. So much for the myth of the integrity and independence of the Liberal members sitting in this place. Their own leader has described them far more accurately than could I and, I might say, his is an honest assessment and one that is still valid. They are a posturing, spineless bunch, making interjections, while seated, and attempting to make hypocritical speeches at home. Will any one of them have the spine to stand and defend the rule of law when this matter comes to a vote?

So, we have a cabinet composed of ministers afraid to speak their mind for fear they will follow the hon. member for Trinity and the hon. member for Duvernay, and we have Liberal members following their leader like animals to a trough, braying like donkeys as they go. What then is there left to protect the supremacy of Parliament against this one-man despotism. The effectiveness of the opposition has been drastically weakened by a series of rules changes—

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Notre-Dame-de-Grâce (Mr. Allmand) is rising on a question of privilege.

Mr. Allmand: Mr. Speaker, I wish to raise a question of privilege. I have listened for the last 15 or 20 minutes to the hon. member for Yukon—

An hon. Member: Twelve minutes.

Mr. Allmand: —perhaps for 12 minutes, slander Liberal members on this side of the House. He has questioned the motives on which we have voted in this House. He has suggested we have voted without using our consciences. I want to ask him to withdraw his remarks immediately. I wish to quote to you, Mr. Speaker, Beauchesne's Fourth Edition at page 98, section 108(3).

An hon. Member: Who is Beauchesne?

An hon. Member: You wouldn't know.

Mr. Allmand: It reads:

> Libels on members have also been constantly punished: but to constitute a breach of privilege they must concern the character or conduct of members in that capacity—

I suggest that the hon. member for Yukon has been questioning our character and conduct in our capacity as Members of Parliament and I ask you, Mr. Speaker, to ask him to withdraw his remarks. As a matter of fact, I insist that he withdraw the remarks he has made in this House.

Mr. Nielsen: Mr. Speaker, I should like to speak to the question of privilege raised by the hon. member for Notre-Dame-de-Grâce. What I was doing, Sir, was quoting from a publication by his leader.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): Order, please. The Chair is quite aware of the quotation from Beauchesne read by the hon. member, but must say at this time that although the Chair has found difficulty in following the remarks of the hon. member for Yukon because of the noisy House this afternoon, it did not seem to the Chair that in his remarks the hon. member went to the point of reflecting on the House or any individual member of the House. It is very difficult for the Chair to evaluate the importance of insinuations and accusations which can be made from one side of the House to the other. Unless the hon. member for Notre-Dame-de-Grâce wants to make a charge and quote some definite remarks of the hon. member for Yukon, the Chair does not see how it can ask the hon. member to withdraw anything he said.

Mr. Baldwin: Mr. Speaker, in that regard may I point out that the remarks—

The Acting Speaker (Mr. Laniel): Order, please. The Chair has rendered its decision and the hon. member for Peace River should not be allowed to add to what has been said unless he wants to bring in another question.

Mr. Baldwin: I just wanted to concur in the words of the hon. member for Edmonton Centre (Mr. Paproski).

Mr. Nielsen: Mr. Speaker, as I was saying, what then is there left to protect the supremacy of Parliament against this one-man despotism. The effectiveness of the opposition has been drastically weakened by a series of rules changes, again deliberately brought about by the leader of a government motivated by a lust for power. This is his promised reform of Parliament. He no longer has to worry about Parliament being an obstacle to his one-man rule. And the most astonishing reflection which may be made concerning the accomplishment of this emasculation of parliamentary strength is the fact that he has done it while leaving the impression that he has done it as an exercise in participatory democracy.

The Acting Speaker (Mr. Laniel): Order, I regret to interrupt the hon. member but his time has expired. I want to mention that the Chair has allowed the hon. member four extra minutes. Unless he receives unanimous consent he will not be able to continue.

• (5:10 p.m.)

Some hon. Members: Carry on.

An hon. Member: Enough.

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker—

[Mr. Allmand.]

Mr. Paproski: Now, we are going to get the truth from someone who knows nothing. It is nice to see him back in the House.

Mr. Osler: I am very glad to see that the hon. member is back in the House so that he can see I am in the House.

Mr. Peters: I am not sure I am happy about either one.

Mr. Osler: If I am allowed to speak, Mr. Speaker, I will not take long because I think the issue is a very simple one and there is not very much to say about it. What this country needs is action, not words, as I understand it.

An hon. Member: Man the barricades.

Mr. Osler: That is what some people are always saying, "man the barricades", and then they talk about the sanctity of Parliament from the other side of their mouth.

An hon. Member: Wait until they get you in Winnipeg.

Mr. Osler: I have a simple statement to make and it is simply this, that in my view the government has brought in a very sensible bill, Bill C-244, which is going through the normal process of passage in this House.

Mr. Paproski: Is the Wheat Board in your constituency?

Mr. Osler: Mind your own business.

Some hon. Members: Hear, hear!

Mr. Paproski: The scene of the crime is in your constituency.

Mr. Osler: I thought that members of this House liked debate, the cut and thrust that takes place in this Parliament, which is supreme; but when somebody sets up to riposte a little cut or thrust, they shout him down. It is disappointing. I thought Parliament was supreme and the place where people were allowed to speak.

Mr. Paproski: Mr. Speaker, I rise on a point of order. I am very sorry that I interjected and said that the Wheat Board was in the hon. member's constituency. I am sorry because it is in the constituency of Winnipeg North Centre.

The Acting Speaker (Mr. Laniel): Order, please. I must rule on the interjection which definitely was not a point of order. If the hon. member has a question of privilege, he may have the floor now.

Mr. Osler: It was a poor geography lesson. Most people who come from the west know where the Wheat Board is; they do not need to be informed of it and hon. members from eastern Canada do not care where it is. They know it is somewhere in Winnipeg.

My point is a very simple one. Bill C-244, by all the rights of logic, should pass through this House and should become law. It may have weaknesses, but by and large it is a good bill and it will benefit a great number of people. In anticipation of the passage of this bill, the government has taken certain action which leaves it at this moment, in my opinion, in default under the old act. As I understood the minister this afternoon, he made a solemn promise that he and this government would exert all pressure possible and reasonable to get this bill passed for the

benefit of the farmers who need the money; and that if he failed to do so he would, in effect, give the farmers a promissory note that they would be reimbursed under the old act, and if the session stops and the new legislation is not through, that interest would be paid. In my opinion, I would rather take the promissory note of this minister than listen to all the b.s. to which I have had to listen up to this point.

An hon. Member: Explain.

Mr. Osler: I am absolutely certain that if, in spite of all logic and good sense, this bill does not pass before it dies on the order paper, the government will not renege on the farmers and will pay interest on whatever money it is owing.

Mr. Paproski: They have reneged already. Let the courts decide.

Mr. Osler: Why does not someone take it to a court, then?

The Acting Speaker (Mr. Laniel): Order, please. Although the Chair said earlier that the House was in a good mood this afternoon, and although I have tried to be as lenient as possible, I think hon. members should remember that it is they primarily who are responsible for the good standing of this House. This can only be achieved by following as closely as possible the rules concerning relevancy and order, as well as other rules of this House. The Chair cannot be the sole person who has this responsibility, and I would ask for the co-operation of hon. members on both sides of the House.

Mr. Osler: Thank you, Mr. Speaker. I am almost finished anyway. As I understand the point, the farmers at this moment have a promissory note solemnly given to them this afternoon by the minister that they will be paid under the old Act, if the government is refused passage of the new bill. If it is unduly delayed, they will be reimbursed with interest. What can be fairer than that? Should one be legalistic and follow through by paying under the old bill, even though he would be putting in with one hand and taking out with another? This is not a businesslike way of doing things. It would be a stupid procedure. The one being followed is in no way contempt of Parliament, as these hon. members have been trying to say.

An hon. Member: Shame on you.

Mr. Osler: If it were contempt of Parliament, I would be as concerned as anyone else. I join my colleague who spoke a moment ago on a point of privilege. Whether or not the point of privilege was allowed, loose accusations help no one. They do not help the mood of the country, and they do not get a nickel nearer to the pockets of the farmers.

Hon. members opposite are speaking as if members on this side were in contempt of Parliament. If farmers do not get their money, I will be as concerned as any hon. member on the other side of the House and I will certainly hold the government responsible, but I have enough confidence in this government to know that farmers will get their money.

Mr. Paproski: Shame on you. You should know better. You are a phony grit.

The Acting Speaker (Mr. Laniel): Is the hon. member for Yorkton-Melville (Mr. Nystrom) rising on a point of order?

Mr. Nystrom: I wonder if the hon. member for Winnipeg South Centre (Mr. Osler) would answer a question, since his time has not expired.

The Acting Speaker (Mr. Laniel): The hon. member knows that he can only ask a question if he gets the consent of the hon. member who had the floor.

Mr. Osler: Yes.

Mr. Nystrom: I should like to ask the hon. member a simple question to which he can respond probably by a yes or a no. I put my question sincerely. Does he think, regardless of all political arguments, that the government has the legal right to withhold these payments under the act before the act has been rescinded? Has the government that right, regardless of all political bartering, yes or no?

Mr. Osler: Even if I were a lawyer I do not suppose I would say that it has or it has not, yes or no. Lawyers make their living by making long, learned decisions.

Mr. Paproski: You are not a lawyer.

Mr. Osler: If you would just shut up, you would hear my answer. My answer is that if in a reasonable length of time the government did not pay out its obligation it would be held liable like anybody else, but the minister just told you that the money will be paid within a reasonable length of time.

Some hon. Members: Hear, hear!

Mr. Paproski: After the next election.

Mr. Nystrom: May I ask a supplementary question?

The Acting Speaker (Mr. Laniel): Order, please. Again it is not the normal practice nor is it in accordance with the rules of the House—although a question may be asked with the permission of the hon. member—to allow numerous questions. I am ready to allow one more question if the hon. member for Winnipeg South Centre accepts it. However, following that, we will go to the hon. member for Regina-Lake Centre (Mr. Benjamin).

Mr. Nystrom: In view of the fact that the hon. member referred to a reasonable length of time, and it is now 14 or 15 months since the payments were last made, could the hon. member tell us what he thinks is a reasonable length of time before he would act as we are acting on this side of the House?

• (5:20 p.m.)

Mr. Osler: Mr. Speaker, I thought I made it clear earlier. This session will come to an end and the bill will die on the order paper if it has not been passed. If the government has not persuaded the opposition by that time that it is serious about its agricultural legislation, then we have no recourse but to pay under the old act.

Withholding of Grain Payments

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I will not dwell at any length on the legal arguments that have been put forward so ably by the hon. member for York South (Mr. Lewis) and the hon. member for Yukon (Mr. Nielsen), because I think that part of this debate has been more than adequately dealt with, and has yet to be answered by any member on the government side. We may still get some kind of reply, and I will await with anxiety to hear if we do. But I do wish to say that as a layman, not versed in the law, I find it strange that not once in the minister's 30 minute address did he refer to the subject matter of the amendment before us.

I listened as carefully as I could to the minister's remarks, with some of which I shall deal. I only want to say about the legal aspects of the matter just what Mr. Bain said this morning in his column in the *Globe and Mail*, and I quote:

> And the point was, and is, that it is Parliament, and not the government, which makes the law and that a law is not made until Parliament makes it, and is not unmade until Parliament unmakes it.

The minister says that in his view, and in the view of the government, Bill C-244 is a package beneficial to farmers. But the farm organizations do not think so, and the farm organizations have said so repeatedly. They have submitted briefs; they have asked; they have pleaded; they have met with the minister, and they have met with his officials. The three prairie governments do not think so either and, Mr. Speaker, the Members of Parliament on this side of the House do not think so. What is even more important, Mr. Speaker, is that farmers themselves do not think so.

I spent a great deal of time during the summer calling on farmers trying to get their opinions. I called on some farmers in the minister's own constituency. I have yet to find a farmer who would say to me that he thought Bill C-244 was good legislation. I have yet to have one farmer say that he is prepared to accept that kind of legislation in order to get an acreage payment this year. I do not know how the minister feels about the views of his constituents, Mr. Speaker, but the farmers in my constituency have got their message through to me very clearly. I consider myself instructed by the grain growers in Regina-Lake Centre to fight this legislation until hell freezes over and, Mr. Speaker, I think I have some obligation to pay some attention to the views of the grain growers in Regina-Lake Centre. Not only have I an obligation but, as a matter of common courtesy if nothing else, I should pay attention to every single grain growers organization in western Canada.

The minister can choose to ignore the Alberta Wheat Pool, the Saskatchewan Wheat Pool, the Manitoba Wheat Pool, the United Grain Growers, the National Farmers Union, the Canadian Federation of Agriculture and the three prairie provincial federations of agriculture, but I do not intend to do that, and no other conscientious member on this side of the House is going to ignore them. It is not too often that farmers and farm organizations are in full agreement on anything. It is a long time since I can recall an issue on which there was such unanimity by the farm organizations and grain farmers.

One sometimes wonders if the minister has read or even listened to the brief of the Canadian Federation of Agriculture when it was being read to him. No one can call the CFA a bunch of wild-eyed, raving radicals. No one would suggest they are an irresponsible group bent on filibustering and obstruction. The Canadian Federation of Agriculture put the matter bluntly and very succinctly in one sentence in the brief which it presented to the government on May 7. Recommendation No. 2 of the Federation reads:

> Aside from the "transitional" payment, the bill is not acceptable as it now stands.

That view is held by all the other farm organizations that I have mentioned. As reported in the Winnipeg *Free Press* of September 21, the Manitoba Minister of Agriculture, Mr. Uskiw, said:

> —Mr. Lang's plan doesn't deal with the current crisis of low farm incomes, but establishes a fund which might be beneficial by 1980.

I emphasize those words "might be beneficial by 1980".

> "While the program would pay out $100 million to prairie farmers for this year only, he said, the government has held back nearly $90 million from the Temporary Wheat Reserves Act and the change amounts to "only a trade-off of programs."
>
> Mr. Lang's plan doesn't take any account of increasing costs of production, he said, and in fact worsens the cash shortage problem because it is withholding payments that would normally be paid to farmers.
>
> "It's like asking someone to open a savings account when his current account is far in the red."

I had hoped that today the minister was going to propose some improvements in the legislation. I had hoped he would say that payments under the Temporary Wheat Reserves Act, at least for the previous crop year, would be made for those 12 months; that the government still intended to press for the rest of the legislation, but that it was prepared to make some changes in it. Had that been done, the House could have moved rapidly on the legislation. But, Mr. Speaker, the minister still remains stubborn and intransigent. He will not listen to the people whom he claims the legislation is designed to help. But the very people he says the program is beneficial to are the ones who tell him and the rest of the members of this House that it is bad legislation, and that it is not acceptable. That cannot be made any plainer, but the minister will not listen.

Does the minister really think and expect that we will sit here and supinely accept something he says is beneficial but which the grain growers of western Canada and all farm organizations say is not beneficial? Does he expect us to abrogate our responsibilities as Members of Parliament? If he does, he has another think coming to him. About the only main thrust, and I suppose one could call it the climax of the minister's speech, was the threat that unless this package of his goes through in a reasonable time the government will have to withdraw the bill, make the payments under the Temporary Wheat Reserves Act, leave everything the way it was, and blame members in the opposition parties for preventing the farmers from getting acreage payments.

In case the minister has not heard it, I wish to point out that last May and June, and at other times during the summer, a number of Liberal members were saying that the opposition parties were delaying, obstructing and filibustering. In fact, I think it would be fair to say that the minister himself also said that. If the minister is right, and

if the people of the prairie provinces believe him, then it is passing strange how they conducted themselves in Alberta and Saskatchewan on a couple of dates in June and August. I say this was an insult to the intelligence of the prairie farmers because they feel the same way we do, and we will not be blackmailed or bullied into passing legislation that the minister claims is beneficial.

If one of my duties as a Member of Parliament is to cave in because the fighting is going to be tough, then the best thing the voters can do in my constituency is defeat me the next time around. I will take my chances on that score, and I am sure the minister will, too. He will have quite a job.

• (5.30 p.m.)

An hon. Member: He is going to the Senate.

Mr. Benjamin: We shall miss him in the next Parliament. I should certainly like to see his figures. The minister claims that his package will provide more money than was provided under previous programs. I think the National Farmers Union says something about this in language that is polite for that organization. They allege that Bill C-244 as presently constituted is inadequate in the following respects, as set out on page 12 of their brief:

Bill C-244 is a vehicle enabling the federal government to abrogate a number of federal policies related to the expenditure of public funds for the support of agriculture without reciprocating its commitments to grain stabilization on a comparable basis.

The brief continues and the following reasons are given for that position:

(i) Ending its commitment to guarantee initial prices to producers for wheat, oats and barley . . . In 1968-69 this guarantee for wheat resulted in payment by the government of $17,675,888 to the Canadian Wheat Board.

That was a payment of almost $18 million. Keep that in mind, Mr. Speaker. Another reason relates to ending the support of storage payments under the Temporary Wheat Reserves Act for wheat in commercial storage over 178 million bushels at the end of the crop year. That payment has averaged over $40 million a year, bringing the total to almost $59 million that the government will not need to pay. The brief continues:

(iii) Repealing the Prairie Farm Assistance Act—

That will do away with $6 million that has been paid out annually from the federal treasury, bringing the total to about $65 million. The brief also speaks of—

—the discontinuance of the policy requiring millers to purchase wheat entering domestic human consumption at the basic rate of $1.95½ per bushel.

This will result in an annual loss of between $12 million and $15 million to wheat producers at present price levels. All this adds up—I think my arithmetic is reasonably correct—to approximating $75 million that the government will not pay or require to be paid. Under this legislation the government will be committed to an annual amount of approximately $40 million. This legislation, Mr. Speaker, is introduced purely and simply, not for the purpose of introducing meaningful programs for the western grains industry but in order to save the federal treasury between $35 million and $40 million.

Some hon. Members: Shame!

Mr. Benjamin: I believe the minister is sincere. He made some valiant efforts with his cabinet colleagues to get more for the farmers than is contained in the legislation, and they turned him down. I believe he fought a hard battle with them last February or March for a two-price system, and they turned him down. I appeal to him to take another run at his cabinet colleagues and try to obtain, again, a two-price system. More important than that, I ask him to do something meaningful with regard to the Temporary Wheat Reserves Act.

The minister was perfectly right when he said that all farm organizations have spoken about the inadequacies of the Temporary Wheat Reserves Act. There has never been any argument about that. The minister has chosen to use the act as a façade behind which he can hide, because he needs an excuse for repealing it. There are some good points about the Temporary Wheat Reserves Act. It has relieved farmers over 14 years of the burden of several hundred million dollars in storage costs. The money has been paid to the Wheat Board by the federal government. The act established a precedent, if not a principle. I think it established a principle. It established the beginning of a good principle, that the nation as a whole, through the federal government, would participate in sharing the costs of grain storage.

As I said in an earlier debate, we could find $120 million to pay for the storage of uranium. I did not object to that. That payment will protect thousands of jobs and help some communities which would otherwise die. We can find that amount of money for the storage of uranium, but it seems that we cannot find about one-third of that amount to share in the cost of storing grain, a commodity which I submit is much more useful and necessary than uranium.

Mr. Gilbert: Right.

Mr. Benjamin: Those are some of the good aspects of the Temporary Wheat Reserves Act. The main thing is that that act has set a precedent. It has begun a good principle, namely, that the nation as a whole shall assume some financial responsibility for the cost of grain storage. What about aspects of the Temporary Wheat Reserves Act that are not so good? It applied only to wheat, as the minister said. It is backward legislation. Since it is Liberal legislation dating from about 1956, I believe, one would expect it to be a bit backward. After 14 years the Liberals do not know how to turn it around and make it a forward-looking piece of legislation. They want to repeal the whole thing. The minister is aware of the good aspects of the Temporary Wheat Reserves Act, and the bad, and his solution is to throw the whole act out or, as the old saying goes, to throw the baby out with the bath water.

I suggest that the minister consider the policy of the Saskatchewan Wheat Pool regarding grain storage and listen to what has been said time and again by farm organizations and co-operative elevator companies. These organizations ask him to do something positive with regard to the Temporary Wheat Reserves Act. I propose that he bring in new clauses to Bill C-244 that will make up what could be known as the Canada grain storage act and would include the six grains mentioned in Bill C-244. I suggest, Mr. Speaker, that the government should reverse the procedure that has been followed under the Tempo-

rary Wheat Reserves Act and pay the cost of storing up to 178 million or 200 million bushels of grain, and anything beyond that amount should be the responsibility of the elevator companies and, eventually, of the grain producers. There is no doubt that the Temporary Wheat Reserves Act tended to place too much emphasis on storage and not enough on handling.

If the minister really wants to get the best out of Bill C-244, I suggest that he ought to propose the inclusion in it of a Canada grain storage act relating to a suggested 414 million bushels carryover. I have a breakdown of the figures and would be glad to provide them to the minister. I am referring to a sensible carryover of all grains. This is what you would need for a basic minimum stock, with reserves being instituted for variations in grade and for unforeseen or interim sales: 320 million bushels of wheat, 17 million bushels of oats, 48 million bushels of barley, 6 million bushels of rye, 8 million bushels of flax and 15 million bushels of rapeseed, for a grand total for all grains of 414 million bushels.

May I say a word regarding elevator capacity in Canada. The country elevators on the Prairies have a capacity of 396 million bushels, the interior terminals and those at Churchill, on the Pacific Coast, at the Lakehead and on the St. Lawrence have a capacity of 276 million bushels and those at the Atlantic ports have a capacity of 8 million bushels. Therefore we have a total storage capacity of 680 million bushels. If you take the carryover of 410 million bushels and say the government of Canada pays for the storage costs on the first 200 million bushels, or pays half the storage costs—one may take it whichever way one likes—you will be left with a working capacity in the country elevators and terminals of 270 million bushels. Mr. Speaker, the minister evades these figures.

I agree that the payment of storage costs by the federal government under the Temporary Wheat Reserves Act tended to help clog the system, whereas a sensible kind of carryover such as I have mentioned would mean that our terminal and country elevator capacity would be used to the extent of about 62 per cent of capacity. In short, there would be working space available for 270 million bushels. This space could be used for emergencies such as those occasioned by wet or damp grains or the need for specific grades. This has been proposed by the Saskatchewan Wheat Pool and the suggestion has been brought forward in this House a number of times. I do not claim credit for being the only one who has spoken about this matter in the House. Several other members have spoken of the concept under which the nation as a whole shares with the farmer the cost of grain storage. We all agree that no longer must we clog our grain handling system to such an extent that we cannot turn a wheel. We all agree we must utilize our storage capacity much more sensibly.

• (5:40 p.m.)

For the minister to attempt to repeal the act is wrong. It is one of the essential reasons why we are opposing, and will continue to oppose, this bill. His threats of political blackmail are not going to dissuade us from opposing it.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I rise with some measure of shame because in this House, our highest institution which is supposed to respect the law of the land, I have to ask a minister of the Crown to respect a law enacted by Parliament on another occasion. It is somewhat presumptuous of me to think that I can persuade the minister that he should live up to the law, but it is my duty and I must do it.

I am not sure the people of this country realize the consequences of this type of debate. Many people feel this is a weak debate which centres around the prairie farmers and does not concern anybody else. I say to them and this House that what is involved here is far more than a weak debate or merely something which pertains to the farmers. What is involved is the obligation of the government to live up to the laws of the land. It is not only the obligation of government supporters to back the government which says it intends to do certain things; the executive must realize that unless the laws of the land which have been fashioned by Parliament are held supreme, this Parliament should fold up. This Parliament should fold up if we are going to pass legislation and then have the Prime Ministre (Mr. Trudeau) or a minister responsible for a bill say that we must abide by the law as they see fit on a particular day.

I feel sorry for this minister. I do not think he is responsible for what is happening. I think he tries to carry out his ministerial duties. The fact is that the law is being broken by the executive which expects to pass legislation and then impose upon the country this or any other type of legislation. I ask you, Mr. Speaker, whether we serve any useful purpose in this House. If we pass legislation, does it mean anything? I could argue the pros and cons of why we should pay certain moneys, but what concerns me is the fact that there are two sets of laws in this country, one for the executive and one for the man on the street. This bill affects the farmer. The next will affect the labourer, the third will affect the manufacturer, the fourth will affect the school teacher, and so on.

This is supposed to be a democratic society. If the government feels it has the power and authority to withhold or apply certain laws to certain people at certain times as it suits their purpose, then after 13 years in Parliament I want to walk away from this institution because I am no longer useful here, there is nothing I can do. On September 8, as recorded at page 7623 of *Hansard*, I asked the Minister of Justice (Mr. Turner) whether the law was being flouted. I received no reply. Fortunately, my colleague the hon. member for Vegreville (Mr. Mazankowski) raised the issue. He said this question is far more serious. Since that time I have watched the proceedings of this House with interest.

As an observer, I admire the fact that somewhere in this institution there is hope. However, there cannot be any hope for an administration like the present one. There is only one thing wrong with this institution, that is, the executive. The executive is led by the Prime Minister who has only one thing in mind, dictatorial power. I do not know what the rest of the cabinet does.

Mr. Dinsdale: They say yes.

Mr. Korchinski: I do not have the opportunity to listen to their meetings. However, if the Prime Minister has the almighty power to tell a minister of the Crown that he has no business paying a sum of money which Parliament has authorized to be paid, what more can we do? What other

recourse do we have? I can only make a speech. I cannot stomp across the floor of the chamber because Your Honour will call me to order. I am very capable of doing that, but of what value would it be?

There is only one thing wrong. The arrogance of this government is obvious through its actions. There is only one way for the people to react to that type of arrogance. The only appeal is the final appeal to the people. If the minister from Saskatchewan wants to be helpful, he should convince his cabinet colleagues of this. On his behalf I appeal to his cabinet colleagues to give him an opportunity to live up to the law. The minister is from Saskatchewan. He cannot do what the farmers of Saskatchewan have asked him to do, because of the Prime Minister and the rest of the cabinet.

What can we do in a situation like this? All we can do is appeal to the Prime Minister through speeches made in this House. I am very concerned. I feel sorry for the minister. The Minister of Agriculture (Mr. Olson) is in the chamber. I know that he is just as concerned. What else can I do but say to the Prime Minister that he is not a dictator yet. The law is the law and, by God, he has to live up to it.

Some hon. Members: Hear, hear!

• (5:50 p.m.)

Mr. Korchinski: Why can the Prime Minister disobey the law? He can do so simply because his supporters far outnumber those in the opposition. But why should we assume they will all vote in favour of this legislation? Are all the members over there yo-yos?

An hon. Member: What is a yo-yo?

Mr. Woolliams: They are puppets.

An hon. Member: Pulled by the Prime Minister.

Mr. Korchinski: Since when has any minister the right to assume that every member of the party supporting him will in fact continue to do so? I remind Your Honour that it was once necessary to hold an election on the basis of one vote cast by a member of this House who reversed his position with regard to a particular issue. That is part of Canadian history. Why should we expect these members to be dum-dums, yo-yos, or whatever people want to call them? Are they yo-yos, or are they dum-dums? They are nobodies when they get 50 yards from the House, as the Prime Minister once told them. We accept that proposition.

In this Parliament there are 26 ministers, but the Minister of Agriculture cannot get his way because one almighty Caesar does not wish it. There is no way in which I can be convinced that even the cabinet has the right to flout the law. I raised this question early in September but it was shrugged off on that occasion. I do not feel slighted. I think it is a very good issue. I believed at that time it was important, and I couldn't care less whether it came up on that occasion or almost a month later. The issue is an important one, far more important than the $60 million due to the western producers although, by God, we could use the money. What is the use of voting one way or another on any measure if somebody in the administration can decide whether to live up to the law or not? The Prime Minister has been accused of being a dictator.

An hon. Member: By whom?

Mr. Korchinski: It is not as simple as that. But now we have positive proof. Because we in western Canada are smaller in number we are treated without the slightest consideration. The Minister of Agriculture just sits there and grins. If I were in the cabinet, if I were minister responsible for the Wheat Board, knowing that the law was in existence I would feel obliged to make this payment. So what about it? Let hon. members over there tell me they are not obliged to make the payment. I say to the minister, "Pay the $60 million for last year and we shall forget the interest on that amount. We shall forget the two months after that". From that point on, if the minister wants to stabilize farm income let him come through with a plan. I believe the minister is a reasonable man. I have had occasion to deal with him. I believe he wants to work it that way.

Mr. Haidasz: Why criticize him, then?

Mr. Korchinski: I wish you were in the cabinet. I believe you are also reasonable. You should be in the cabinet.

Mr. Speaker: Order. Would the hon. member address his remarks to the Chair. Perhaps his use of "you" was rhetorical. However, the hon. member should address the Chair.

Mr. Korchinski: I apologize, Mr. Speaker. I was carried away. But I am as adamant as I was before. There is only one thing left for the minister to do, that is to appeal to his colleagues in the cabinet to allow the payment of the $60 million which was due last year. We have already lost one year. He could then go through with his stabilization bill. We have given evidence of our co-operation, our willingness to help the minister along with his legislation.

The government has the right to introduce and amend legislation, but it certainly has no right to flout the law. If the government insists on taking its present course I would point out that everyone will have the right to go the wrong way on a one-way street. Everybody would have the right to abuse the laws of the country, the executive having already done so. To whom can one appeal, if not to the highest level, that is, to the cabinet itself? They will not tell me for one moment that I have the right to refuse to pay income tax.

Mr. Speaker: Order. I apologize to the hon. member but I would bring to the notice of the House the fact that he has about a minute and a half left. Perhaps the hon. member could finish his remarks with the consent of the House, it now being six o'clock.

Some hon. Members: Agreed.

Mr. Korchinski: I shall not labour the point. If the executive has the right to break the law, I invite everybody in this country to break the law, which I suggest is a bad thing. If that is what the government wants, they are encouraging it by this type of legislation.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, in the last few weeks we have had the opportunity of discussing on several occasions the subject matter to which this particular amendment is directed. I am just as sorry to see the performance of the minister speaking in this House on behalf of the Wheat Board on this occasion as I have been on previous occasions. Just as in the previous debate, the arguments on this occasion have not been, as they were when we were discussing Bill C-244, whether or not western agriculture is better served by the implementation of that bill but, rather, whether or not a minister of the Crown has the right to break the law, as it is contended is the case. During all this debate the minister has not stood in the House and declared that he did not break the law. However, he has said that if certain things happen it may be necessary after a certain period of time again to apply the law.

I suggest that this is the kind of issue that probably can be settled only by an election. Obviously we are building up to that. If we had a minority government, I presume that we would sit down and decide the merits of Bill C-244. But I suggest that some of the members on the opposite side who have been talking about a majority are advising the Prime Minister (Mr. Trudeau) that he should fight an election over this issue. Once the opposition has decided that the government is not going to obey the laws of the land, once they believe that the government has decided to call on its backbenchers to support the government be it right or wrong—it has on a number of occasions since I have been here—the only way to settle the issue probably is to take it to the country.

We are not now debating any agricultural issue. The issue we are discussing is how the members of the government can justify allowing a cabinet member to break the law without themselves becoming concerned about it. There are many lawyers on the other side of the House. They have studied law and are well aware how the law as we know it has developed over the years. However, I do not think there would be one of them who, having taken even an elementary course in law, would not agree that anyone who has been trained in the law pledges himself to support that law. If he does not, then he is excommunicated, or whatever it is they do to lawyers who do not toe the line; and I suggest that a lot of excommunications can take place.

Mr. Boulanger: Come on, talk to us about Schreyer in Manitoba.

Mr. Peters: I would be happy to talk about my former room-mate, Ed Schreyer, but I do not see in what way he has anything to do with the issue we are discussing today or with the majority over there who have decided to break the law. If the Premier of another province breaks the law, I am sure the official opposition in the province would feel the same way I do, namely, frustrated knowing that the government cannot operate because the rules do not operate.

I do not understand this minister. He is sensitive, there is no question of that. He is well learned and highly

[Mr. Korchinski.]

educated, or is reputed to be so. But obviously he has gone along with the Minister of Agriculture (Mr. Olson) and several other cabinet members who have declared that this legislation is so important to agriculture, from their point of view, that it should be put through the House come what may. At one time a Conservative government tried to do this and got itself into serious trouble. The Liberals tried it once before and they, too, got into serious difficulty. Both occasions concerned tax legislation and in both cases the government had pretty well run the gauntlet of its particular Parliament and had reached the stage when the law and the supremacy of this institution were no longer important.

The House leader is well versed in the law. He sits in the cabinet. With his knowledge of the operation of Parliament I would be surprised if he does not see the dissolution of this Parliament as a result of the government's action in refusing to obey the law. If the opposition decides that nothing the government does is honest, forthright or legal, then we might as well face the problem right now.

• (8:10 p.m.)

Mr. Skoberg: They want a one-party system.

Mr. Peters: This minister responsible for the Wheat Board is not only guilty of breaking the law and agreeing to break the law—

Mr. Hogarth: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: Order, please. The hon. member is rising on a point of order.

Mr. Hogarth: Would the hon. member permit a question?

Mr. Peters: Certainly.

Mr. Hogarth: Where is it the responsibility of this minister to proceed under the Temporary Wheat Reserves Act, this minister being Otto Lang? Where is his responsibility under that act? Where did he break the law?

Mr. Alexander: You are nit-picking.

Mr. Peters: Mr. Speaker, the operation of the Temporary Wheat Reserves Act is under the Wheat Board. Its operation provides that the money must be paid to the Wheat Board on a monthly, pro rata basis. This minister is responsible for the Wheat Board. The Wheat Board normally—

Mr. Hogarth: Mr. Speaker—

Mr. Deputy Speaker: Order, please. Would the hon. member resume his seat. Unless the hon. member who has the floor wishes to receive questions we should allow him to proceed with his speech.

Mr. Peters: Mr. Speaker, I shall answer the second question as soon as I finish answering the first. Monthly payments are made once the total in the system reaches 112 million bushels, and the minister in charge of the Wheat Board (Mr. Lang) has the responsibility of billing the government for each of those additional bushels of wheat. That amounts to about 9 or 10 cents a bushel. These payments are pro rated and when due the request is made

to the Minister of Finance. The Minister of Finance, by statute—not by his own decision but by statute—has the responsibility to rebate that money to the Wheat Board. Obviously, he gets the request from the minister in charge of the Wheat Board. Once the request is made, the responsibility lies with the Minister of Finance to administer the statute. I suggest there is a dual responsibility, one cannot operate without the other, but obviously the minister in charge of the Wheat Board is responsible to that body. Was there another question?

Mr. Hogarth: Yes. You have been talking about this minister breaking the law—

An hon. Member: It is the government he is talking about.

Mr. Hogarth: You have been talking for half an hour about this minister breaking the law—

Some hon. Members: Order.

Mr. Deputy Speaker: Order, please.

An hon. Member: Why don't you get up and make a speech?

Mr. Deputy Speaker: Order, please. I realize that the hon. member said he would receive a question, but the hon. member who is asking the question should ask it through the Chair.

Mr. Hogarth: My question to the hon. member is this: Where, under sections 1, 2, 3, 4, 5 or 6, which are the sections of the Temporary Wheat Reserves Act, has this minister broken the law? The hon. member will have some support for his position if he can show where this minister, Otto Lang, from Saskatoon-Humboldt has broken the law.

Mr. Peters: Mr. Speaker, I should think two facts are obvious to the hon. member asking the questions.

An hon. Member: Don't count on it.

Mr. Peters: One is that when a decision is made in cabinet, all those who are involved in making the decision must be responsible. I have indicated that the Minister of Finance (Mr. Benson)—this does not leave the other ministers blameless—will not make that statutory payment until this minister bills him for it.

Some hon. Members: Hear, hear!

Mr. Peters: Until this minister sends in the bill, the Minister of Finance will likely let the account pile up. It is quite possible, with the efficiency of the Minister of Finance, that he may not know that we have a bill of almost $92 million under this statute.

Mr. Hogarth: How much?

Mr. Peters: Ninety-two million dollars. Add it up and you will find that this is about the amount. Every day this debate continues, Mr. Speaker, the amount increases and the credibility of the government decreases.

As has been indicated by members who have already spoken and by witnesses who appeared before the agricultural committee, there has been a great deal of opposition to this piece of legislation. I have received about 2,800 or 2,900 letters and petitions from western Canada. I am quite prepared to say that the petitions were instigated by one or two organizations in western Canada. Most members will agree that farmers there are highly organized, they know exactly what is going on in their business and they know exactly what they will settle for.

Recently there have been elections in the provinces of Saskatchewan, Manitoba and Alberta, the provinces faced with the problems of wheat and cereal grains. Their Ministers of Agriculture and the previous ministers representing different parties have said that they are not satisfied with the stabilization bill and have made arrangements to come to Ottawa around the beginning of October to discuss it.

It would seem to me, Mr. Speaker, that members who really believed that the farmers of western Canada should be given a break would be pressing the government to shelve this piece of legislation and to make the payments under the Temporary Wheat Reserves Act as required by law. The minister can lie all he wants, but we are only talking about $15 or $16 million at the most—

Some hon. Members: Order.

Mr. Peters: —and, by my calculation, $7 million or $8 million. That is all the money we have to talk about in the arrangement that must be made in making this new bill operative and taking over from the Temporary Wheat Reserves Act.

Let me address a question through you, Mr. Speaker, to those members from Quebec who are interested in agriculture. Would they be satisfied to have the Minister of Agriculture or the minister responsible for farm operations in the province of Quebec make a decision on their behalf when their farm organizations were opposed to it? Of all the representations made before the agricultural committee, none supported the bill as it stands.

This bill has received a great deal of public attention and the government has flooded western Canada with propaganda about it. But if they are still of the opinion that it is the best bill possible and is acceptable to western Canada, they would be willing to wait for the representations of the Ministers of Agriculture of the prairie provinces. They would be as willing to listen to them as to the Ministers of Agriculture of New Brunswick, Quebec or Ontario talking about potato problems in those provinces.

I believe this cabinet has decided that they have a majority and that the law does not matter, that Parliament does not matter, that the people do not matter—

Some hon. Members: Hear, hear!

Mr. Peters: —that they are supreme, and the only way they can be tested is with an election. If that is their desire, Mr. Speaker, let us not waste two or three months getting around to it; let's do it now.

• (8:20 p.m.)

It seems to me that no matter what proposition is put before Members of Parliament, it should be considered as being flexible. It should be amendable and it should be the kind of proposition that would be acceptable at least to the majority of the people who are to have it thrust

upon them. From the information which comes across my desk and from the petitions and representations I have seen and heard, the farmers of western Canada do not buy it. They did not buy it at $100 million, and they sure as hell will not buy it now that $92 million is owed to them under this account.

The Minister of Justice (Mr. Turner) was here. I do not know what his role is in this matter. However, I believe all honourable men who are responsible for the administration of law—I do not mean only the cabinet ministers but every elected member of this House—should be concerned about this. More than that, all civil servants take an oath to uphold the law. Those responsible senior civil servants also have a responsibility to either see that the law is enforced or resign.

When speaking to a senior civil servant the other day he told me in a jovial manner that they had been giving bad advice. He was not only giving bad advice, he was giving advice that was dishonest, disloyal and illegal. We are not talking about something that happened just a few months ago. Here is a government which not only has not made the payment on this account this year but has not made it for a whole year.

The Minister of Labour (Mr. Mackasey) is sitting here. He probably will be involved because this is a matter which may affect him. There will be an immense amount of unemployment this winter. The Minister of Labour will be faced, one of these days, with the proposition that there is no money in the unemployment insurance fund and he will find that people who have legitimately paid into that fund will ask for money out of it. The minister will have to make up his mind, not later but right then, whether he will ask Parliament to cancel the unemployment insurance scheme and go to another kind of welfare arrangement, or ask that the money from the treasury be paid into the unemployment insurance fund so that he can pay it out and honour the legislation for which he is responsible.

I have no question in my mind about what he would do. He would do just that: he would ask the government for the money, and if it were not forthcoming he would resign. I know it and I believe most members of this House know it. I believe the action of the minister in charge of the Wheat Board represents a dereliction of duty and makes him an immoral person and one whom I do not think is responsible in this Parliament or is a responsible cabinet minister.

Mr. Allen B. Sulatycky (Rocky Mountain): Mr. Speaker, I will not be very long this evening because I know many members wish to participate in this debate. Also, I do not intend to be an apologist for the government. I decided to take part in this debate a few minutes ago and therefore do not have the volume of notes the hon. member for Yukon (Mr. Nielsen) had. They seemed to read as though they were a collaboration of Patrick Walsh, Ron Gostick and Chiang Kai-shek.

Let me say that at this moment the government owes certain money to the Wheat Board but that under the circumstances this fact cannot be taken alone. I submit we cannot look at that fact alone but must look at all the circumstances. If we look at all the circumstances, I submit there are parties in this Parliament who are equally guilty or more guilty than the party in power. Let us go back to last fall when the prairie grain stabilization act was first proposed. It underwent a period of discussion and certain changes were made to it with the approval of many people in western Canada. At that time the intention of the government was well known: it intended to replace that act with an act that would greatly benefit farmers in western Canada.

What I want to know, and what I am sure our friends in the press gallery want to know—because they have not accepted all the phony arguments of my friends to the left—is where were these people at that time? If it was illegal in June for the government to do what it is doing today, why were no motions put in respect of impeachment then? The political positions taken by the opposition are those which are favourable to the Conservative party and the New Democratic party.

Mr. Speaker, I do not propose to make any defence; I just wish to put a few points on the record. The other point I wish to make is that it strikes me that our friends in the opposition are the complainants in what they pretend here is a legal case.

An hon. Member: On behalf of the people of Canada.

Mr. Sulatycky: Fine; on behalf of the people of Canada or on behalf of the Queen—it does not matter on whose behalf they complain. However, they are complaining and they are in the same position as a person who puts a gun to the head of the driver of a car, tells him to drive 100 miles an hour and break the law and then complains about his behaviour.

In May and June the opposition prevented the farmers of western Canada receiving $100 million, and today they accuse the government of doing this. I submit that for one to be guilty of a crime the intention to break the law is important. I believe it is very clear to all observers in this House, and certainly to the hon. member for Joliette (Mr. La Salle) who is one of the most independent members in the House, that the government intended to benefit the farmers of western Canada and made that intention clear last spring. It intended to pass better legislation early this spring and was prevented doing so by the Conservative party and the NDP. The intention of this government throughout was most honourable. I submit it is the actions of the opposition which are dishonourable in this whole affair.

I wish to make one last comment. They relate to some comments made by the hon. member for Battle River (Mr. Downey) during the extended debate that took place last Thursday evening. He referred to the Minister of Manpower and Immigration (Mr. Lang) and the students of that minister. Since I am in the unique position of being the only person in this House who was a student of this former dean of law of the University of Saskatchewan, I can say I am very proud of it. I was privileged to be one of his students. We who were his students are proud of it. We are proud of him. What we need in this House of Commons is more people like the Minister of Manpower and Immigration and far fewer gutter politicians like those who sit in the opposition.

• (8:30 p.m.)

Mr. A. D. Hales (Wellington): Mr. Speaker, I appreciate the opportunity to say a few words in the debate on this

first non-confidence motion between now and December 10. It has been a very lively and interesting debate. I do not propose to take the time of the House to go over the points that have been covered by other hon. members, other than to say that during the evening of the debate which Your Honour granted to the House on Thursday, September 16, I asked the following question of the minister responsible for the Wheat Board (Mr. Lang):

I am not a prairie farmer but I wish to ask the minister this question. Does he not agree that legislation passed by this House and now on the statute books of Canada should be enforced until such time as it is amended or repealed by other legislation?

The hon. member for Edmonton West (Mr. Lambert) interjected:

That is the question.

The minister answered:

Mr. Speaker, that is an easy, general question to answer in the affirmative.

Then he went on to make some observations. From the minister's answer to that question I have convinced myself, as I am sure all hon. members on this side of the House have, that this is the issue and such is the minister's duty and obligation. Not only has this government failed to pay a bill but they have also paid some bills with moneys which were not authorized by Parliament. I hope that after I have illustrated this with some examples, members on the other side will say to the opposition, "Forgive us for the things that we have left undone and forgive us for those things we have done".

Let us reflect for a while on the responsibility of the government. I do not mean just this government but all governments. In our form of government, a democratic, responsible government, the government through the executive is responsible to Parliament. Parliament makes the laws, the government does not make them. I think this was very well expressed by George Bain in an article which appeared in this morning's *Globe and Mail* when he said:

—it is Parliament, and not the government, which makes the law—and that a law is not made until Parliament makes it, and is not unmade until Parliament unmakes it.

Mr. Baldwin: The Prime Minister (Mr. Trudeau) has not seen that.

Mr. Hales: This government or any government that we may have in Canada is bound by the laws of Canada, made for the citizens of Canada. This government in particular has been whittling away at the authority of Parliament in many ways. I propose to direct my remarks to the treasury benches or the Treasury Board who have been whittling away at the authority of this House. In the Financial Administration Act, which deals with all our financial matters and which is the bible as it were for these transactions, section 25 provides:

All estimates of expenditures submitted to Parliament shall be for the services coming in course of payment during the fiscal year.

That is very plain. But let us see what the government has been doing in this regard. In the 1969-70 estimates the following amounts were not required during the year and they did not lapse at the end of the year in compliance with section 35 of the Financial Administration Act which says that they must lapse at the end of the year. In the Agriculture vote 17b there was a reserve for wheat inventory reduction payments. That was money for the Lift program. It was put in the estimates for that year but never used; it was allowed to lapse.

Then there was the Secretary of State vote 30 for the Canadian Broadcasting Corporation, which was for $11,993,000. That was never used; it was allowed to lapse and was left for them to spend in any way they saw fit. The same thing happened with Transport vote 80 for $2,036,000. Then there was the Treasury Board vote 5a, the contingency vote for $58,656,000. All these amounts were included as expenditures in the year under the several votes which I have listed, although they were not expended but were retained to meet obligations in future years. I could add to the list.

At March 31, 1970, all the items that were referred to in the report of the Auditor General added up to $296.6 million. That money which was in the control of the treasury was spent without Parliament's authority in any way that the government saw fit. This is a whittling away of the authority of Parliament. All we have to consider is the contingency vote. Members of this House know how important that was. A few years ago the opposition had interim supply which it could use against the government if the government did not fulfil certain obligations. That was taken away from us. We thought we had a real weapon to use, but interim supply was sidestepped by the government who dug into the contingency vote to pay government salaries. Everybody will remember the rumpus that broke out at that time.

How are these things brought about? They are brought about by the special wording which appears in the Appropriation Acts. Who puts in this special wording? It is the Treasury Board or the minister responsible for the Treasury Board. He must account to Parliament for the special wording that was put in. Parliament has not been told that a change was made, nor were the words underlined when there was a change. These are cases which illustrate the fact that parliamentary authority is being whittled away.

There is another example of the government's obtained money without coming to Parliament. Certain departments have revenues coming in. They estimate what the department will need and what their revenue will be and we appropriate the difference. In many cases the revenues are either higher than they expected or their estimate is low, so they have a great deal of money left over to spend in the department and they do not have to come back to the House for authority. Therefore, they are able to pay bills without the proper authority of this House.

Now let us consider grants in lieu of aid. In 1969 there were seven grants and $131,440 was paid by the treasury out of vote 5. Then they produced supplementaries before the House, which were passed, but we were not even told by the government that the grants had been paid. It was all covered up. The least Treasury Board can do is to see that when supplementaries come before the House for the payment of grants which have been paid, a notation is made saying that the grants have been paid and that they are asking for the authority of Parliament. But this is a left-handed, backward way of doing it.

• (8:40 p.m.)

I think, too, of the abuse of a grant that was paid, an illegal grant. I am talking of money that was paid to the Winnipeg games during Expo year. There was a deficit on those games and it was paid out of the contingency fund. The legislation setting up the Fitness and Amateur Sport Council stipulates that its expenditures should not exceed $5 million a year, yet the authority went ahead and paid money out of the continency fund instead of coming to Parliament and seeking our authority to pay it.

Not only has the government failed to pay a bill that it is obligated to pay under the statute, but it has whittled away at the authority of this House until it can be said that it has paid some bills without the proper authority to do so. My time has almost expired. I just wish to say that as an elected representative in a democratic country where the government is responsible, through the executive, to Parliament, it is my solemn obligation and the solemn obligation of all hon. members to see that the government of the day is held responsible for its actions. I do not care what party forms the government. I am here to defend the law in the highest court in the land. This is basic to our system of government. Therefore, I have no hesitation whatsoever in supporting this vote of non-confidence in a government that does not obey the will of Parliament.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker—

An hon. Member: Will you close the debate?

Mr. Olson: No, I will not be closing the debate. I understand it will be continuing until 9.45 tonight. There are two aspects of the motion before the House with which I would like to deal. One is the allegation that the government has done something wrong or immoral or illegal. The other aspect concerns the consequences to the people affected whether or not this bill is passed, whether the payments are made in accordance with its provisions or whether the opposition prevents the government and the House making a decision on the bill, thus requiring the government to revert to the Temporary Wheat Reserves Act and make the payments under the provisions of that act.

Dealing with the first aspect, Mr. Speaker, it was no secret to the members of this House nor to the farming community that the repeal of the Temporary Wheat Reserves Act was part of Bill C-244. On October 29, 1970, the minister responsible for the Canadian Wheat Board (Mr. Lang) sent details of a proposal to members of this House and to the farming community at large in western Canada in which was included the stabilization bill—generally the provisions that are now in this bill—and, in addition, the repeal of the Temporary Wheat Reserves Act. What happened following that?

The minister responsible for the Wheat Board invited the farm organizations and everyone interested to make representations to him and to Members of Parliament respecting the proposal in that document. Many representations were received. There were some who expressed disapproval of the general proposal and there were others who expressed approval in principle that government had finally come to grips with the over-all problem of rationalizing the totality of the grain handling and marketing systems, but they had some reservations about certain details. We admit that.

A lengthy period of time was provided for such representations to be made through the proper channels and, as I say, representations were made. Following all the discussion that the responsible minister had with those organizations, that I had with many of the organizations and, indeed, that other members of the House had, we introduced Bill C-244. There was debate in the House on it. The minister candidly and freely admitted that some suggested amendments had come in even following all that, which he was prepared to consider in the standing committee when the bill received second reading.

There were some amendments made in the standing committee. But the point that I think is essential in the context of the want of confidence motion now before us is that all through this procedure which went on for months it was known, well known, that the repeal of the Temporary Wheat Reserves Act was part of the proposition. There was no secret about that.

As a matter of fact, when witnesses from the Canadian Wheat Board appeared before the standing committee they were asked how much would be paid out under the Temporary Wheat Reserves Act if the proposal incorporated in this bill were not acted upon. For anyone to say in this debate that there was something immoral, secretive and deceptive about all this procedure is most ridiculous.

In the remaining, brief time at my disposal I would like to speak about some of the consequences to grain producers in western Canada if the opposition forces us to abandon this bill.

Mr. Horner: Pay your bills.

Mr. Deputy Speaker: Order, please.

Mr. Olson: Mr. Speaker, despite all their squealing and screaming, if the opposition refuses to pass this bill the government will be paying—as the minister said, with interest—about $40 million less than it would be paying for the farmers' benefit under Bill C-244. What is even worse is that hon. members from western Canada, particularly those from grain growing areas, who know how this money is distributed know that the main burden of the loss of that $40 million will fall on the smaller producers.

Some hon. Members: Shame!

Mr. Olson: The proposal under Bill C-244 is to pay out about $1.45 per acre, up to 640 acres, to all producers equally on that basis. Without Bill C-244 it means that farmers are going to be paid on a per bushel basis. Those who have not delivered a large quota during the 1970-71 or 1969-70 years, or for any reason have not had enough grain to fill their quota, or indeed had a small quota, will get proportionately much less than the larger producers.

• (8:50 p.m.)

Mr. Peters: But that is the law.

Mr. Olson: Now, Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Olson: —the responsibility for the disappointment of thousands of small farmers across western Canada who are not getting $1.45 times their acreage lies squarely on those people who have prevented this bill from passing.

Some hon. Members: Hear, hear!

Mr. Baldwin: The responsibility lies squarely on the government.

Mr. Olson: Not only that—

An hon. Member: Pay up.

Mr. Olson: —but, as was stated by the minister responsible for the Wheat Board, we were prepared to pay it last May.

An hon. Member: Why didn't you?

Mr. Olson: We were prepared to pay last June.

An hon. Member: Why didn't you pay?

Mr. Olson: Why? That is the most asinine question I have heard in all the arguments that have been advanced.

Some hon. Members: Hear, hear!

Mr. Olson: It is asked, why didn't we pay it? After the speech of the hon. member for Wellington (Mr. Hales), that is the most asinine question I have ever heard. We do not have any authority to pay it unless the bill passes through this House.

Mr. Ricard: Surely the minister admits that the law is there.

Mr. Hales: Mr. Speaker—

Mr. Deputy Speaker: Order, please. Is the hon. member rising on a point of order?

Mr. Hales: No, to ask a question. I ask the minister, is the statute passed by this Parliament not his authority to pay the bill?

Mr. Baldwin: When is the minister going to stop breaking the law?

Mr. Olson: Regarding the question that was asked a moment ago, I am sorry if the hon. member's hearing is defective and he did not hear why we cannot pay the $100 million under this bill.

An hon. Member: No, that is not the question.

Mr. Olson: The reason we have not paid it is that we have not the authority to pay it.

Some hon. Members: Oh, oh!

Mr. Olson: Mr. Speaker, I hope—

Some hon. Members: Oh, oh!

Mr. Olson: Mr. Speaker, I hope that hon. members—

Mr. Korchinski: You are a liar and a crook. You are a damn liar and a crook.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. The Minister of Agriculture (Mr. Olson).

Mr. Korchinski: You are a damn liar and a crook.

Mr. Olson: Mr. Speaker, I hope hon. members will contain themselves because I am going to be giving them the facts of life for only four more minutes.

Mr. Baldwin: Why doesn't the minister start?

Mr. Horner: The minister calls them the facts of life.

Mr. Olson: The opposition may get a great deal of fun out of this matter because they may think they have made some political hay, but the sad part is that there are thousands of farmers, I think something like 170,000—

An hon. Member: Pay up.

Mr. Olson: —in western Canada who are expecting, and who have every right to expect, the distribution, based on an acreage calculation, of $100 million. They have been waiting for it since May. They waited in June. We brought this measure on again, notwithstanding pressure to get other legislation through, when we came back and the opposition still continues the filibuster. It is a sad state of affairs, Mr. Speaker. I would appeal again, in conclusion, to the opposition to set aside some of these political, partisan considerations and think for a minute about those small farmers—

Some hon. Members: Oh, oh!

Mr. Olson: —who are expecting distribution of this $100 million.

Some hon. Members: Oh, oh!

An hon. Member: Keep a straight face.

Mr. Olson: Because unless they lift the filibuster and pass this bill we simply cannot pay the $100 million that we as a government are committed to pay.

Some hon. Members: Hear, hear!

Mr. Baldwin: Mr. Speaker—

Mr. Deputy Speaker: Is the hon. member for Peace River (Mr. Baldwin) rising on a point of order?

Mr. Baldwin: Mr. Speaker, I am rising to ask a question. The question is very simple. I will repeat what I asked the minister last summer, before that part of the session ended. Will the minister, on behalf of the government, bring in an estimate for $100 million? It will pass this House in half an hour.

Some hon. Members: Hear, hear!

Mr. Olson: Mr. Speaker, there is no need to bring in another $100 million supplementary estimate, since we already have a request for the statutory payment of $100 million.

Some hon. Members: Oh, oh!

Mr. Korchinski: Any bills that pass here are not worth anything.

Withholding of Grain Payments

Mr. J. H. Horner (Crowfoot): Mr. Speaker, my first remark is that what I am about to say should not be said by anybody in this House.

An hon. Member: Don't say it, then.

Mr. Horner: The situation has become so deplorable under this government that I feel these words have to be said. I noticed today in a news release which came across my desk that the Minister of Justice (Mr. Turner) has announced a national conference on the law. It is high time.

Mr. Stanfield: It is too late.

Mr. Horner: The Minister of Justice has failed to uphold the law of Canada in more than one instance. He failed to uphold the British North America Act, as a result of which a province was forced to take a case to the Supreme Court. That was the result of a despicable action by a completely despicable government.

Some hon. Members: Hear, hear!

Mr. Horner: This conference is to be held from February 1 to February 4, 1972.

Mr. Knowles (Winnipeg North Centre): It's too late.

Mr. Horner: I suggest that one more topic ought to be added to the subjects to be discussed in the plenary sessions and workshops, namely, "Government and the law".

Mr. Baldwin: Or "How to break the law without really trying".

Mr. Horner: The hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack), who has carried out research into these matters, pointed out to me what the Prime Minister (Mr. Trudeau) said on September 27, 1968, as reported at page 498 of *Hansard*. The Prime Minister said:

> Mr. Speaker, the estimates which were tabled the other day obviously make it clear that expenses which are not controllable by the government have risen beyond any expectation. It is obvious that we cannot break a statute or an agreement which has been reached with the provinces, and that these expenses have exceeded everyone's expectations.

He went on to say that the government had tried to compensate for that "by cutting very seriously into all the controllable expenditures." Clearly, when the Prime Minister took over in 1968 he had retained enough of his legal learning to know that we ought to keep within the law and obey statutes passed by Parliament. There is no doubt that the Temporary Reserves Act calls on the Minister of Finance (Mr. Benson) to pay money. Section 4 of the act reads as follows:

> 4. The moneys payable to the board by the Minister of Finance under this act shall be paid as follows:
>
> (a) in respect of the crop year commencing on the 1st day of August, 1955, one-half of the total amount payable for the crop year shall be paid forthwith upon the coming into force of this act and the balance shall be paid in equal monthly payments for the remainder of the crop year; and
>
> (b) in respect of any subsequent crop year, the total amount payable for the crop year shall be paid in equal monthly payments within such crop year.

[Mr. Korchinski.]

That is clear. Now, how much is really owing? There seems to be some doubt about the figure. Many figures were bandied about. On page 15, issue No. 58 of Minutes of Proceedings and Evidence of the Standing Committee on Agriculture, Mr. Treleaven of the Canadian Wheat Board is reported as saying:

> The $60 million was due as of August 1, 1970, of which $40 million would be applied roughly against the 1969-70 pool account, and the other $20 million applied against the 1970-71.

Since that time another $26 million is to be applied against the 1970-71 pool. We are now in what is commonly called the 1971-72 crop year and the payments to go up by $2.5 million a month. By February of next year there will be $92.5 million owing to western Canada.

An hon. Member: Shame!

• (9:00 p.m.)

Some hon. Members: Pass the bill.

Mr. Horner: There is one unmistakable fact that these people who holler "Pass the bill" are forgetting. I said that under the Temporary Wheat Reserves Act this year the amount payable goes up at $2.5 million per month. Next year it may go up at a different rate. Will there be $100 million available for the government to send out next year? There will not be any money. It is a bribe. It is a one-shot goal using the farmers' own money.

The Minister of Agriculture (Mr. Olson) spoke about the conditions in agriculture. Let us look at that situation. I refer to the July Dominion Bureau of Statistics' index of farm prices for agricultural commodities based on 1961 equalling 100. In 1967 the index for farm prices in the province of Saskatchewan was 106.9, almost 107. It is now 89.7. Farm prices in the province of Saskatchewan are now down to 89.7.

What about the revenue? One can look at the farm cash income. Yesterday I showed these figures to the minister in charge of the Wheat Board (Mr. Lang). He said, "Yes, that is true; but net income has dropped." In 1968 the farm income in Saskatchewan was $582 million. Last year, 1970, it was $194 million. The minister in charge of the Wheat Board said, "Jack, those figures are not really accurate. They fail to take into consideration the amount in storage." That is quite right, but the realized net income does not fail to do that. That picture is no better. In 1966 the realized net income in Saskatchewan was $464 million. In 1970 it was $193 million. By grouping the three prairie provinces, the realized net income is down 44 per cent.

Some hon. Members: Shame!

Mr. Horner: Isn't it shameful what this government does? The government talks about prices. On January 1, 1970, wheat at Vancouver went down 5-7/8 cents a bushel. At Thunder Bay it went down 7-1/8 cents a bushel. Prices are down. The minister quoted glowing figures to show that grain deliveries are improving. Because there was talk of a fall election the elevators were being emptied, and now they are attempting to fill them. Referring to fiscal and monetary policies, on March 2 the Prime Minister said:

> The member knows that in recent budgets we did in effect apply fiscal policies on a regional basis, and we intend to continue to apply these tools in the future in one form or another.

There is no doubt in my mind that the Prairies are getting the short end of the stick. Western Canada is getting the short end of the stick. The government can have all the regional fiscal policies it likes, but I wonder why the Minister of Finance is not paying these bills.

Mr. Stanfield: He is breaking the law.

Mr. Horner: He is breaking the law. Also, he does not like the Prairies. In front of 40 other people last June the minister told me that he did not give an s-h-i-t about the Prairies.

Some hon. Members: Shame!

Mr. Horner: In front of 40 other people in the room he said loudly that he did not give an s-h-i-t. Is there any doubt about why he does not make payments, with that kind of attitude? If that attitude continues there is no recourse for western Canada but to separate. I do not want to separate. I am a Canadian. The roots of the Horner family are well founded all across Canada. They are well founded in the province of Quebec and there is a member of my family in nearly every province. How can you expect to have a vibrant, growing, industrious, energetic part of Canada when it is not being treated fairly by Ottawa? What can you expect, when the Minister of Finance makes remarks like that to me in front of 40 other people? How can western Canada be expected to absorb that? This bill deliberately flaunts the law.

Mr. Deachman: The word is "flout".

Mr. Horner: I ask every member of this House to answer this question. If the Temporary Wheat Reaserves Act had anything to do with money for the province of Quebec, would the government not be paying it? I ask every member to answer this question from his heart. I have to say yes, the government would be paying it or bringing in another act to make another payment. Let us be truthful.

Mr. Lang: I wonder if the hon. member would permit a question.

Mr. Horner: When I am through you may ask a question.

The Acting Speaker (Mr. Laniel): Is the minister rising on a point of order?

Mr. Lang: No, Mr. Speaker. I wanted to know if I could ask a question.

The Acting Speaker (Mr. Laniel): It does not seem the hon. member will permit a question.

Mr. Horner: A surcharge was recently placed on goods entering the United States. What did the government do? It made available $80 million for industry, most of which is located in central Canada. It has not brought in any measure for the agricultural industry. The minister made a great speech. He said the government is going to do something with the stabilization board. The government has not done anything with the stabilization board since it took over. They dropped the demands on the steel and ship industries. They have not done anything for the agricultural industry to meet the surcharge. The effect of the surcharge upon the agricultural industry are well known.

Mr. Stanfield: They are stabilizing poverty.

Mr. Horner: They are stabilizing poverty and they are stabilizing the growth of western Canada. They are not helping it in any way, shape or form. There is no doubt that the government is oriented to helping eastern Canada. It does not give one hoot about western Canada. The government does not even care about the lumber and timber industry in British Columbia. It has made no attempt to help out the pulp industry today which is mainly centered in the two extremities of Canada. It has been concerned about the niceties.

As a Canadian taxpayer, I can honestly say that the amount of money that the government is pouring into Quebec is paying off. There is some levelling of unemployment in that province. I hope they can sustain that situation. In 1968 the government said to the people of Canada that unity was the question confronting our country. It then came forward with a regional fiscal policy and deliberately flaunted the law and did not put money into any region.

Mr. Deachman: "Flout", not "flaunt".

Mr. Horner: Flout. You fellows do not pay any attention whatsoever. The government deliberately breaks the law. The insult of all insults was when the Minister of Finance, who has a responsibility to obey the law, told me in front of 40 people that he did not give an s-h-i-t for the Prairies.

Some hon. Members: Shame!

An hon. Member: You have already said that.

Mr. Horner: I may say it several more times. I am going to Assiniboia next week, and I will also say it there.

Some hon. Members: Hear, hear!

Mr. Horner: The time has come for stool-pigeons like the Minister of Agriculture. He is just a "stoolie" running around trying to please the Prime Minister. I was disappointed in the hon. member for Rocky Mountain (Mr. Sulatycky). He made a speech tonight in which he said nothing, really. I suppose he is vying for a job as parliamentary secretary.

• (9:10 p.m.)

I feel sorry for the Minister of Justice (Mr. Turner). He just sits there looking like a good boy, probably because he thinks the mantle of power will be assigned to him as long as he keeps his hands clean. Why does he not defend the law? He calls for a great seminar on the law. He outlines the plenary sessions and the workshop sessions which are to be held—"Sex and the family and the law", "The media and the law". Purely seeking publicity for himself, that is all he is doing. He does not really mean to accomplish anything. If he did, there would be one other subject there—"Government and the law."

The chicken-and-egg war was the result of the government's failure to uphold the law. The government is making every chicken producer and every egg producer battle the law for them. The British North America Act is the constitution of this country. It is the duty of the Minister of Justice to see that the law is upheld. But he sits there with his hands folded and tries to remove him-

self from the scene. Mr. Speaker, he is part and parcel of this situation and he has to take his share of the responsibility.

I feel sorry for the members of the Wheat Board because there is not enough strength in the cabinet to demand fair and equal treatment for all parts of Canada. The Minister of Agriculture is finished. They have no respect for him in Western Canada because they cannot believe his word any more, and once a man's word is no good he is no good himself. I still have faith in the Minister of Supply and Services (Mr. Richardson) and in the minister responsible for the Wheat Board (Mr. Lang). They are fighting. But they must have help, and if the Minister of Justice, as a prospective leader of his party, does not help now, his silence will be well remembered in western Canada when he starts his campaigning. He ought not to think that just because he attended university and danced with Princess Margaret in Vancouver this will get him much support in western Canada. He must get up and defend the law. He ought to get up and force this government into obeying the law.

The Acting Speaker (Mr. Laniel): Order. In the opinion of the Chair, the noise in the chamber has increased while the hon. member has been speaking. We are talking about law and order and respect for the law. I wonder if we could have a little respect for the rules of this House and for the rules of order and relevancy.

Mr. Horner: I thought I had the attention of the House and I do not for one moment believe I was not paying attention to the rules. I did not complain about a certain amount of heckling.

Mr. Mahoney: Holy, holy, holy.

Mr. Horner: The hon. member for Calgary South (Mr. Mahoney) is making remarks again. In my opinion this is the most serious debate upon which the House has entered. The Canadian Wheat Board has long been upheld as an independent body serving the farmers. The minister in charge of the Wheat Board did something the like of which I have never seen done, even in the days of Jimmy Gardiner.

The Wheat Board, undoubtedly with the minister's approval, sent out a notice to every farmer telling them how much money they would receive under the government's proposals according to the acreage on their books, if the bill passed through Parliament. This was a deliberate use for political purposes of a body which has long been upheld as a farmers' body. In fact it was never that. The appointments were always political and there are no farmers on it. Charlie Gibbings is one, if you like, but he is not, in my eyes, any more. He has been working for advancement. He was very disappointed that he did not get the chairmanship, and I suppose he still wants it.

In any case, this is a glaring example of abuse. The Wheat Board has been made use of and in my opinion, as well as in the opinion of many farmers, the board will never regain the statute it previously enjoyed in western Canada. Its machinery, its mailing services, its knowledge of farm acreage were all used for political purposes involving the passage of a particular piece of legislation. This is one more aspect of the efforts of the Liberal party to hold power by any means. Power is what the Liberal party seeks and its supporters will stop at nothing to get power and maintain it.

The Acting Speaker (Mr. Laniel): Order. I regret to interrupt the hon. member, but the time allotted to him has expired.

Mr. Kenneth Robinson (Toronto-Lakeshore): Mr. Speaker, I must say that the hon. member for Crowfoot (Mr. Horner) is a tough act to follow, but I will do the best I can in the circumstances. I really did not expect to speak in this debate and I might not have done so had it not been for the attitude taken by the news media, which is that the government is not really interested in the farmers. Let me assure the news media that this is not the case. We are just as concerned for the farmers as anyone else in the House.

As I understand the stabilization bill, its primary objective is to stabilize the flow of cash receipts in the prairie provinces from the six major grains by establishing a fund, sustained by contributions from the federal government and grain producers, from which payments will be made to producers in years when cash receipts fall below an average based on the cash receipts for the previous five years.

The Temporary Wheat Reserves Act, which the government proposes to repeal, applies only to wheat. What were the reasons for bringing in Bill C-244? Prairie grain farmers have historically been subject to sharp and substantial swings in the level of cash receipts from grains. Receipts from the six major grains have varied from $377 million in 1945-46 to $1,353 million in 1966-67. Severe liquidity crises arise from the combination of high investment inventory and low cash receipts. These affect not only the producers but many other major sectors of the Canadian economy. Basic market factors outside Canadian control have been the major cause of this instability in the past. Coupled with this has been the fact that Canadian producers are competing with heavily subsidized producers in other countries.

Unless action is taken to counteract these factors the Canadian grain industry will not be in a position to compete in world markets. Thus, the multi-million dollar Canadian grain industry and, in particular, the producers, will continue to be subject to the severe effects of market swings upon stocks and income. What could be more clear as to why we need such a bill?

We have heard a lot about the legal position. To me it appears that the intent and purpose is the important thing. The purpose has not changed and the intent has not changed. Believe me, the money will be paid to the farmers as soon as the opposition ends its filibuster and agrees to let the bill go through. We on the government side want to help the farmers and I ask members of the opposition; "Why don't you?" The issue is not the question of legal or illegal acts on the part of the government; it is a question of providing the farmers the help they need.

Mr. Alexander: If the shoe fits, steal it.

• (9:20 p.m.)

Mr. Robinson: I have listened to a filibuster by the opposition for a long time and have witnessed the delay this has caused. I have observed the apparent disregard of

the members of the opposition for the farmers they represent. I think this is a very important point to make. The members who are objecting to the bill are the very ones who represent the farmers. I have been a member of the agriculture committee for some months and recall that when Bill C-176 was first introduced members of the opposition said, "Let us travel around the country and we will pass the bill".

Some hon. Members: Oh, oh!

Mr. Robinson: We have all heard of "Have gun, will travel". Well, we travelled and it cost the taxpayers of this country a lot of money.

Mr. Horner: A point of order, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Crowfoot (Mr. Horner) is rising on a point of order.

Mr. Horner: I wonder whether Your Honour would call to the hon. member's attention the fact that he should be relevant to the subject under debate.

Mr. Robinson: Mr. Speaker, the hon. member for Crowfoot (Mr. Horner) talks about being relevant. Let me just suggest to him what the facts are. On many occasions in the agriculture committee I was required to stand on a point of order and point out that the hon. member for Crowfoot, who I am sure will recall this, the hon. member for Mackenzie (Mr. Korchinski) and other opposition members were being irrelevant, repetitive and not material to the issue. That is exactly what the position was. They filibustered the bill all through the committee, and even now the bill has not been passed. If they have their way, it never will pass and the only people who will suffer will be the farmers.

Mr. Paproski: That is not true.

Mr. Robinson: I heard the hon. member for Mackenzie say, "Pay out the money and we will pass the bill". I am wondering to what extent we can believe what they say on the opposition side. I am wondering to what extent we can believe what the hon. member's party says. We know what they said and did with regard to Bill C-276, and we have no reason to think they will do otherwise with this bill. They just do not want to help the farmers, and that is all.

Mr. Horner: A lot you know about the farmers.

Mr. Robinson: I have listened to the hon. member for Saskatoon-Biggar (Mr. Gleave), the hon. member for Crowfoot, the hon. member for Mackenzie and many other big, fat-cat farmers and wondered just who they represent. Who is it who gains the most from this bill? I suggest to the opposition and their fat-cat farmers that the people who gain most from the first bill are the little farmers, and that is why they do not want to pass it; they will not get much out of it. I suggest that these big, fat-cat farmers should try to help the little farmer instead of helping themselves, as they are trying to do at the present time.

Mr. Forrestall: Call him to order.

Mr. Robinson: The other day I heard the minister in charge of the Wheat Board (Mr. Lang) make an impassioned plea and he buttressed his remarks by saying that, if necessary, he would go to jail for the farmers. I think many of us feel the same way. If necessary, I would be prepared to go to jail for the farmers too. I think the farmers need help and we on the government side want to help them. So to the opposition I say, "For heaven's sake, why won't you help the farmers?"

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker—

Mr. Forrestall: Now we are going to listen to a farmer for a few minutes.

Mr. Peters: To a big, fat farmer.

Mr. Thomson: Mr. Speaker, we have listened to the hon. member for Toronto-Lakeshore (Mr. Robinson) and others talk about the value of things the farmers need, about the value of Bill C-244 and what it would do for the farmers. I am a farmer, and it seems odd to me that we have a former dean of law drawing up plans for farmers. But I am only a farmer. If I were a dean of law I think I would use as a classic case, when teaching a group of students in class, Bill C-244, one of the bills introduced by the government to break its own laws. I can see law classes of the future being told just that.

I do not want to talk about the law. I should like to talk for a moment about the motion before the House and talk as a farmer because I know a little about farming. I feel somewhat sorry for the minister over this bill. He reminds me of the United States President who finds himself caught up in the war in Viet Nam. He cannot win, he cannot afford to lose and he does not know how to get out of the situation. The minister has been unable to sell this bill, or the conditions that go along with it, to farmers or farm organizations. Let me read what one farm organization had to say to emphasize this point. The Federation of Agriculture said in its brief:

> The "transitional" payment must be made immediately and not be made conditional either upon acceptance of the rest of the bill as it stands or upon its rapid passage.
>
> Aside from the "transitional" payment, the bill is not acceptable as it now stands.

If the Minister of Agriculture (Mr. Olson) is able to tell me which farm organizations accept the provisions of Bill C-244 and some of the conditions laid down therein—apart from the $100 million payment—I should like him to give me chapter and verse what they say. He made a speech this evening but did not name one organization that supported the bill. If the minister in charge of the Wheat Board (Mr. Lang) could tell me which farm organization accepted and endorsed the principle of Bill C-244 and its conditions, then I would be happy to hear him. In fact, I would be quite happy to give him some of my time.

I sat in the Committee on Agriculture and heard the testimony given by various farm organizations, such as the Federation of Agriculture, the wheat pools, the National Farmers Union and others. I should like the minister to point out to me which of these organizations accept the conditions laid down in Bill C-244.

Mr. Lang: Mr. Speaker—

The Acting Speaker (Mr. Laniel): Order, please. Is the Minister of Manpower and Immigration (Mr. Lang) rising on a point of order?

Mr. Lang: Mr. Speaker, I just wanted you to note my difficulty in attempting to rise, having already spoken. But I would be glad, if I have general consent, to make a comment on the hon. member's challenge.

Mr. Thomson: Mr. Speaker, I am not going to take up all my time until a quarter to ten, and would be glad to hear the minister. May I just say something about Bill C-244. As a farmer, the bill will cost me $300 a year, assuming that I am able to grow 10,000 bushels of grain a year. In a ten-year period I could have five more crops yet receive nothing from the bill, assuming that the crops and the income on the Prairies were adequate in that ten-year period and that no payment was made. We could use for example the Peace River area of British Columbia and Alberta, where they have had several poor crops and resultant low income. These people would be charged, but in the last three or four years they might not have received anything although the rest of the Prairies had a good income. That is the best example I can give.

• (9:30 p.m.)

The minister in charge of the Wheat Board complains because we do not give him credit for some of the good things he has done. I would be prepared to give him credit, but because he has done some useful things—

An hon. Member: Like what?

Mr. Thomson: —does not mean he has the right to force on us something that is unacceptable to the agricultural community. When the prairie governments, the farm organizations concerned and the Members of Parliament who know something about the problem all say it is not adequate, then I suggest to the minister that he should at least listen. I do not think he has.

Mr. Speaker, let me mention three or four items in the bill which I find objectionable and then I will be happy to listen to the minister.

The Acting Speaker (Mr. Laniel): Order, please. Although the Chair has been quite lenient in this debate, I would hesitate to allow the hon. member to open up a debate on the details of Bill C-244 which is not before the House at this time. The Chair does not mind the hon. member referring to the bill and generally touching upon aspects of the bill related to his opposition to the existing legislation, but I would ask the hon. member not to open up a debate on the bill itself and certain provisions of the bill.

An hon. Member: Everybody else did.

An hon. Member: The minister did.

Mr. Thomson: Mr. Speaker, I am not going into detail on the bill; I just wanted to mention two or three points in passing. I am sure everyone else in this House has spoken in this context. I feel that this bill, related to the fact that the payment has not been made, has some objectionable features. Speaking as a farmer, I do not think it will work. That is why we on this side of the House have filibustered,

if that is the right term. We have objected because we do not feel that the bill is an adequate solution to the problems.

In the first place, the bill is too expensive. For it to work adequately there would have to be an adequate crop insurance program. And it is not 2 per cent as the minister suggested; it will cost 4 per cent, 5 per cent or 6 per cent for an adequate crop insurance program. With agriculture in its present position, we cannot afford that. There is no cost of production feature in the bill, but I will not go into that question. It pays only on a complete Prairies basis. As I indicated earlier, it is a little like unemployment insurance being paid only when all Canada is suffering a depression, or all Ontario, or if the whole automobile industry is suffering unemployment. I am sure the Minister of Labour (Mr. Mackasey) can appreciate that. If a factory closes down the people in that factory receive unemployment insurance. That is not the way this bill will work. It will work only if all factories close down. It will work on a different principle. I am sure the Minister of Labour would not find it acceptable in industry. We as farmers find it unacceptable.

Mr. Speaker, I would like the minister to tell us which farm organizations support the principle and conditions inherent in this bill.

[*Translation*]

Mr. Marcel Roy (Laval): Mr. Speaker, I feel our debate of today has given us an opportunity of explaining to the Canadian people that our present government has really assumed its responsibilities and that the problem of agriculture has indeed been one of those given priority.

All kinds of unfounded accusations have been brought forward this afternoon. The hon. member for Témiscamingue (Mr. Caouette) has even taken advantage of the situation, Mr. Speaker, to tell us about the omnibus bill.

Many examples demonstrate how well the present government has assumed its responsibilities. I have here the report submitted on March 23, 1969 by the Standing Committee on Agriculture, which gave committee members the opportunity to travel specifically to consider the problems of western grain producers. We met more than 18,000 farmers in the western provinces, and we were made aware of their problems. It is certainly this proves that the government wants to know about the problems and solve them.

The bill now before us is one solution, in my opinion, and I believe that all the associations that appeared before the Standing Committee on Agriculture have agreed in principle on the merits of this legislation. I want to recall here that this committee held 19 meetings to consider Bill C-244. At those meetings, we heard all the associations that wanted to submit brief. I have here several members of the proceedings and evidence of that committee. During those sittings, the minister made constant appeals to the co-operation of all members, stressing the urgency of passing this legislation so that the Western farmers may get their due.

I have in hand the proceedings of June 15, in which can be seen in what terms the minister responsible for the Wheat Board (Mr. Lang) appealed to the committee members. I quote from page 26 of this report:

• (9:40 p.m.)

I really urge members of the Committee to get on with the work of approving this bill and let us get this money out into the farmers' hands and get the stabilization plan in place for the future.

Unfortunately, all those requests have been refused. We have continuously had to face filibustering with regard to all bills deferred to the Committee on Agriculture.

The hon. member for Crowfoot (Mr. Horner) mentioned earlier some of the difficulties that exist in agriculture; we are trying to establish a planning policy aimed at the future. It is regrettable that we cannot get the co-operation of the opposition. In order to show how much members of the Committee on Agriculture and the present government wish to establish farm legislation capable of solving problems, I shall point out that the committee sat until 7:30 on the morning of March 23 last, for the very purpose of facing the systematic opposition of the hon. member for Crowfoot and the hon. member for Mackenzie (Mr. Korchinski). The latter did their utmost to hinder the progress of the committee that wanted to adopt a bill establishing a national marketing board. That legislative proposal has not yet been adopted.

Mr. Speaker, I believe the commitment made by this government to the farmers was made on April 29 last, when motion for first reading was moved. And it is since that date that the minister responsible for the Wheat Board has been appealing to the members of the Standing Committee on Agriculture, after having met with all agricultural organizations, in order to have that bill adopted.

I shall not dwell on the subject any longer, but I wonder what interests some of the members of the committee mean to fight for. Those of the producers or those of the grain elevator owners? It would appear that their sympathy lies with the latter.

The present policy of the government promotes the sale rather than the storage of grain. Today, the minister alluded to the increase in our export markets this year as compared to last year's. Our exports improved considerably last year, more specifically by 10 per cent, over past years. This proves to what extent we do not encourage the storage of our grain in elevators, but want to adopt a dynamic policy that the farmers' grain might be sold to allow them to reap the benefits to which they are entitled.

This bill must be passed without further delay. It is the government's wish. When we vote in a few minutes the whole of Canada will know who the true friends of the farmers are.

[*English*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, in the one minute left I want to say that I have never heard so much whining, whimpering and screaming about a filibuster. The debate, until this bill came back, had taken just over 12 hours in the House. There are 16 amendments before the House. These amendments are wanted by the farming community of this country and we intend to debate them.

Some day hon. members and the government opposite, if they do not do something about the economic conditions in this country, will have a filibuster which is recognized as such. This is not a filibuster. These are amendments offered on behalf of the farmers of this country, and it is about time the Minister of Agriculture (Mr. Olson) recognized this fact.

Mr. Douglas A. Hogarth (New Westminster): Mr. Speaker, this afternoon I was challenged to enter this debate and was more than happy to do so. Only the expiration of time prevents my answering the nonsense of the hon. member.

The Acting Speaker (Mr. Laniel): Order, please. It being 9.45 p.m., it is my duty, pursuant to Section (9) of Standing Order 58, to interrupt these proceedings and forthwith put the questions necessary to dispose of the motions now before the House.

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

• (9:50 p.m.)

YEAS

Messrs:

Aiken	Dinsdale
Alexander	Dionne
Alkenbrack	Fairweather
Baldwin	Forrestall
Bell	Gauthier
Benjamin	Gilbert
Bigg	Gleave
Blackburn	Grills
Brewin	Gundlock
Burton	Hales
Cadieu	Harkness
Caouette	Hees
Carter	Horner
Crouse	Howard (Skeena)

Division

Messrs:

Howe
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Edmonton West)
Laprise
Latulippe
Lewis
MacDonald (Egmont)
MacInnis (Mrs.)
MacLean
Macquarrie
MacRae
McCleave
McGrath
McIntosh
McQuaid
Marshall
Mather
Mazankowski
Monteith
Moore
Nesbitt
Nielsen
Noble
Nystrom
Paproski
Peddle
Peters
Ricard
Ritchie
Rowland
Ryan
Saltsman
Schumacher
Scott
Simpson
Skoberg
Skoreyko
Southam
Stanfield
Stewart (Marquette)
Thomas (Moncton)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Woolliams—73.

NAYS

Messrs:

Allmand
Andras
Badanai
Barrett
Béchard
Beer
Benson
Blair
Blouin
Borrie
Boulanger
Breau
Buchanan
Caccia
Cafik
Chrétien
Clermont
Cobbe
Comtois
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Crossman
Cullen
Cyr
Danson
Deachman
Deakon
De Bané
Drury
Dubé
Dupras
Duquet
Faulkner
Forest
Forget
Francis
Gendron
Gervais
Gibson
Goyer
Gray
Groos
Guilbault
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Jerome
Kaplan
Lachance
Lajoie
Lang (Saskatoon-Humboldt)
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McNulty
Mahoney
Major
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Morison
Munro
Murphy
Noël
O'Connell
Olson
Osler
Otto
Pelletier
Penner
Pepin
Portelance
Pringle
Prud'homme
Reid
Roberts
Robinson
Rochon
Rock
Roy (Laval)
Serré
Sharp
Smith (Saint-Jean)
Stafford
Stewart (Cochrane)
Sulatycky
Sullivan
Thomas (Maisonneuve-Rosemont)
Tolmie
Trudeau
Trudel
Turner (London-Est)
Turner (Ottawa-Carleton)
Wahn
Watson
Whelan
Whiting
Yanakis—112.

Mr. Deputy Speaker: I declare the amendment lost.

The House divided on the main motion (Mr. Stanfield) which was negatived on the following division:

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Baldwin
Bell
Benjamin
Bigg
Blackburn
Brewin
Burton
Cadieu
Caouette
Carter
Crouse
Dinsdale
Dionne
Fairweather
Forrestall
Gauthier
Gilbert
Gleave
Grills
Gundlock
Hales
Harkness
Hees
Horner
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Edmonton West)
Laprise
Latulippe
Lewis
MacDonald (Egmont)
MacInnis (Mrs.)
MacLean
Macquarrie
MacRae
McCleave
McGrath
McIntosh
McQuaid
Marshall
Mather
Mazankowski
Monteith
Moore
Nesbitt
Nielsen
Noble
Nystrom
Paproski
Peddle
Peters
Ricard
Ritchie
Rowland
Ryan
Saltsman
Schumacher
Scott
Simpson
Skoberg
Skoreyko
Southam
Stanfield
Stewart (Marquette)
Thomas (Moncton)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Woolliams—73.

Division

NAYS

Messrs:

Allmand
Andras
Badanai
Barrett
Béchard
Beer
Benson
Blair
Blouin
Borrie
Boulanger
Breau
Buchanan
Caccia
Cafik
Chrétien
Clermont
Cobbe
Comtois
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Crossman
Cullen
Cyr
Danson
Deachman
Deakon
De Bané
Drury
Dubé
Dupras
Duquet
Faulkner
Forest
Forget
Francis
Gendron
Gervais
Gibson
Goyer
Gray
Groos
Guilbault
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Jerome
Kaplan
Lachance
Lajoie
Lang (Saskatoon-Humboldt)
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McNulty
Mahoney
Major
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Morison
Munro
Murphy
Noël
O'Connell
Olson
Osler
Otto
Pelletier
Penner
Pepin
Portelance
Pringle
Prud'homme
Reid
Roberts
Robinson
Rochon
Rock
Roy (Laval)
Serré
Sharp
Smith (Saint-Jean)
Stafford
Stewart (Cochrane)
Sulatycky
Sullivan
Thomas (Maisonneuve-Rosemont)
Tolmie
Trudeau
Trudel
Turner (London-East)
Turner (Ottawa-Carleton)
Wahn
Watson
Whelan
Whiting
Yanakis—112.

• (10:10 p.m.)

Mr. Deputy Speaker: I declare the motion lost.

At 10.16 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, September 24, 1971

The House met at 11 a.m.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF VICTOR BODSON, PRESIDENT OF INTERNATIONAL ASSOCIATION OF FRENCH-SPEAKING PARLIAMENTARIANS

Mr. Speaker: Order. May I call the attention of the House to the presence, in the Speaker's gallery, of a distinguished visitor, Mr. Victor Bodson, President of the International Association of French-speaking Parliamentarians.

Mr. Bodson has come to Canada, upon an invitation from the Canadian Parliament, in order to chair the General Assembly of the Association which, this year, is taking place in Montreal, Quebec and Ottawa. Mr. Bodson's presence here is an honour for us. On behalf of all hon. members, I extend to him and to Mrs. Bodson a most cordial welcome.

Some hon. Members: Hear, hear!

* * *

[*English*]

PRIVILEGE

MR. OLSON—WORDS USED IN DEBATE BY MEMBER FOR MACKENZIE

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, on a question of privilege, I would like to draw your attention to *Hansard*, page 8127, the righthand column, where the hon. member for Mackenzie is reported as having said while I had the floor: "You are a damn liar and a crook." I did not hear the hon. member say that or I would have raised the matter immediately. However, the remark is reported in *Hansard*. I am not sure of the procedure, but perhaps I should give notice that I wish to raise this question and ask the hon. member to withdraw those words when he is in the House. He is not here now.

Mr. Speaker: The minister is, of course, doing the right thing in raising the matter at this time. I am sure that the hon. member concerned would want to withdraw the remarks which unfortunately got on the record in *Hansard*. I am sure that all hon. members will agree that words of this kind are unparliamentary and no hon. member, even in the heat of debate, would want to be reported as having said them. For the moment, however, the matter will not be pursued further.

MR. CAFIK—STATEMENT MADE BY MEMBER FOR YORK SOUTH

Mr. Norman A. Cafik (Ontario): Mr. Speaker, I have given notice to you under Standing Order 17(2) of my intention to raise a question of privilege today arising from a statement made by the hon. member for York South yesterday. In view of the fact that the hon. member for York South is not present in the chamber this morning—I found out he would not be here after I had given notice of my intention to raise this matter today—I should like to ask your permission to defer this question of privilege until such time as the hon. member is present.

ROUTINE PROCEEDINGS

TRANSPORT AND COMMUNICATIONS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

On the order: Motions:

September 10, 1971—Mr. Howe:

That the second report of the Standing Committee on Transport and Communications, presented to the House, Wednesday, April 7, 1971, be concurred in.

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, in view of the fact that discussions are continuing with regard to this motion, I would ask that it be allowed to stand.

Mr. Speaker: Stand.

* * *

FINANCE

SMALL BUSINESS AND FISHERIES IMPROVEMENT LOANS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I ask the unanimous consent of the House to propose a motion under Standing Order 43 in a case of urgent necessity.

The latest reports concerning small business loans and fisheries improvement loans reflect a dereliction of the duty of Canadian banks to support the government by injecting impetus into the small business sector of the Canadian economy. In spite of the extra effort required of Canadian banks to increase this support, the figures disclosed indicate a reduction in the number of loans granted and in the amounts granted. Further indications are that Canadian banks are steering applicants away from government guaranteed loans at preferred rates of interest in order to take advantage of the higher conventional bank rates.

I therefore move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the government investigate these bank practices, demand an accountability of loans under government guarantee, and report to the House at the earliest opportunity.

Mr. Speaker: The House has heard the motion proposed by the hon. member for Humber-St. George's-St. Barbe. Under the terms of the Standing Order this motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not. The motion cannot be put.

• (11:10 a.m.)

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

SUGGESTION THAT PRIME MINISTER MEET PRESIDENT NIXON CONCERNING UNITED STATES ECONOMIC MEASURES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. In referring last evening to the economic program instituted by President Nixon and its effects on Canada the Prime Minister said that "I would certainly want to make sure that President Nixon is aware of the dilemma that he is creating for Canada in terms of our future orientation in this North American continent". In view of that statement, will the Prime Minister now undertake a personal meeting with the President of the United States, indeed perhaps an ongoing series of meetings if necessary, to bring such awareness home directly to the President from whom the thrust of United States policy obviously is emanating?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Leader of the Opposition has made that suggestion before and my answer is the same as previously. If it is necessary to meet the President to make sure, as the quotation says, that he is aware, then I will, of course, envisage doing so. But the statement means exactly what it says, that I want to make sure that he is aware. There are divers methods of ensuring this.

Mr. Stanfield: Mr. Speaker, my previous suggestion related particularly to the surtax and this much broader question that the Prime Minister has opened up. Was the Prime Minister expressing doubt as to how the United States administration itself sees the future of U.S.-Canada trade relations, and this being the period during which United States policy toward Canada may jell and become firmly set, is this not the time for discussions with the President rather than after the event?

Mr. Speaker: I have the impression that the supplementary asked by the Leader of the Opposition is perhaps more in the form of an argument. However, the Prime Minister might be allowed to reply if he wishes to do so.

Mr. Stanfield: On a point of order, Mr. Speaker, with respect, Your Honour, it was not an argument; my question was not phrased in those terms. I simply directed a question to the Prime Minister, a very important question at this time, asking whether, this being the period during which United States policy may be set, this is not the appropriate time for the Prime Minister to see and discuss these matters with the President of the United States rather than after that policy becomes set. I think that is a serious question that deserves a serious answer from the Prime Minister.

Mr. Trudeau: Well, Mr. Speaker, the observation is correct that it would be important to make sure that the President is aware before, as the Leader of the Opposition said, his policies are set and have jelled. But I repeat that this only leads one to the conclusion that it is important that the President be made aware, and there are many ways of making him aware of our position. It can be done by a phone call, it can be done by correspondence, it can be done by meeting, it can be done by representations to his ministers, it can be done by diplomatic exchange. There is a whole series of ways of making representations, as I am sure the Leader of the Opposition knows.

Mr. Stanfield: Mr. Speaker, in view of the emphasis the Prime Minister himself has placed upon the serious consequences and high cost for Canada should the United States adopt, hypothetically at least, certain attitudes about which the Prime Minister has expressed concern, is there anything more important as far as Canada is concerned at this particular juncture than for the Prime Minister, as head of the government of Canada, to leave no stone unturned in making certain that the President understands these concerns?

Mr. Speaker: Order, please. The hon. member for Moose Jaw.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, would the Prime Minister inform the House whether in his educated opinion the increase in unemployment as reported the other day by Statistics Canada is caused by United States protectionist policies?

Mr. Speaker: Order, please. The hon. member is inviting the Prime Minister to express an opinion and I would not think the question in those terms is in order.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, has the Prime Minister either telephoned or written the President of the United States to make sure he understands how Canada feels about the economic policy announced by President Nixon on August 15, and has he learned from the President the United States attitude in regard to the Canadian employment support bill?

Mr. Trudeau: The answer is no to both questions, Mr. Speaker.

Mr. Hees: Would the Prime Minister then screw up his courage and either telephone or write to the President to make known Canada's views on this very important matter?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

An hon. Member: Watch your language, George.

Mr. Speaker: Order, please. Of course that supplementary question is not in order.

UNITED STATES ECONOMIC DECISIONS—STRUCTURE FOR PRIOR CONSULTATION WITH CANADA

Mr. David MacDonald (Egmont): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister which relates to a supplementary question I asked a week or two ago concerning the likelihood of the United States taking more decisions that would have a detrimental effect on our economy. Given the close interrelationship that exists between the economies of our two countries, will he indicate to the House today whether he, the Minister of Finance or any other minister has had conversations with representatives of the United States government in respect of establishing some kind of consultative machinery with the United States government allowing us some opportunity to discuss any decisions that might be taken which would have a detrimental effect on our economy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, such consultative machinery does exist, as I am sure the House is aware. We have a continuing committee at the ministerial level with United States and Canadian representatives which studies various matters. They meet to look at the over-all concerns of both governments in respect of immediate and less immediate affairs. The fact that there is machinery in existence does not mean we do not require special ad hoc meetings, as we had in August and in September, at the ministerial and official level to discuss specific events such as those which occurred after the President's announcement. Therefore we are using both standing and ad hoc committees.

Mr. MacDonald (Egmont): Mr. Speaker, since the Prime Minister did indicate that the usual machinery we have used has not been sufficient to indicate to the United States government the extent of the impact these decisions will have on our economy, I am wondering whether there has been formulated and hopefully proposed some further structure for ongoing consultations which might remove the possibility of further very bad decisions being taken?

Mr. Trudeau: Mr. Speaker, we have had all manner of delegations and representations, and speeches have been made in the United States on this matter by the Secretary of State for External Affairs.

Mr. Woolliams: That speech should do a lot of good.

Mr. Trudeau: Mr. Speaker, hon. members opposite on the one hand want us to make representations, but when we do they jeer at them and say they do not do any good. They must make up their minds. Do they want us to talk to the Americans or not?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order, please. I will recognize the hon. member in a moment.

[*Translation*]

Does the hon. member for Compton wish to put a supplementary question?

Mr. Latulippe: Yes, Mr. Speaker.

Mr. Speaker: Before recognizing the hon. member for Compton, which I shall do in a moment—

[*English*]

I will recognize the hon. member for Egmont who is rising on a point of order.

Mr. MacDonald (Egmont): Mr. Speaker, I am not sure that the Prime Minister heard my question. In addition to the normal procedures that have been used, has he not taken the time and the trouble to formulate new approaches which might have some success, considering the impasse we are presently facing?

Mr. Trudeau: Mr. Speaker, I suppose new approaches become old the day after one has used them, but we have been using what the hon. member would call new approaches for the past month. Apart from the ministerial and official meetings I have talked about, there was a meeting this week between the United States commerce minister, Mr. Stans, and the Minister of Industry, Trade and Commerce.

• (11:20 a.m.)

There is present now in Canada a NATO delegation which will be listening to a very important speech by the member for Calgary—where is he from—Calgary South. So, Mr. Speaker, I am sure that the day after any new and special measure has been taken to communicate with the Americans the member opposite will say, but what new thing have you done since this morning?

[*Translation*]

SUGGESTED INTRODUCTION OF NEW STABILIZATION PROGRAMS

Mr. Henry Latulippe (Compton): Mr. Speaker, I should like to put a question to the Prime Minister.

In view of the decrease in international trade and the lagging of Canadian exports, would he tell the House whether this government intends to implement different programs so as to ensure a certain stability to the Canadian economy?

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

[*English*]

ESTABLISHMENT OF MONITORING AGENCY TO ENSURE THAT U.S.-OWNED BRANCH PLANTS OPERATE IN BEST INTERESTS OF CANADA

Mr. Doug Rowland (Selkirk): Mr. Speaker, I have a question for the Prime Minister. In light of statements by both the Prime Minister and the Secretary of State for

External Affairs expressing concern that if the United States surtax remained in effect for a lengthy period it would result in the export of jobs from Canada to the United States, and in light of the statement by the President of the United States that it would remain in effect for longer than the initial 90 days, is the government considering the establishment of a monitoring agency similar to that suggested to the government by the Standing Committee on External Affairs to ensure that branch plants of United States corporations operating in Canada operate in the best interests of our economy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not that particular recommendation in mind, but I can answer generally that the government is considering all manner of possible responses to the United States surtax and other measures if and when they are brought in.

IMPLICATIONS OF ECONOMIC INDICATORS

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my supplementary is directed to the Prime Minister. Last night the Prime Minister stated that all our economic indicators indicate a significant expansion of the economy. Was the Prime Minister aware of such indicators as the July figures on real domestic production that revealed a 0.3 per cent decline, that manufacturing output off one-tenth of 1 per cent—

Mr. Speaker: Order, please. That is perhaps a statement more than a question.

Mr. Paproski: A supplementary—

Mr. Speaker: I trust it will not be a supplementary statement. The hon. member might indicate if he has a question to ask the Prime Minister.

Mr. Paproski: Mr. Speaker, in light of the Prime Minister's optimism about the economic growth, can he say in just what month his views on "Encounter" were taped?

Mr. Speaker: The hon. member for Joliette.

* * *

[*Translation*]

AGRICULTURE

ASSISTANCE TO POTATO GROWERS—REQUEST FOR STATEMENT BY MINISTER

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a supplementary question for the Minister of Agriculture.

I recently told the Minister of Agriculture about the enormous difficulties encountered by potato growers in Quebec as well as throughout the country and I want to ask him if he is now in a position to make a statement ensuring potato growers that they will get help since their products are sold at extremely low prices at the present time?

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I cannot give the details of the program to the House today, but I can advise the hon. member that some relief for this particular commodity is under active and urgent consideration.

Mr. MacLean: Mr. Speaker—

Mr. Speaker: Order, please. I am not sure whether the question sought by the hon. member for Malpeque is supplementary to the one asked by the hon. member for Joliette. I must say that when I recognized him I was under the impression that he was going to ask a supplementary to the previous line of questioning. Maybe we should now pursue the line of questioning initiated by the hon. member for Joliette. I recognize the hon. member for Malpeque on a supplementary.

Hon. J. A. MacLean (Malpeque): Mr. Speaker, will the Minister of Agriculture at an early date make a statement on motions with regard to government policy in an attempt to relieve the unsatisfactory financial situation in which the potato growers and small fruit growers find themselves so that the growers and the provincial governments can be fully aware of the proposed government policy at the earliest possible moment?

Mr. Olson: Yes, Mr. Speaker, I would like to do that. I should advise the hon. member and the House, however, that yesterday afternoon and even this morning we were attempting to arrange a meeting with Mr. MacDonald, the Minister of Agriculture for Prince Edward Island, and Mr. Stairs, the Minister of Agriculture for New Brunswick, to discuss this matter. I think it would not be wise for me to try to make a statement until some time after that meeting.

[*Translation*]

Mr. La Salle: Mr. Speaker, I have another supplementary.

I notice that the Minister of Agriculture seems to have had contacts with two provincial ministers surely concerned with this problem. Will he invite his counterpart from Quebec to the meetings?

[*English*]

Mr. Olson: I should say that my senior officials have had contacts with some senior officials in Quebec, but I have not had a request from the Minister of Agriculture for Quebec. This has come from the other two provinces earlier this morning and yesterday afternoon.

DUMPING OF POTATOES IN BRITISH COLUMBIA—EFFECT ON ALBERTA PRICES

Mr. J. H. Horner (Crowfoot): My supplementary question has to do with the dumping of potatoes in British Columbia, which is having a very depressing effect on the price of potatoes in Alberta. Would the minister also look into that problem?

Hon. H. A. Olson (Minister of Agriculture): Yes, Mr. Speaker. Indeed, we have been looking at it for quite a long time. I understand that the situation has deteriorated—

Mr. Horner: The minister should do something more than look.

Mr. Olson: Well, there was a significant improvement in that market during the latter days of August and we were hopeful, as I am sure the producers were too, that the situation would correct itself. It is apparent now that it has not. The hon. member used the word "dump". If any potatoes are being dumped in British Columbia there is immediate action we can take.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Saskatoon-Biggar on the last supplementary question on this subject.

COMMODITY STUDY OF EFFECT OF UNITED STATES IMPORT SURTAX—GOVERNMENT POLICY

Mr. A. P. Gleave (Saskatoon-Biggar): In view of the statement to the House by the Minister of Agriculture that the effect of the surcharge on agriculture would be handled commodity by commodity, is there under way a study commodity by commodity of how the surcharge is affecting Canadian agricultural production, and may we be advised very soon in the House of what the policy will be and how these specific instances will be taken care of?

Hon. H. A. Olson (Minister of Agriculture): Yes to the first part of the question, and as soon as possible to the second part.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT—EXPECTED LEVEL THIS WINTER

Mr. James A. McGrath (St. John's East): My question is for the Prime Minister. In view of the fact that he is reported as having said last night on "Encounter" that unemployment should be lower this year, does the Prime Minister expect unemployment this winter to fall below 6 per cent and, if so, what steps is he taking to achieve that?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not think I would be able to give a specific statistic. In the program last night I was talking about trends. I repeat what I said: I think it will be lower. As to the specific steps, I have nothing to announce for the time being.

Mr. McGrath: Can the Prime Minister tell the House on what he bases his prediction that unemployment will be lower this winter? Also, what in the view of the government would be a tolerable level of unemployment this winter? Would it be 6 per cent, 5 per cent?

Mr. Trudeau: In answer to the first part of the question, I based it on the general economic indicators—the rate of growth of the gross national product in the first half of the year, the number of housing starts in the first half of the year, which was the greatest ever in our history, the fall of inventories, the increase in consumer demand. I did not go into every detailed indicator, but I used the broad ones which showed that the trend was in that direction. I am sure the hon. member on the backbenches would say that his waistline has not gone down, and probably this is an indicator in a certain direction.

• (11:30 a.m.)

Mr. Speaker: Order, please. The Chair, of course, will recognize the hon. member for a supplementary but I hope that very soon we will provide an opportunity to other hon. members so they may ask different questions.

Mr. McGrath: I rise really to remind the Prime Minister that he did not reply to the second part of my question. What does the government consider to be a tolerable level of unemployment for the country this winter?

Mr. Trudeau: Slightly better than the opposition would be able to manage.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Again I suggest that we should try to give other hon. members an opportunity to ask their questions and return to this matter later.

* * *

SENIOR CITIZENS

CONSIDERATION OF OPPORTUNITIES FOR AGED PROGRAM

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. Can he indicate whether he, the government, or any of its ministers are giving consideration to the feasibility of initiating what might be called an opportunities for aged program?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think those words can mean many things. We are considering programs which will help all age groups in the economy.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT—ADVANCING OF EFFECTIVE DATE OF CERTAIN PROVISIONS OF UNEMPLOYMENT INSURANCE ACT TO ASSIST JOBLESS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, in light of the fact the Prime Minister indicated last night that those who would be unemployed—there is no question about the gravity of the situation—could resort to unemployment insurance, and in light of the fact that under the new legislation one million odd will not be able to take advantage of the Unemployment Insurance Act until January 1, 1972, is the government going to bring in an amendment covering these people so that they will be able to take advantage of the provisions of the Unemployment Insurance Act earlier than January 1, 1972?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Inquiries of the Ministry

UNEMPLOYMENT—PROGRAM TO SUPPORT TRAINING AND RETRAINING WITHIN INDUSTRY

Mr. Lincoln M. Alexander (Hamilton West): In light of the fact that most of the government's money is geared to institutionalized training and that only 5 per cent is devoted to in-industry training compared with 80 per cent in the United States, is the government going to introduce a further program to support in-industry training and retraining in order that more jobs will be available?

Right Hon. P. E. Trudeau (Prime Minister): I will study that suggestion, Mr. Speaker, although I understand it is something that is already under consideration by the government.

UNEMPLOYMENT—GOVERNMENT POSITION RESPECTING MUNICIPAL WINTER WORKS AND HOUSING PROGRAMS RECOMMENDED BY ECONOMIC COUNCIL

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I wish to direct a question to the Prime Minister. Now that the government has had an opportunity to review the report of the Economic Council of Canada, can the Prime Minister say whether the government agrees in principle with the recommendation that such programs as municipal winter works and winter housing should be considered in manpower strategy this winter and, if so, will a statement be made this month or at least before the premiers' conference?

Right Hon. P. E. Trudeau (Prime Minister): If a statement has to be made, Mr. Speaker, it will be made as soon as possible.

UNEMPLOYMENT—DEVELOPMENT OF WINTER WORKS PROJECTS BY MANPOWER DEPARTMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to direct a supplementary question to the Minister of Manpower and Immigration. Is the minister developing or co-ordinating within the government a program of projects related to additional winter works, either within the government of Canada's field or in co-operation with the provinces or municipalities?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I am not sure, considering the breadth of the question asked by the Leader of the Opposition, that I can give any very simple answer. Of course, as is well known, we are looking very intensively at the whole problem of employment in Canada, and when decisions are made about government policy announcements will be made.

Mr. Stanfield: Mr. Speaker, the government seems to be very busy looking at a lot of things. I would like to ask the minister a very simple question. Is he developing himself or co-ordinating the development of such a program at this time? That is a very simple question.

Mr. Lang: My problem, Mr. Speaker, is that I am doing a great number of things, some of which come close to that kind of description and some of which do not. I am not sure to what the hon. member refers, but perhaps I could have a discussion with him about my duties on some occasion.

* * *

[*Translation*]

INDUSTRY

TEXTILES—REPORT OF COMMISSION ON SHIRT MANUFACTURING

Mr. Arthur Portelance (Gamelin): Mr. Speaker, I should like to put a question to the Minister of Industry, Trade and Commerce.

Could he tell us whether the Textile and Clothing Board report is completed and, if so, will it be made public soon?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the report is completed. I have received it and we are now winding up intergovernmental discussions on the subject. If all goes well, I hope to be able to announce the government's decision as a result of the Board's recommendation around the middle of next month.

[*English*]

PULP AND PAPER—REQUEST FOR REPORT ON MEETING WITH BOWATERS' REPRESENTATIVES—INITIATIVES TO REVIVE MARKETS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is also directed to the Minister of Industry, Trade and Commerce. Will the minister advise if he can report on meetings held between his trade mission people in London and representatives of Bowaters Pulp and Paper Mills regarding the partial shutdown of their mill at Corner Brook, Newfoundland?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The meeting took place, Mr. Speaker. It was purely informational, and I understand that nothing of practical application came out of it. I am sorry about that.

Mr. Marshall: In view of the critical situation in the pulp and paper industry, would the minister advise what recent new initiatives are being taken by his department and by other departments to revive markets and to prevent a continuing deterioration of this industry?

Mr. Pepin: Mr. Speaker, so far as the Department of Industry, Trade and Commerce is concerned we are doing all we can to develop markets. The provinces—Quebec in particular—now seem to be willing to do a number of things that could be useful to the industry at this time. I read in the *Financial Post* that some plans were being developed for the creation of marketing consortiums. There is plenty of activity and I am very keen to contribute to it in the coming weeks.

Mr. Marshall: Would the minister look into the fact that the Canadian government is continuing to give loans to other countries to build pulp and paper mills which are destroying our markets, and would he put a stop to this type of thing?

Mr. Pepin: This is a popular line, Mr. Speaker, but everybody knows that if the government of Canada had

not contributed directly in most cases in the building of these newsprint plants somebody else would have, and Canada would have lost the industrial advantages in supplying equipment.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT—PROJECTS TO PROVIDE EMPLOYMENT FOR YOUNG PEOPLE

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister. In light of his persistent statements in the House and on television recently that the present high unemployment is caused solely by unemployed younger people and that the rate of their entry into the labour force could not have been predicted and was unknown to him, can the Prime Minister tell us if he is aware that these young people were born many years ago and that their presence today should not come as any surprise?

Mr. Speaker: Order, please. I am sure the hon. member will recognize that a question asked in those terms is not in order.

Mr. Howard (Skeena): I will try something else, Mr. Speaker. With respect to younger people who are unemployed—this phenomenon—and with respect to the unplanned Opportunities for Youth program last summer and its relative disaster—

Some hon. Members: Oh, oh!

Mr. Howard (Skeena): —has the Prime Minister any plans or projects specifically designed and selected so that younger people can be employed on particular projects, taking into account their concern about the environment?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, both questions were completely wrong in their premises and therefore I do not feel obliged to answer the conclusions.

Mr. Howard (Skeena): May I ask one further supplementary. Why, when the Prime Minister is on the defensive about something, does he have to be so insulting?

• (11:40 a.m.)

Mr. Speaker: Order, please. There cannot be a supplementary to the question we have just had. I suggest to hon. members that the question was not in order. From the procedural standpoint, a supplementary to a question which is not in order cannot be asked. The Chair will recognize the hon. member for Abitibi.

* * *

[*Translation*]

POST OFFICE

IMPROVEMENT OF RURAL MAIL DELIVERY

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would like to put a question to the Postmaster General.

Since Canadians living in rural areas pay the same price for postal services as city dwellers, would he tell the House whether he will take steps to improve rural mail delivery in the near future?

Hon. Jean-Pierre Côté (Postmaster General): New measures have been taken to improve this service, Mr. Speaker, and from the latest accounts I have received, the service has greatly improved.

[*English*]

Mr. Speaker: The hon. member for Grey-Simcoe.

Some hon. Members: Hear, hear!

* * *

TRADE

ACTION TO FULFIL COAL CONTRACTS WITH JAPAN

Mr. P. V. Noble (Grey-Simcoe): I do not know what that applause is for, Mr. Speaker. Maybe it is on account of my patience and persistence as I have been trying to get the floor for about four days. I direct this question to the Minister of Industry, Trade and Commerce. In view of the fact contracts with Japan call for the annual shipment of nine and a half million tons of coal and we are falling short by about three million tons per year, is the government taking any action to encourage the fulfilment of these annual contracts, especially in view of the unemployment situation?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I am sorry to say, Mr. Speaker, that I have not taken a personal interest in these particular difficulties. My understanding is that this industry has grown very rapidly in a very few years. It has these contracts and it is now experiencing teething problems. If I can make a contribution I will gladly do so.

Mr. Noble: In view of the fact Canadian mining companies are forced to look outside the country for experienced miners, will the government take the necessary action to ensure that Canadians will be trained to fill these positions?

Mr. Pepin: Mr. Speaker, I shall pass this question on to the Minister of Manpower and Immigration who has more to do with this than I have.

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EXTERNAL AFFAIRS

ST. PIERRE AND MIQUELON—DISCUSSION WITH FRENCH FOREIGN MINISTER OF BILATERAL AGREEMENT AFFECTING OFFSHORE RIGHTS

Mr. Walter C. Carter (St. John's West): I have a question for the right hon. Prime Minister, Mr. Speaker. In the course of his talks this week with the French Foreign Minister, can the Prime Minister tell the House if he or any of his ministers raised the matter of a bilateral agreement affecting the traditional offshore rights of France off our east coast with particular emphasis on the status of St. Pierre and Miquelon?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did not raise this question but I am informed that it was raised by our ministers and officials.

ST. PIERRE AND MIQUELON—DISCUSSION WITH FRENCH FOREIGN MINISTER OF AGREEMENT RESPECTING CANADIAN WATER POLLUTION LAWS

Mr. James A. McGrath (St. John's East): I have a supplementary question for the Minister of Transport who participated in the talks with the French Foreign Minister. Has an agreement been worked out with the French government with respect to our pollution laws off the south coast of Newfoundland with regard to the jurisdiction of France over the islands of St. Pierre and Miquelon and adjacent waters?

Hon. Donald C. Jamieson (Minister of Transport): I do not think it would be appropriate to outline in detail the content of the discussions, Mr. Speaker, as I believe it is traditional that this not be done. However, I do not think it is disclosing any confidence to say that progress is being made on the matter of negotiating an arrangement not only with the government of France but with most of the Atlantic countries along the lines that the hon. member has mentioned. I would hope that some bilateral arrangement, particularly relating to St. Pierre and Miquelon, would be possible in the immediate future.

DISCUSSION WITH FRENCH FOREIGN MINISTER OF POSSIBILITY OF SPECIAL RELATIONSHIP BETWEEN CANADA AND EUROPEAN COMMON MARKET

Hon. Robert L. Stanfield (Leader of the Opposition): I have a supplementary question for the Prime Minister in connection with the visit yesterday of the Foreign Minister of France and the discussions that took place. Was there any discussion concerning the possibility of any kind of special relationship between Canada and the European Common Market?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, here again I did not discuss this subject with the Foreign Minister of France but I do know that the subject of the Common Market and commercial relations with Europe and France were very much discussed by some of our ministers.

Mr. Stanfield: By whom?

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[*Translation*]

NATIONAL DEFENCE

REQUEST FOR ASSISTANCE BY ARMED FORCES IN EVENT OF STRIKE BY QUEBEC PROVINCIAL POLICE

Mr. Fernand-E. Leblanc (Laurier): Mr. Speaker, I should like to put a question to the Minister of National Defence.

Has the Quebec Minister of Justice or some other authority requested help from the Armed forces should the Quebec police force go on strike over the weekend?

Hon. Donald S. Macdonald (Minister of National Defence): Mr. Speaker, personally I have received no request from the Quebec Minister of Justice, but I can state that officers of the Quebec police force have contacted their counterparts at general headquarters for mobile forces with regard to the possibility of a strike.

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[*English*]

NATIONAL SECURITY

ALLEGED INFILTRATION OF FLQ BY UNITED STATES CENTRAL INTELLIGENCE AGENCY—REQUEST FOR REPORT

Mr. Eldon M. Woolliams (Calgary North): I should like to ask the Solicitor General an important question which deals somewhat with security. Did the Canadian government have any knowledge that the CIA had infiltrated the FLQ last fall or is still infiltrating that organization in the province of Quebec, and was this done with the Canadian government's acquiescence?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I am totally unaware of the allegations contained in that question but I will certainly ask for information.

[*English*]

Mr. Woolliams: A supplementary. I wonder if the minister would take a look at the matter over the weekend and make a full report because of the statements that are now being made and the knowledge that appears possessed by the media and others as far as this infiltration is concerned?

[*Translation*]

Mr. Goyer: Mr. Speaker, if the reply is no the report will not be very long.

[*English*]

Mr. Speaker: The hon. member for Vancouver-Kingsway.

Mr. Woolliams: May I ask a further supplementary?

Mrs. MacInnis: My question is to the Minister of State for Urban Affairs—

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Vancouver-Kingsway. I will recognize the hon. member for Calgary North later.

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URBAN AFFAIRS

PROVISION OF DAY-CARE CENTRES

Mrs. Grace MacInnis (Vancouver-Kingsway): My question is for the Minister of State for Urban Affairs. Can the minister inform us if officials of his department are meeting with provincial officials in order to determine the best method of providing day-care centres as recommended in the report of the Royal Commission on the Status of Women and by the Canadian conference on day-care?

Hon. Robert K. Andras (Minister of State for Urban Affairs): Mr. Speaker, there is an examination of the

whole question of day-care centres, some within, as the hon. member described it, my department, some within CMHC and some within the secretariat that is examining the whole question of the Royal Commission on the Status of Women. In the course of this examination, many consultations are taking place, but in any formal sense consultation with the provinces has not started.

Mrs. MacInnis: May I ask the minister when we may expect the initial report of this secretariat which is inquiring into the recommendations of the Royal Commission on the Status of Women?

Mr. Andras: As soon as I get time to digest the very voluminous reports that are flowing in and get some structure into it, I will be delighted to try to convey the information.

Mr. Speaker: The hon. member for Calgary North on a supplementary to a previous question.

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NATIONAL SECURITY

ALLEGED INFILTRATION OF FLQ BY UNITED STATES CENTRAL INTELLIGENCE AGENCY—REQUEST FOR REPORT

Mr. Eldon M. Woolliams (Calgary North): In light of the Solicitor General's answer which was not clear and in view of the sensitivity of relations with the United States at this time, as has been discussed earlier, would the Prime Minister as the head of the government make a statement with reference to this alleged infiltration indicating whether there was knowledge on the part of the government and whether government acquiesced in the action of the CIA and is still acquiescing and handing over the security of our nation to another country?

Right Hon. P. E. Trudeau (Prime Minister): Like the Solicitor General, I made some preliminary inquiries and like him I repeat that it would be important to make further inquiries. The preliminary inquiries, in which I have confidence, are to the effect that there are no CIA agents in Canada. Certainly if there are some they are not here with Canada's knowledge and acquiescence.

Mr. Paproski: A further supplementary—

Mr. Speaker: Order, please. I take the liberty of reminding hon. members that we will very soon run short of time. The hon. member will be allowed one supplementary.

WHEREABOUTS OF PIERRE VALLIÈRES

Mr. Steven E. Paproski (Edmonton Centre): I would direct my supplementary to the Prime Minister. Would the Prime Minister advise the House of the whereabouts of Pierre Vallières?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is the kind of question which I think it is not in the public interest to answer.

Mr. Speaker: The hon. member for Cape Breton-The Sydneys.

Mr. Paproski: On a point of order, Mr. Speaker, I was not trying to be facetious. I know that the Prime Minister—

An hon. Member: You just can't help it.

Mr. Paproski: —is full of information and I am told that he is a fountain of wisdom, but maybe this kook is working in the east block and maybe the Prime Minister is going to appoint him to the Senate.

Some hon. Members: Oh, oh!

An hon. Member: Who writes your stuff?

Some hon. Members: Order!

Mr. Muir (Cape Breton-The Sydneys): Mr. Speaker—

Mr. Speaker: Order, please. Perhaps the hon. member might be given an opportunity to ask his question.

* * *

• (11:50 a.m.)

CAPE BRETON DEVELOPMENT CORPORATION

PROVISION OF ADDITIONAL FUNDS FOR INDUSTRIAL DEVELOPMENT TO CREATE JOBS

Mr. Robert Muir (Cape Breton-The Sydneys): My question is for the Prime Minister. In view of the statement by Mr. Tom Kent at his first press conference as the new president of the Cape Breton Development Corporation that funds made available to that corporation for industrial development and other purposes are almost wholly depleted, can the Prime Minister assure the House that more funds will be made available as soon as possible to carry out the job assigned to the corporation which, as the Prime Minister knows, is to create jobs?

Right Hon. P. E. Trudeau (Prime Minister): I will take notice of the question, Mr. Speaker, and refer it to the minister responsible for the Cape Breton Development Corporation.

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MANPOWER

TRAINING ALLOWANCES—REMOVAL OF REQUIREMENT OF THREE YEARS IN WORK FORCE IN ORDER TO QUALIFY

Mr. S. Perry Ryan (Spadina): My question is for the Prime Minister. As recommended by the Economic Council of Canada's latest report, is the government going to lower the three-year eligibility requirement for training allowances?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this report was only made public yesterday and I have not had time to read it yet.

Mr. Ryan: Is the government now going to table the government's studies of alternative eligibility requirements that are referred to in the Economic Council of Canada's report?

Mr. Trudeau: Here again I do not know to what the report referred. I have not read it yet.

* * *

GRAIN

RAPESEED—DECISION ON PAYMENT OF PART OF COST OF FIGHTING ARMY WORM OUTBREAK

Mr. Rod Thomson (Battleford-Kindersley): I have a question for the Minister of Agriculture. Will the minister inform the House whether the government has yet made a decision to pay a portion of the lanate costs for fighting the army worm outbreak in Saskatchewan this past summer?

Hon. H. A. Olson (Minister of Agriculture): No, Mr. Speaker, a decision has not yet been made.

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POLLUTION

GREAT LAKES—DUMPING OF WASTE BY SHIPS—SUGGESTED MEETING TO ESTABLISH BETTER METHOD OF SURVEILLANCE

Mr. Jack Cullen (Sarnia-Lambton): My question is for the Minister of Transport. In view of the fact that ships using the Great Lakes are still getting away with dumping bilge water and other waste, particularly in Lake Huron, will the minister agree to meet with municipal, provincial and Michigan state officials to hear their views on establishing a better method of surveillance of these ships?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, I will be very pleased to do that. To my way of thinking we have been improving our methods and our American counterparts also feel that this is so. If there are additional improvements or suggestions from people on the spot that we can implement, we will be more than pleased to do so. If the hon. member or any other member wishes to arrange such a meeting, I will be pleased to attend.

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ROYAL CANADIAN MOUNTED POLICE

REQUEST BY QUEEN'S UNIVERSITY SENATE THAT PERSONNEL NOT BE STATIONED ON CAMPUS

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Solicitor General. Has the minister's attention been drawn to a recommendation by the senate of Queen's University that there be no continuance of permanently authorized members of the Royal Canadian Mounted Police on the campus and that under no circumstances should the RCMP be encouraged to place undisclosed agents in the university? Also, is the government prepared to accept these recommendations for all campuses?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I have not yet received these recommendations or if I have, they have not come to my knowledge. As soon as I will be acquainted with them, I will certainly be able to give a reply.

* * *

[*English*]

EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—PERSONAL COMMUNICATION BY PRIME MINISTER WITH PRESIDENT NIXON ON CANADIAN POSITION

Mr. Heath Macquarrie (Hillsborough): I wish to ask the Prime Minister if he has made personal contact by wire, telephone or letter with the President of the United States conveying the view of our country and this House on the proposed Amchitka nuclear test?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Mr. Macquarrie: Does the Prime Minister not consider there might be some value in making such a representation to the President of the United States?

Mr. Trudeau: Not at this time, Mr. Speaker.

Mr. Speaker: Orders of the day.

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BUSINESS OF THE HOUSE

Mr. Turner (Ottawa-Carleton): I rise on a point of order, Mr. Speaker. On behalf of the government House leader I want to record that I have had certain consultations with members opposite. It is the government's intention to call Bill C-244 now and continue the debate from last night and to call at two o'clock, instead of 2:30, the report stage of Bill C-243, An Act to Amend the Judges Act.

Mr. Stanfield: On the point of order, Mr. Speaker, we are agreeable to this. However, I want to remind the Minister of Justice and other ministers that we were not discussing yesterday the bill that is going to be discussed today. We were discussing the refusal of the government to comply with the laws of this country.

Some hon. Members: Hear, hear!

Mr. Speaker: Orders of the day.

• (12 noon)

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION FOR PAYMENTS TO WESTERN CANADA PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

The House resumed, from Wednesday, September 22, consideration of Bill C-244, respecting the stabilization of

prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture, and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. Frank Howard (Skeena): Mr. Speaker, when the debate concluded the other evening, I just had a brief moment or two to make a few preliminary comments and to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), an amendment to the amendment. Because this is a fresh day, it might be worthwhile for me to read the amendment. It is as follows:

That the amendment be amended by deleting all the words after "deduction" and substituting therefor the following "of the amount by which the costs of production for the crop year within which a levy under section 9 is deducted exceeds the costs of production for the crop year ending on July 31, 1970."

In debating this particular subamendment, Mr. Speaker,—

Mr. Deputy Speaker: Order, please. The hon. member will recall that when he gave notice of his intention to move the amendment, the Chair expressed some doubt about the procedural acceptability of the amendment. Before the hon. member proceeds to debate the substance of the motion, I wish to point out that the Chair still has a reservation about whether it can accept the amendment. If the hon. member and other members can assist the Chair, it might be the consensus of members of the chamber that we now hear argument on that point. I might indicate the Chair's concern. I am just making a preliminary comment and I will certainly listen to argument with an open mind.

It seems that in his proposed amendment the hon. member is substituting another method of determining the particular matter dealt with in the section; in other words, he is substituting one thing for another. At this stage, where there are amendments to motions at the report stage, the Chair must be very sure that the amendment does not go beyond the four corners of the motion it is purported to amend. With those preliminary observations, I will appreciate any assistance hon. members can give to the Chair.

Mr. Howard (Skeena): I did not, as has been suggested, give notice the other evening of moving a subamendment. I, in fact, moved it. I have reiterated it today because this is a fresh day. I wanted it to be clear in the minds of hon. members.

With regard to the point of order raised by Your Honour, it is not a substitution of a different method, but a question of amending the amendment to put in a particular floor from which certain things are measured. If we look at what clause (c) of subclause (1) says and then proceed to the amendment and subamendment, I think Your Honour will find they are all connected and relevant. Subclause (c) interprets and defines grains sales proceeds. I quote:

"grain sale proceeds" means the amount of the purchase price of grain produced on land described in a permit book and sold by a producer to a licensee,—

Boiled down, I think the meaning of this clause is that grain sales proceeds are the purchase price of the grain after the deduction of certain charges. The amendment moved by the hon. member for Saskatoon-Biggar (Mr. Gleave) sought to add, after the definition in the bill, the phrase "and after the deduction of the increased costs of production and including stabilization payments, if any." That amendment was in order. It was accepted and it has been under debate for a while. That amendment sought to add another item which would be deductible from the purchase price of the grain. There would be, then, the purchase price of the grain from which would be deducted certain lawful charges as mentioned in the bill itself and, additionally, the increased cost of production. The amendment being in order, the purpose of my sub-amendment, which has been read, is as follows—perhaps I should read it again because it does make an alteration in the words of the amendment by the hon. member for Saskatoon-Biggar. Its intention is to deal with the words after the word "deduction" in the amendment by the hon. member for Saskatoon-Biggar, and then to rephrase certain other parts to clarify what is meant by increased costs of production.

The amendment would provide that those increased costs of production shall be the difference between costs in the crop year in question and in the crop year which ended on July 31, 1970. In other words, the sub-amendment is connected with the amendment and with the original clause, proceeding as follows: There is the purchase price of the grain, less lawful charges as set out in the bill, less increased costs of productions, as set out in the amendment by the hon. member for Saskatoon-Biggar; and this is clarified to say that these increased costs of production shall be measured on the basis of the crop year ending on July 31, 1970. The whole thing is a matter of clarification and being more precise than the wording originally proposed.

In the light of what Your Honour said the other evening when I moved the sub-amendment originally, and the thought which was expressed about its admissibility, I took occasion to read the references in Beauchesne to amendments and sub-amendments. As Your Honour knows, they are voluminous and many of them are not applicable in this case because they deal with matters which are not dealt with here. I should like to refer to two citations. One is Citation 203(1). I believe my sub-amendment meets the requirements set out here. The citation reads:

It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed.

I submit my amendment meets the test of relevance. It simply identifies the base year from which costs of production are to be measured. I wish to read the whole of Citation 203(1) because sometimes it is possible for hon. members to select only parts which are favourable to the position they are taking.

Every amendment proposed to be made either to a question or to a proposed amendment should be so framed that if agreed to by the House the question or amendment as amended would be intelligible and consistent with itself.

I submit that if this sub-amendment of mine is accepted, and if the amendment is accepted and the bill is amended accordingly, it would be intelligible and consistent with itself. It would be intelligible because it defines and inserts a base year upon which increased costs of production shall be measured. I submit that without such a base

year being defined the increased costs of production which might have to be taken into account in any subsequent crop year could not be calculated accurately because there would be no base upon which they could be measured. The purpose is to establish a time from which increased costs of production can be measured in order to make the amendment intelligible and consistent with itself.

Another paragraph in Beauchesne reads:

The law on the relevancy of amendments is that if they are on the same subject as the original motion they are admissible.

That is the law on the relevancy of amendments. I submit that this sub-amendment is on the same subject matter as the amendment. It talks about increased costs of production, which is a fundamental part of the amendment moved by my hon. friend from Saskatoon-Biggar, and it talks about a point in time from which those increased costs of production are measured. It is not, to use a phrase which Beauchesne uses a little later on, foreign to the amendment of the hon. member for Saskatoon-Biggar. We read that exceptions to this rule are amendments going into supply or ways and means. This is not applicable now.

Further, in Citation 202(3), we read as follows:

Since the purpose of a sub-amendment is to alter the amendment—

Which is what the sub-amendment seeks to do,

—it should not enlarge upon the scope of the amendment.

I submit it does not enlarge upon the scope of the amendment. It merely specifies a point in time from which certain things should be measured. The citation continues:

—but it should deal with matters which are not covered by the amendment.

The amendment of the hon. member for Saskatoon-Biggar does not deal with the matter of establishing a point in time. It deals with costs of production, yes, but it does not deal with the question of a base period. I submit my sub-amendment meets that requirement, too, in that it deals with a matter which is not covered by the amendment itself. Beauchesne adds:

If it is intended to bring up questions foreign to the amendment, the hon. member should wait until the amendment has been disposed of and move a new amendment.

This is not germane to the particular question before us.

Let me sum up my reasons for believing Your Honour should accept the sub-amendment. First, the bill itself states that grain sales proceeds shall be the purchase price of the grain less certain lawful charges. The amendment which was accepted by the Chair and debated at some length the other day says an additional factor which should be deducted from the purchase price relates to the increased costs of production. My sub-amendment simply says that in order to determine what those increased costs of production might be, a point in time shall be established, namely, the crop year ending July 31, 1970. It says that upon this basis increases in costs of production shall be measured. I submit that without the amendment proposed there could be arguments in another direction. But in view of what Beauchesne has to say about relevancy when dealing with the subject matter of an amendment, and bearing in mind the other points to which I have referred in the citations from Beauchesne, I submit I have proceeded logically, sensibly and intelligibly from the bill, to the amendment, to the sub-amendment. I hope Your Honour will be persuaded by that process of argument and reason that the sub-amendment is in order.

[Mr. Howard (Skeena).]

• (12:10 p.m.)

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the hon. member who has proposed the amendment has raised arguments about its relevancy and as to whether it logically follows the motion that has been put forward. I do not think there is much doubt about either of those questions. There is no doubt about the relationship of the amendment that has been put forward to the motion under discussion. Similarly, there is no doubt about its relevancy to the original clause and to the motion itself. It follows logically, and presumably in the opinion of the hon. member who put it forward qualifies as intelligible, to use his expression. I am sure he feels that it does or he would not have put it forward.

I submit that the reason that this amendment is not in order and is not procedurally acceptable has nothing to do with either of those questions. I should say at the outset that in these technical arguments in which we become involved in dealing with procedure there are times when the charge is levelled that we are being picayune, and so forth. There are times when the government seems to brush aside or to ignore obvious technical difficulties in clauses of bills in order to incur the goodwill of the House and get on with the debate of the subject matter at hand.

I do not think that anyone interested in this subject would seriously question that that is exactly what has taken place respecting the motion which is under discussion and which the hon. member proposes to amend. Whatever the motivation was in ignoring the obvious procedural shortcomings of the amendment itself—which I think will come to light in Your Honour's discussion of the matter—I think it can be seen that when the House relaxes its guard procedurally with respect to one particular step, the all too frequent result is that it invites further relaxations of our procedure, to the correctness of which we should adhere in this chamber if no other place.

Certainly, it is not a sensible step further to encourage that relaxation or aberration from the rules by introducing to a regular motion what I submit is an irregular amendment. In this respect I believe there are two very clear arguments against the procedural acceptability of this amendment, and they are as follows:

The first is that it relates to the interpretation clause. It is evident from the precedents on this point that the interpretation clause of any bill enjoys a special sanctity as far as amendments or sub-amendments are concerned. In this regard I would refer Your Honour to two rulings of the Chair. The first is reported in the *Journals* of the House for 1969-70 at page 835, under date May 21, 1970. There, in ruling on a number of proposed amendments to Bill C-144, the Canada Water Act, the Speaker said as follows:

—in the opinion of the Chair amendments of a substantive or declaratory nature should not be proposed to an interpretation

clause. If such amendments were accepted the clause would not then be an interpretation clause.

I am sure hon. members realize the difficulty of accepting substantive amendments or proposals under the general classification of interpretation.

I suggest to hon. members with respect that it is not the place to make proposed amendments or motions which are of a substantive nature.

Clearly, therefore, this amendment, which really proposes not just to alter the motion that has been put forward but to replace it entirely with a totally different formula, thereby getting at the definition clause itself, is out of order.

As a further example of the strength of that ruling, on October 28, 1970, when the hon. member for Calgary North (Mr. Woolliams) had put forward a proposed amendment which is to be found at page 660 of *Hansard* for that date and which sought to change the definition of "federal court" in the federal court bill so as to include the Supreme Court in each province, Mr. Speaker cited the ruling to which I have just referred and ruled the amendment out of order because it sought to effect a substantive change in a definition clause. I submit there is the clearest example before us here of an attempt to do just that kind of thing without giving the notice required, thus attempting to amend the bill itself. However, I will come to that point in a moment. Therefore, the first argument against this proposed amendment is that it proposes to effect a material change in a definition clause, and there is clear precedent for holding that this cannot be done.

The second argument that I have against it is this. In view of the provisions of Standing Order 75 pertaining to notice which must be given at report stage of any motion, it is clear that any amendment to that motion for which notice is required under that Standing Order must not in itself seek to amend the bill but must simply be an amendment to the motion itself for which notice has been given. In this regard, even the most cursory examination of the proposed amendment indicates that what it seeks to do is entirely to replace the motion by deleting everything after the word "deduction", replacing what follows with a different formula, thereby getting at the bill itself by way of amendment, the appropriate notice under Standing Order 75 not having been given.

Therefore, Mr. Speaker, I submit on both those grounds that procedurally the amendment is unacceptable. By way of reference to the latter argument, the remarks of Mr. Deputy Speaker on April 29, 1969, as reported at pages 8146 and 8147 of *Hansard,* in connection with amendments proposed to Bill C-150 at that time, are pertinent. I should like particularly to quote the Speaker's remarks at page 8147, the right-hand column:

I must point out to the hon. member for Shefford, as I said earlier, that his proposed subamendment is not in order for at least one reason.

I suggest to the hon. member that this amendment is of the kind which could have been proposed under standing order 75, that is to say by giving notice of it before the motions are considered in the house. Once the motions have been proposed—there are 43 or 44 of them I think—the house must consider particular amendments or specific motions proposed by the members and only such motions can be the subject of a subamendment under standing order 75(8).

What the hon. members can do now is to propose a subamendment to the motion of the hon. member for Gatineau, because they cannot introduce an amendment to change section 18 of the bill under consideration. I suggest to the member for Abitibi and to the other members that the motion of the member for Abitibi is in fact intended to amend clause 18 of Bill C-150 and not the motion of the hon. member for Gatineau.

In fact, the motion of the hon. member for Gatineau is so simple that it would be difficult I think to imagine an amendment which could be in order. Therefore under the circumstances, I find it impossible, even if I wanted to be as tolerant as the rules allow me, to accept the subamendment proposed by the member for Abitibi.

Therefore, Mr. Speaker, I submit that the amendment is out of order for two reasons. First, it attacks the definition clause of the bill very directly and the Standing Orders indicate that this cannot be done at this time. Second, it goes entirely beyond the scope of the motion and attacks the bill itself, which again is against the clear precedents of this House. Consequently, I submit argument should not proceed on the amendment.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I found the remarks of the hon. member for Sudbury (Mr. Jerome) very interesting. He started out to explain why he thought the amendment was relevant and intelligent but the premise of his whole argument was based mostly on the fact that he felt the amendment, as tabled and put before the House, was out of order. That is a very weak case, because surely the main purpose of tabling a motion 24 hours before the subject matter comes up for debate in the House is to give Your Honour and your staff time to look over the motions and contact the mover, if necessary, to suggest that it should be altered or changed. One can only assume that these motions were looked over. It might have been considered at the time that the motions were weak or should have been made more clear, but one can only assume that they have passed the acid test and received your approval, because that is why we find ourselves in a debate on these motions.

• (12:20 p.m.)

These motions were brought forward on Wednesday, September 22, and it is regrettable we have not yet had a ruling. I am inclined to believe this fact supports the suggestion that the amendment is clear and has merit. The hon. member for Sudbury (Mr. Jerome) suggested that we cannot move an amendment to a definition clause. This is the interpretation part of the bill. If an amendment to the interpretation clause is in order, then a subamendment which clarifies the original amendment and sets out a base year should be in order and welcomed by hon. members.

The motion moved by the hon. member for Saskatoon-Biggar (Mr. Gleave) suggests that after the word "producer" the following words should be added:

and after the deduction of the increased costs of production, and including stabilization payments, if any;

Clause 2(*c*) reads in part:

—after the deduction from the purchase price of the grain of the lawful charges that are applicable to the grain on its sale to the licensee by the producer;

The hon. member for Saskatoon-Biggar is including another deduction he believes should be added, that is the deduction of the cost of production. Many hours have been spent during agriculture debates in this House in an attempt to determine the cost of production and on what

it should be based. If one looks at the debates of the United States legislature, he will find that they have for years debated the matter of parity and the year on which it should be based.

The motion moved by the hon. member for Saskatoon-Biggar may be very difficult to implement. The hon. member for Skeena (Mr. Howard) has moved an amendment, which I think should be welcomed by the House because it goes a long way to clarify the situation. The words of the amendment to some extent, deal with the cost of production. It reads:

of the amount by which the costs of production for the crop year within which a levy under section 9 is deducted exceeds the cost of production for the crop year ending on July 31, 1970.

It is quite obvious what the hon. member for Skeena is attempting to do. He is trying to set July 31, 1970 as the base year. Many farmers will not be very happy with that date because the cost of production based on the year 1970 would be low as profits that year were low. They would like a year which would be more favourable. In any event, this is a concrete suggestion that clarifies the interpretation part of the act. How can we have good legislation unless the intent outlined in the interpretation clause is clear?

In my opinion this amendment is in order and should be welcomed by the House because it clears up any doubt there may be in the minds of people reading the original motion, and I would urge Your Honour to rule that it is in order. The debate during the past two days has convinced me that in Your Honour's wisdom you feel there is merit to this motion. If you did not believe that, I should think you would have ruled it out of order automatically. I should think we could have a ruling on this matter now and get on with the debate. The House of Commons spends too much time on procedural issues. I should like to see more time spent debating conditions of agriculture rather than procedure.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, as the mover of the original motion, I find the amendment very acceptable. It clarifies or brings into sharper perspective the manner by which these production costs are to be arrived at. There has been some question raised as to whether the original motion is in order. Of course, that matter was decided after the motion was debated for some time. I must say I feel the original motion was in order. The essence of the bill before us is that there is to be a relationship established between the gross proceeds of the sale of grain over a five-year period and the individual income of a farmer in a particular year in which certain payments are to be made. Therefore, the manner in which we arrive at the basis of income of an individual farmer in that particular year is relevant to the discussion we have had.

Various clauses of the bill go to some length to set this out quite clearly. The bill sets out the lawful charges which may be taken into account by those administering the measure. I have put before this House one of the factors which is to be considered as part of the calculation in arriving at the farmer's income in a particular year relative to the five-year period set out in respect of gross income on the six grains. The amendment simply goes a little further for the purposes of clarification. It says that such and such a year shall be the base year for which we arrive at the cost of production. That is the objective of the amendment. I suggest to you that the amendment simply clarifies the motion and brings it into sharper focus. It does not substantially change the motion, because the essence of the motion we have been discussing is that the cost of production should be a part of those factors used in arriving at an individual farmer's claims. Indeed, it affects his right to claim against the stabilization fund as and when it is set up. This is what the original motion does. The amendment as offered simply says that in the mechanics of arriving at this those responsible shall take a certain year as a basis for making their calculations.

• (12:30 p.m.)

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I listened with interest to the points raised by hon. members. I think these, involve additional problems for you, Mr. Speaker, in view of the fact that the rules we are now using are relatively new and the procedures we are using are relatively new. Certainly, the amount of reference material to guide Your Honour is rather out of date or of very limited use because of the changes in the rules. Part of the difficulty is illustrated in the motion and the amendment. I sat on the Agricultural Committee, as did the mover of the motion. We were well aware of the discussion that had taken place over a long period of time in very great detail. When we moved the motion and presented it to the Chair in the way we did, we did so with knowledge of the discussions which had taken place and the knowledge we had of the subject. We were well aware of the deductions, for instance, that take place in connection with the movement of grain. We were also aware of what was meant by the inclusion of stabilization payments.

All Members of Parliament have the right to make a decision on every piece of legislation before us. They also, it seems to me, have the right to suggest changes in the wording or motions so that what the mover and seconder mean to say is said in a manner which is acceptable and understood. The hon. member for Skeena (Mr. Howard) asked me what the costs of production were and how we arrived at what we considered to be a net return rather than a gross as is mentioned in clause 9 of this bill. I was able to tell him from my knowledge what the costs were that were involved in establishing the difference between the gross and the net. After we had discussed it for some time he gave his interpretation of it and asked if that was what I meant. I agreed that that was what it meant, although it was said in a different way.

I think the hon. member for Sudbury (Mr. Jerome) is wrong if he believes the system we use can be successful if we are willing to waive the time limits that are necessary for the Chair to make the decision. I think he is wrong if he believes that, under those circumstances, the Chair will be very successful for long in making a decision concerning whether or not the motions that are presented from the committee by individual members are acceptable in the form in which they are presented. It may well be that the Speaker will have to confer with members of the House who move the motions, particularly where language and interpretation is involved, because there

may be a difference of opinion about what is being said by the motion. Unless the member is to have some way of clarifying what he says, and of putting it in better language so that it is made intelligible to other members who are involved, then it seems to me this system will not succeed. Previously, when a member wanted to move an amendment to a bill, he moved the amendment as the bill was being discussed clause by clause, and the clauses which were acceptable and which members considered to be amendable were amended. They were amended in the House as each clause was called. However, we changed the system. I do not think we should use the old precedents or follow Beauchesne and the decisions made by previous Speakers under a previous system and apply them to the system we are using now. We should forget about the old system and find other ways to do this.

A member who moves an amendment may not say in the amendment what he intended to say or he may not put it in the best language. Certainly, I have heard the suggestion that two heads are better than one. If you use 264 heads you probably are adding something to what any member or any two members had in mind in respect of these amendments. From my point of view, the amendment is a clarification of the original motion moved. It is not inconsistent with what we were trying to do. It does not add anything to what we were attempting to do with the exception of the base period. In the act that is to be repealed by this legislation there is exactly the same dateline and we have this in mind. I am sure that anyone looking at this act would agree that there must be a starting and closing point in the crop year and that when you talk about the cost of production you take it from one point to another point. In most cases it has not been a calendar year which has been used, but rather it has based on the crop year. Under the Temporary Wheat Reserves Act, the date of July 31 was the ending of the crop year and I see nothing inconsistent in this, although it was not in the original motion.

Obviously, this was in the mind of the mover and seconder. If not exactly that date, certainly a calendar date would have to be implemented. I suggest if the new rules are to succeed, now that we are using a report stage to replace the committee stage, we will have to supply machinery to enable a member to develop an amendment which will say exactly what he wants it to say in language which is acceptable to the Chair, and to enable the Chair to assist in the development of that amendment. The government cannot complain about the original motion and cannot blame the Chair for accepting the original motion, whether or not it stands on all fours on the basis of the previous rules. The minister responsible for this bill on a number of occasions attempted to obtain the co-operation of the House to move this bill forward. If he is asking for immediate attention to this bill, then the Parliamentary Secretary will have to waive to some extent his right to argue that the decision of the Chair to allow the motion was made on the condition that the Chair was not giving it endorsement. But obviously when the minister rose in his place and spoke on the motion without questioning more than the number of motions, he was giving his endorsement to that motion, so I suggest that we are going to be in a procedural hassle.

• (12:40 p.m.)

Mr. Deputy Speaker: Order please. I regret to interrupt the hon. member but what I have to say may be of assistance to the chamber. I can advise the hon. member that I am in accord with his argument and the argument put forward by the hon. member for Crowfoot (Mr. Horner). I do not accept the argument of the parliamentary secretary on that point. I think the motion is properly before the House, and I mention this so that the hon. member need not take longer in his speech to convince me. I am convinced.

Mr. Peters: The point that I really wanted to bring to Your Honour's attention was that, in moving the amendment, consideration should be given to the changes that we have made in the rules and to what is really the purpose of allowing an amendment. I suggest that when the purpose of an amendment is the clarification of an original motion—there may be other amendments which achieve other purposes—and when it is worded in language which is somewhat more easy to understand by those who will be administering the law so that the amendment is really a refinement of the original motion, we should be fairly lax in the fine interpretation of the application of the amendment to the motion if, in the opinion of the majority of members it is acceptable. I make the suggestion only in the light of the rule changes that we have made and our inability, which has become obvious, to find time to develop proper amendments under the report system that we are now using.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to address myself in the main to the question that Your Honour raised and to the portions of the argument put forward by the Parliamentary Secretary to the President of the Privy Council (Mr. Jerome) which still stand after your interjection of a moment ago. The interjection that you have made does make it unnecessary to argue that the amendment is properly before us, but perhaps I might be permitted to put on the record standing order 75(8) which reads:

> When the Order of the Day for the consideration of the report stage is called, any amendment of which notice has been given in accordance with section (5) of this order shall be open to debate and amendment.

That of course is the situation. The motion moved by the hon. member for Saskatoon-Biggar (Mr. Gleave) was properly before the House under subparagraph (5) of Standing Order 75 and therefore under subparagraph (8) it is under debate and it is open to a member to move an amendment thereto. Although 24 hours notice is required in the case of an original motion, no notice is required in the case of an amendment moved under subparagraph (8). However, one concedes without argument that the mere right to present an amendment does not mean that any amendment that one presents is necessarily in order. There are other rules that have to be met, most of which have been placed on the record by the hon. member for Skeena (Mr. Howard) in his initial presentation.

However, it seems to me that the main question which Your Honour feels you must cope with is whether this amendment is a substitution for something that is already before us, or whether it is new material, something that is so different from what is already before us that it should

itself have been a motion by notice as provided under Standing Order 75 (5).

I should like to support those who have already taken the position that the amendment moved by the hon. member for Skeena far from being a substitution, far from being something new, is simply a clarification of what the hon. member for Saskatoon-Biggar asked for in his motion. In fact, I might say that all the hon. member for Skeena has done has been to respond to a request made by the minister in charge of the Wheat Board when he spoke on the motion on June 22 as reported at page 7259 of *Hansard* for that day. He asked his supporters to vote against the motion that was before us, because, he said:

—there is no possibility of an accurate determination.

I do not quarrel with that suggestion of the minister. That, in fact, is what he had said about the motion moved by the hon. member for Saskatoon-Biggar, that as it was worded it did not provide the possibility of an accurate determination. The hon. member for Skeena has responded to the plea of the minister in charge of the Wheat Board and has offered an amendment that makes possible an accurate determination of what it was that the hon. member for Saskatoon-Biggar was requesting.

Therefore, I submit to Your Honour that what is before us now is not a new motion; it is not something that is a substitution for what the hon. member for Saskatoon-Biggar asked for, but is simply a clarification of the request made in the original amendment. I hope that Your Honour has had time to think about that phase of the matter and to study both the original motion and the amendment so that you can come to the realization that, as I say, it is not something new but just a point of clarification.

Now, may I address myself to one or two other remarks that were made by the Parliamentary Secretary to the President of the Privy Council. We need not spend any time on his questioning whether the motion was properly before us because Your Honour has indicated that you are satisfied on that point. I do think that Your Honour should take into consideration the fact that much of the argument advanced by the parliamentary secretary was argument against the validity of main motion, not argument against the amendment. He contended that the amendment is to a definition section, that there are rulings that say that one cannot, by amending the definition section, import new ideas of substance into a bill and that on that ground the whole attempt should now be ruled out of order. I think that if the matter were open for argument, we could argue that the original motion was not making substantial law but was itself a clarification of a definition in that section. But in any case, the motion is before the House. It was put forward on June 22 of this year, was debated on that day, and has been debated since. Although Mr. Speaker said there were some doubts about some of the other motions that were on the order paper, nevertheless this one has been put and has been under debate. To suggest now that it is out of order is hardly in keeping with the ruling that in effect the Chair has already made by putting this motion to the House.

[Mr. Knowles (Winnipeg North Centre).]

• (12:50 p.m.)

The Parliamentary Secretary to the President of the Privy Council (Mr. Jerome) goes on to say that what the hon. member for Skeena (Mr. Howard) is seeking to do is to get around the amendment and back to the bill, that he is trying to bring in an amendment to the bill itself. It seems to me that in that situation one is up against the same point that I was trying to answer when I dealt with Your Honour's questioning. Surely, if the amendment proposed by the hon. member for Skeena is simply clarifying what is already before us, then it is pretty hard to argue that it is an amendment to the bill itself.

The bill itself has a definition clause as to what the phrase "grain sale proceeds" means. The hon. member for Saskatoon-Biggar sought to amend that definition of the phrase "grain sale proceeds." The hon. member for Skeena is not trying to go back to the bill. He is not trying to amend anything in clause 2(1)(c). He is simply trying to clarify the definition as the hon. member for Saskatoon-Biggar has tried to suggest it to the House. Therefore, Mr. Speaker, it does seem to me that the arguments of the Parliamentary Secretary to the President of the Privy Council fall to the ground and all of those precedents he read had to do with the validity of the main motion. The Chair having put the main motion and having allowed it to be debated, I do not think it can now be called into question.

If the main motion is in order, then I submit that it is in order to try to clarify it. I quite agree with the statement that the parliamentary secretary made that it is improper to use this device to get around an amendment back to the bill, but I do not think that this is what this amendment does, and I hope Your Honour so finds. In other words on both points the answer, I suggest, is one that has been made by everyone who has been on his feet on this side, that the amendment before us is simply an attempt to clarify the main motion. Therefore, I hope Your Honour will accept it as being in order.

Mr. Deputy Speaker: Order, please. The hon. member for Mackenzie (Mr. Korchinski) is seeking the floor on a question of privilege and I will recognize him in a moment. The hon. member for Skeena (Mr. Howard) also seeks the floor. It occurred to the Chair that if there are other hon. members who want to argue the procedural aspect of the point of order, then I might recognize the hon. member for Mackenzie on his question of privilege first, but I would like an indication from the groups in the House on whether they would want the Chair to make a decision, at this point, on the procedural argument. I would be prepared to do so, but it would mean an extension of time. Could I have an indication on this point?

Mr. Howard (Skeena): Mr. Speaker, because of the desire of the hon. member for Mackenzie (Mr. Korchinski) and of yourself to proceed on another matter I will not do it at this point, but I do think there is a necessity to expand further on the point of order in trying to deal with the arguments raised by the parliamentary secretary, and in particular his reference to the *Journals* of May 24. I think there was a great deal left out of that that should be brought before the House, that would show it in a different context, and I wish to bring it out.

Mr. Deputy Speaker: The hon. member for Mackenzie.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I thank you and the House for giving me an opportunity to say with respect to the comments that I made yesterday, whether within the chamber or from behind the curtain, that they were not meant personally in so far as the Minister of Agriculture (Mr. Olson) was concerned. I apologize to him if in any way I inconvenienced him, or if in any way I inconvenienced the government, or if in any way I inconvenienced any member or supporter of the government.

I hold strong sentiments, Mr. Speaker. I think all of those who have been associated with me must realize that I express my attitudes forcefully, and sometimes I am carried away. I think that yesterday I was carried away, and I apologize very sincerely to the Minister of Agriculture. I know that he can be a very good minister.

I find myself in a very difficult position. I am as sincere as possible in pushing my convictions, just as sincere as I am in opposing some of the convictions held by the government. But if there was anything personal in what I said yesterday, I apologize. I do this humbly and with sincerity. I do not mean any malice towards the minister.

I repeat that I am sincere in my convictions in opposing government policies and that sometimes I can be carried away. But as humbly as I can on this particular occasion, I apologize if I expressed any attitude that personally affected a member of the House. That is not my intention here. I believe that I attempted to support the viewpoint of my constituents. I ask you, Mr. Speaker, to convey my apologies to the Minister of Agriculture because I, personally, do not have any malice towards him.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I accept the apology and I hope it will be noted that the reference was to those comments which appear on page 8127 of *Hansard* and which are now withdrawn.

Mr. Deputy Speaker: Order. If it is the unanimous wish of hon. members I am prepared to make a ruling now. With respect to the hon. member for Skeena seeking the floor, I would point out that he did argue the point of order well and forcefully, and at some length. I would think he has no right, unless there is unanimous consent for him to do so, to speak further on that point of order. Is there unanimous consent that the Chair make a ruling at this point?

Mr. Peters: No. One o'clock.

Mr. Deputy Speaker: There is no unanimous consent. Pursuant to the arrangements made earlier today this debate is now interrupted. It being one o'clock I do now leave the Chair until 2 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

JUDGES ACT AND FINANCIAL ADMINISTRATION ACT

AMENDMENTS RESPECTING JUDGES' SALARIES AND ANNUITIES, AUDITOR GENERAL'S SALARY

The House proceeded to the consideration of Bill C-243, to amend the Judges Act and the Financial Administration Act, as reported (with amendments) from the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Laniel): Order, please. For the purpose of considering the study of report stage of Bill C-243, I should like to make the following comment as to the procedure of debate. It is suggested by the Chair that motions Nos. 1 and 5 be grouped together for deabte but each would be voted upon separately afterwards if necessary. It is also suggested that motions Nos. 2 and 3 be grouped for debate, and again they would be voted upon separately, and finally, that motion No. 4 be disposed of separately. If the House agrees, we could follow this procedure and the Chair would accept any comments or suggestions from hon. members.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, we can agree to that. I might just say on that point that motions Nos. 1, 2, 3 and 5 come as unanimous recommendations from the committee. The reason that the committee could not dispose of those amendments was that they involve the balance of ways and means and needed the recommendation and the approval of this House. Motion No. 4 in the name of the hon. member for Timiskaming (Mr. Peters) was not considered in committee and should be dealt with by the House.

The Acting Speaker (Mr. Laniel): The hon. member for Skeena (Mr. Howard).

Mr. Woolliams: Just before we start, I wonder if I could speak for a moment.

The Acting Speaker (Mr. Laniel): Order, please. The Chair has recognized the hon. member for Skeena and will then come back to the hon. member for Calgary North (Mr. Woolliams).

Mr. Woolliams: This is a point of order with reference to what you are saying and should be made now to keep chronological order. I think your recommendation or suggestion is an excellent one. These are short amendments; there is not a lot to them in the sense of changing the details of the measure. You are either for them or against them. I would hope that we would be able to finish this bill today because it was held up last June.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Skeena (Mr. Howard).

Mr. Howard (Skeena): Mr. Speaker, that obviously was not a point of order that the hon. member for Calgary North (Mr. Woolliams) had but just a device to get the floor.

The grouping suggested by the Minister of Justice (Mr. Turner) is acceptable and if he would just say that motions Nos. 1, 2, 3, 4 and 5 are acceptable to the government, perhaps they could be disposed of without a great deal of lengthy debate.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, all motions except No. 4 are acceptable to the government.

The Acting Speaker (Mr. Laniel): Order, please. Following the remarks just made by the hon. member, the Chair at this time will put motions Nos. 1 and 5 and call upon members interested to participate in the debate. The minister of Justice (Mr. Turner) moves motion No. 1 as follows:

—That Bill C-243, An Act to amend the Judges Act and the Financial Administration Act, be amended

(a) by striking out line 1 on page 3 and substituting therefor the following:

"(*e*) Ninety puisne"

(b) by striking out line 30 on page 3 and substituting therefor the following:

"(*d*) Six other judges of"

(c) by striking out line 26 on page 5 and substituting therefor the following:

"(*d*) Thirteen Justices of the"

(d) by striking out line 9 on page 6 and substituting therefor the following:

"(*b*) Ninety-seven judges"

(e) by striking out lines 17 and 18 on page 6 and substituting therefor the following:

"(*d*) One chief judge of the County Court—27,000.00

(*e*) Five County Court judges, each—25,000.00"

and relettering paragraphs (*e*) to (*k*) as paragraphs (*f*) to (*l*), respectively.

The Minister of Justice (Mr. Turner) moves motion No. 5 as follows:

• (2:10 p.m.)

[*Translation*]

Motion No. 5:

—That Bill C-243, An Act to amend the Judges Act and the Financial Administration Act, be amended

(a) by striking out paragraph (*e*) of section 9 in Schedule A and substituting therefor the following:

"(*e*) Ninety puisne judges of the Superior Court, each—30,500.00"

(b) by striking out paragraph (*d*) of section 11 in Schedule A and substituting therefor the following:

"(*d*) Six other judges of the Queen's Bench Division, each—30,500.00"

(c) by striking out paragraph (*d*) of section 16 in Schedule A and substituting therefor the following:

"(*d*) Thirteen Justices of the Supreme Court of Alberta, each—30,500.00"

(d) by striking out paragraph (*b*) of section 19 in Schedule A and substituting therefor the following:

"(*b*) Ninety-seven judges and junior judges of the County and District Courts, each—22,000.00

(e) by striking out paragraph (*d*) of section 19 in Schedule A and substituting therefor the following:

"(*d*) One chief judge of the County Court—23,000.00

(*e*) Five County Court judges, each—22,000.00"

and relettering paragraphs (*e*) to (*k*).

[*English*]

Hon. John N. Turner (Minister of Justice): Mr. Speaker, these two amendments were approved in committee, but the committee was unable to deal with them because they dealt with the balance of ways and means. The amendments are made necessary by requests from various attorneys general for additional judges after the bill had received first reading in the House of Commons. The attorney general of Quebec is applying for extra judges of the Superior Court and Court of Queen's bench in the province of Quebec; the attorney general for Alberta is asking for additional judges for the Supreme Court of Alberta; the attorney general of Ontario is asking for additional county court judges for Ontario and the attorney general of New Brunswick is asking for the designation of one of six county court judges as chief judge of the county courts.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I endorse what the Minister of Justice (Mr. Turner) said in this regard. At the time this matter came before the committee, he properly suggested we could move a recommendation but we could not move an amendment to the act because the changes dealt with ways and means. At the time these changes came before the committee, the Minister of Justice was in Vancouver dealing with constitutional changes, and we had to wait until he returned. The recommendation by the committee was then made. We agreed at the committee level that we would agree to these amendments in the House. I do so now.

Mr. Frank Howard (Skeena): Mr. Speaker, this is an opportunity to express some views, as has been done on earlier occasions, about the judiciary, members of it, the court structure and attitudes of the court. Right after this Parliament began, we had a bill to amend the Judges Act to allow for additional appointments and so on. At that time we had a discussion about the method of appointment, the criteria to be followed and the like. I do not wish to go into that aspect at this time.

At that time we also discussed other matters. From the facial expressions and nodding of the minister, I understood that he was generally in agreement with what we were saying about judges and dispensing of justice by the courts. I thought because the minister had at least indicated superficial agreement although no verbal commitment, we would be moving in a different direction as far as the judges and the bench were concerned. I would like to go over that ground again because it is even more valid today than three years ago as a result of the additional judges that are being sought.

The courts have a tremendous amount of additional business to conduct in cases before them. This makes us wonder what is taking place in our judicial system, the operation of courts and the so-called justice they are supposed to be dispensing to the citizens of this country. We must realize that we do not necessarily get justice or truth from a court. The court is not primarily seeking the truth in cases before it, but seeking to accept that which might be credible. Credibility of witnesses and credibility of cases do not always marry completely with truth and justice. With that attitude toward our court system and criminal law, people do not always obtain justice in the courts of this land.

The matter of money is also involved. It has been mentioned in this House by gentlemen who are learned in the law and have appeared before the courts that a rich person appearing before the court receives one type of consideration. A poor person will likely receive another type of justice. In other words, the amount of money

which the individual has bears directly on the action that the court is likely to take on a particular case.

I wish to point out something which exists in my province. If a person charged with an indictable offence is found guilty in the lower courts and wishes to appeal the decision, his appeal must go to the appeal court of British Columbia. The case will not go to the supreme or county court. This may be all right if the individual lives in Vancouver where the court of appeal sits. If an individual from my part of the province, the interior or the far north has been found guilty of an indictable offence and desires to appeal, he will have to spend a minimum of $1,000 to appeal. He and his lawyer will have to go to Vancouver. It will also be necessary to bring witnesses, if any are involved, to Vancouver. This structure denies individuals in the lower income groups the opportunity of proper and full access to the courts of appeal. I am only reciting what lawyers in my area have told to me. I am not a lawyer. I have not been involved in cases of any sort.

On many occasions people from the working class, people who do not have a lot of money, just sufficient to live, are found guilty by the courts. They may feel they are not guilty or, in fact, are not guilty. Because they do not have $1,000, $2,000 or whatever is involved, they throw up their hands and say they cannot appeal. Such a person will have a criminal record the rest of his life as well as having to meet the punishment set out by the court, either a fine or a jail sentence. That sort of structure does not lend itself to dispensing justice. It denies the full availability of the courts and the court system to individuals because of their economic situation.

By contrast, if a person is fairly well off, has friends and is able to raise the necessary money, he has access to the appeal court in such a situation. I do not know the extent to which this is duplicated in other provinces, but this is what I have been told happens in most cases in my province. This certainly requires correction. It may be necessary to have the appeal court sit in different parts of the province. That would be better than the existing situation. Possibly there could be an extension of the appeal court. Technically, I do not know how this would have to be done. Somehow or other individuals must have the opportunity to go to the appeal courts or the appeal court must go to the individual so that he will not be disadvantaged by the mere fact that he is not able to raise sufficient funds to launch an appeal.

To a large extent, our courts are involved with the criminal law. I do not know the division of the courts between civil and criminal, but the courts are involved in dealing with the criminal law, alleged infractions of it and meting out sentences where individuals are found guilty or discharging those found not guilty. On a number of occasions, judges are ignorant of the full force of what may happen to an individual if he is found guilty and sentenced. Judges, to a large extent, and this is borne out by newspaper accounts and by conversations I have had with individuals currently lodged in our penitentiaries, will sentence an individual to a term in a penitentiary because he needs psychiatric help. The judge who does this is completely ignorant of the situation in penitentiaries. In fact, they are the last place in which a person can find psychiatric help. There are psychiatrists attached to the penal system and if an inmate is lucky he might be able to get a ten-minute interview with a psychiatrist once a month, but that is a pretty hopeless situation as anyone acquainted with this subject knows.

Likewise, judges often sentence an individual to a federal penitentiary, as distinct from a gaol, on the grounds that he will be able to learn a trade while he is there. That is a fallacy. It expresses a lack of knowledge on the part of the judge as to what takes place in our penitentiaries. It is true there are some types of semi-trades which an individual can learn there. He can learn, I imagine, how to make licence plates in some places, but once he gets out, the opportunity he has to earn a living in that field is minimal. In some institutions he can learn to stitch, repair and sew up mailbags for the Postmaster General. But once out of prison his chance of finding employment as a mailbag sewer is pretty limited—about the only place in which he will find such an opportunity is back in a penitentiary.

There are similar types of employment available in penitentiaries but they are not geared to teaching an individual any trade or skill which he might be able to employ outside; they revolve around the penitentiary itself and are designed to keep it operating. There are, of course, some skills which people learn in gaol such as cooking, for example, which have application outside. But for a judge to say he is sending an individual to a penitentiary so that he can learn a trade there and become a more useful citizen exhibits a lack of comprehension of what is involved. In those cases where an individual might be able to learn some skill or technique he can apply once outside, there is not one iota of training given in gaol as to how to get a job, how to fit into society, how to adjust, how to co-operate. What I am getting at is that, to put it mildly, there is a lack of understanding as to what is involved when sentencing a person to gaol.

The other aspect, one which is much more complex and much broader in scope, has to do with the orientation of the court in terms of sentencing, in terms of criminal activities, in terms of finding people guilty of offences against the law. What does the court generally think about? What the court thinks about is predicated generally by the criminal law, the whole of which is oriented toward sending a person to gaol if he is found guilty. The channel runs into gaol and this is what is in the minds of judges whether it is for punishment reasons or whether it is for the theoretical deterrent reason, which in 80 per cent of all cases has been found wanting. The general concept of the court, which, I think, is carrying out the social orientation of government, is to take a chap and put him into gaol. This has to be completely altered. Penitentiaries, we have found over the years, have failed miserably in a social sense and in a rehabilitative sense. They have succeeded in a punishment sense, they have succeeded in a security sense to the extent that they keep an individual out of society's way for a stated period of time. But they have failed in a social sense and in a humanitarian sense.

The Minister of Justice (Mr. Turner) is purported to be progressive although many times one would not know it from the legislation he introduces. Certainly, no one would reach that conclusion on the basis of the kind of advice he gives to the Minister of Manpower and Immigration (Mr. Lang) in connection with the Temporary Wheat Reserves Act. Generally, though, he is considered

to be progressive. We cannot tell by the company he keeps, either, but he has no choice about that; it is the Prime Minister (Mr. Trudeau) who chooses who he has to work and live with. I should like the progressive attitude the minister exhibits to be reflected in some concrete approach so that the force and direction of the courts would be toward keeping people out of gaol and trying, as far as possible, to involve communities, private families, organizations such as the Excel Foundation, which operates out of Vancouver and, more recently, out of Winnipeg, in an arrangement whereby the authority of the court would not always fall upon an individual by way of sending him to gaol. The conscience of the government should be directed to involving the community so that individual families would be prepared to accept for a probationary period individuals who had broken the law, in order that—

The Acting Speaker (Mr. Laniel): Order. I regret to interrupt the hon. member but his time has expired. Unless he obtains unanimous consent he will not be able to complete his remarks.

Mr. Turner (Ottawa-Carleton): Finish.

The Acting Speaker (Mr. Laniel): The Chair apologizes. I have just realized that the hon. member still has five minutes left to him and, of course, he may continue his remarks if he wishes.

Mr. Howard (Skeena): I had almost concluded, anyway. These thoughts have been expressed to the minister before. I believe they are valid both from a practical and humanitarian point of view. I hope we can develop a situation in this land where we shall not be spending $30,000 or $40,000 a year on keeping one individual in gaol, counting the police costs, the staffing of penitentiaries, the cost of the supplies and materials required, the cost of operation of the social welfare agencies with respect to families whose father or husband is in gaol, and the like. We have heard it estimated that it costs between $30,000 and $40,000 a year to keep one person in gaol. And we fail, too, in 80 per cent of the cases because there is a recidivism rate of about 80 per cent. In other words, out of every five who are currently in our penitentiaries, four have been in gaol before. This is a sad commentary, remembering that we are paying, say, $35,000 a year with respect to each of the 6,000 or 7,000 inmates of penitentiaries at the present time.

So, there is a strong case for reform on practical grounds. In addition, of course, there is the humanitarian aspect. We tend to lose an individual once he is sentenced to gaol. It is an apprenticeship course he is on, no doubt about that, and little attempt is made to save the individual concerned. I would prefer to see the courts operating in the area of probation. If we look for them, we shall find families who will say: Yes, we will take a chance with this young person, with this young man, with this young girl, we will take them into the home and try to work out within a family structure, through affection, love and understanding, a means of saving this individual from the agony of prison life, from a system under which he will end up serving a life sentence by bits and pieces. If we had that sort of orientation and attitude we would, I think, have less trouble in the nation and would certainly save ourselves a great deal of money that is otherwise wasted.

• (2:30 p.m.)

There are other jurisdictions in the world where this concept applies. I am not one of those who says that because a certain thing works in one country it will necessarily work here. But we should look at the experiences of other countries and see what is being attempted, and we should be able to adapt certain aspects to our way of life.

However, it takes a conscious, deliberate approach on the part of government to set the tone for this sort of activity, to establish an idea and push it toward fulfilment. I think part of this calls for the involvement of judges, courts and the criminal law. I exclude the penitentiaries services because it is the objective of that service to keep people in gaol once they get there. We reserve our gaols and penitentiaries for cases where there is failure at the start. But let us not give up on any individual at his first, second or even third offence. Let us continue to try, in what I hope is a socially acceptable sense, to involve the community, individuals and families in corrective work, in probationary work and in humanitarian work. Let us put offenders on the road where their ideas are compatible with those of society so they will not cause themselves and other people grief and trouble. But first, the government must consciously adopt an attitude. I hope the minister will be able to respond favourably to these thoughts.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, we have heard some rather interesting comments from the hon. member for Skeena (Mr. Howard) concerning his theory of criminal punishment. I would have hoped to have that sort of debate in its proper setting. At the moment, we have before us an amendment to appoint extra judges at a certain pay level. It is somewhat inhibiting to get into a discussion with the hon. member; all I shall say is that he advanced one theory that society is not at the present time prepared to accept. It is a theory that seemed to dwell upon one side of crime only. Society also looks to the victim of crime. I think you will find at the present time that there is a very strong reluctance on the part of society to step into this other world of handling criminals without also concentrating upon the victims of criminal acts. All too often this point is lost by those people who seem to have a predeliction to concentrate upon the individual who has committed a transgression against the rules of society. Society will not put up with it.

So far as judges are concerned, they are bound by the law that is before them. They are also bound by the views of society regarding these matters. Undoubtedly, there may be judges who share some of the views of the hon. member for Skeena, but they are powerless to act in any way in that direction because society is not prepared or equipped to accept his particular theory of criminal punishment.

The matters I want to talk about are two in number. First of all, it seems to me that I heard it noised about this summer that this bill had been deferred as a result of action by the opposition. Let me put the record straight once and for all: this bill comes before us now because the government had certain priorities in June and this bill lost out to Bill C-176. That is all too clear. I think everyone

should know that Bill C-176 had higher priority at the crucial time in late June. However, I am directed to say on behalf of the hon. member for Calgary North (Mr. Woolliams) that this party at that time did give an undertaking that this bill would be considered and passed within a certain time, as there is today, and we are adhering to that undertaking.

The other matter I wish to talk about is this. Unfortunately, I have to hang my remarks on this particular clause rather than on clause 14 of the bill since that clause is not before us on report stage. I want again to make a plea to the government to remove forever from the members of this House, members of the armed forces and the Royal Canadian Mounted Police the disadvantage they suffer and have suffered since *anno domini,* it seems, regarding any pension they might have arising out of service to the public.

For example, if these people go to another position in the public service, they cannot carry their pensions with them. As far as Members of Parliament are concerned, we recently have had the cases of the hon. member for Brant and prior to that of the then Solicitor General. I know of two former colleagues of the Minister of Justice (Mr. Turner) who are presently in the public service of Canada. One of them has had many years' service in this House, but unfortunately he has not been entitled in any way to enjoy that which he had earned and to which he had contributed.

If he had been in private industry, then he would have been able to contribute to a pension or retirement plan of his own, take up his position with the public service of Canada, and thus benefit from his own contributions to and participation in a pension plan. But we have this anachronistic and hoary rule that says that a Member of Parliament cannot enjoy or take with him his pension entitlement should he take a position in the public service of Canada, whether as judge or to an appointment on a government commission. The exception is service with a provincial administration.

This is where the whole thing breaks down. He has a pension from the Crown in the right of Canada, and if he becomes a provincial judge or, say, head of the civil service commission, or even an ombudsman, as the former commissioner of the Royal Canadian Mounted Police did in the province of Alberta, he can draw his full pension to which he is fully entitled on his retirement from the federal service. He can then take up this other position because he is qualified to do so and discharges the duties of his office with efficiency and competence.

The point I want to make is this. Some of the members of this House will in the future be appointed to the bench, and it is for these people that I make this plea. As I understand it, any member of the House who is a lawyer and is appointed to the bench—there have been many instances of this in the past and these members have made extremely competent and good judges—receives the return of his contributions to the pension plan. In this bill there is some slight relief. Although they personally will not enjoy this relief, it is possible that there might be a residuary passing to their estate after these members die, and this certainly is a halfway step. I have talked to a great number of members on both sides of the House as well as to the minister's colleagues, and they share this opinion.

• (2:40 p.m.)

I have spoken to the minister but I am not going to suggest what he thinks. I will tell him what some of his colleagues think. The point I am trying to make is absolutely justified. We must wipe away this rule. A man in the armed services who has put in his full time and retires with the rank of Warrant Officer first class is entitled to keep his full pension should he go into the Public Service of Canada. The man who has been in for the same length of time and retires with the rank of Major or Lieutenant-Colonel can avail himself of the allowance up to the category of Warrant Officer first class. The difference between the W.O. 1's pension and the pension of a Lieutenant-Colonel is subject to reduction under that formula should he accept civilian employment with the government of Canada. I think out of sheer enlightened self-interest, it would be more than worth while for the government of Canada to employ these men who have been trained at great expense. Many of these senior officers have taken extensive staff courses and have valuable administrative experience and capability. They should be placed in the Public Service of Canada. They will not build up any additional pension during the next 12 or 18 years.

Provincial administrations are getting the entire benefit of these trained men at this time. It seems the whole purpose of this rule is out of keeping with the situation today. Let me conclude by saying very briefly that if a man is going to go to the Bench he should be allowed to keep whatever pension he has earned. If we want top men on the Bench we must increase the pay scale. A judge is not allowed to participate in business and will have to sacrifice a higher income. Some people ask how that can be the case, but that is a fact of life. Many men in this country who are competent in their fields, including lawyers, engineers, architects and others who are not professionals can make much more money than is now offered judges. Many lawyers who are prudent make certain investments. Judges can enjoy the results of such investments while they are judges. A lawyer who has become a Member of Parliament and serves for a long time must sacrifice a legal practice. That is the situation in at least nine cases out of ten. His capital disappears. Surely, they should be compensated in some way. If a man has served for some time in this House and is appointed to the Bench, he should be entitled to receive as a judge any pension he has earned or is entitled to.

The law says that after a man has served a certain length of time as a Member of Parliament he has an entitlement, just as though he had purchased an investment policy, and he should be entitled to receive that while he is a judge, just as a man who is appointed to the Bench right from a legal practice is entitled to receive the benefits of any investment he has made. It seems to me the positions have to be equated. We must do away with this nonsense rule. We have people appointed to the Immigration Appeal Board. They have had to put aside their business dealings, and that is wrong.

That is all I want to say on this particular point, but let me reiterate this plea to the government to make the necessary changes.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, breathes there a lawyer whose soul is so dead he does not aspire to a judgeship? I think a judgeship is as important to some as a home or nationalism is to others. We can almost use citation No. 11 of the Standing Orders to object to too many people participating in this debate. However, that is not the reason I am rising today.

The minister has asked for 90 puisne judges, 13 more judges, six more judges, 97 judges, one chief judge of the county court and five more county court judges. Do we really need all these extra judges?

Mr. Turner (Ottawa-Carleton): I rise on a point of order, Mr. Speaker. The hon. member in stating those numbers should recognize he is speaking globally rather than additionally, because the 90 judges really means an addition of five judges over the 85 now already in office.

Mr. Peters: I appreciate that correction because, quite frankly, I did not realize we were not getting 90 more judges, and I would not have been surprised had that been the case.

Mr. Hogarth: He is unencumbered by the facts.

Mr. Peters: Every time I get caught speeding in any part of the country there is always a judge immediately available. I have never noticed any lack of judges.

The previous speaker indicated that we must appoint these judges now to clear up the great backlog. I understand the province of Alberta requires more judges. It is interesting to note that when the minister asked for first reading of this measure, at least three provinces made application for an increase in their judiciary.

The reason I refer to a relationship between Members of Parliament and lawyers, and lawyers and judges, is that we really are not in a position of deciding whether we have enough judges in Alberta or in any other province. Perhaps the lawyers can make such a judgment, but they have a very close interest.

I do not begrudge paying judges more money. If money keeps them honest we should increase the amount. Many good lawyers in this country have turned down a judgeship because the money offered is not sufficient to keep them in the manner to which they have become accustomed. In order to maintain this standard as judges, they would have to engage in outside practice and that may be detrimental. I am not opposed to increasing the salaries, but I should like the minister to tell us whether increasing the number is really necessary. He has listened to the attorneys general of the provinces who have asked for more judges. The minister must go along with such a request, because he is the Minister of Justice and the Attorney General of Canada, and he has a responsibility. It seems to me that we, as Members of Parliament, are not in a position to decide whether the requested increase in the number of judges is valid. Will the minister indicate what machinery he contemplates to ensure that the increase is necessary?

[Mr. Lambert (Edmonton West).]

I would be surprised if one judge I know works more than a 10-hour week. He has lots of time for everything and anything, and this extra time is not doing him any good physically or any other way. It seems to me that a little more work in this case would be beneficial. No one really supervises these judges. They do not punch clocks or turn in time cards.

• (2:50 p.m.)

We had an interesting case in my area not long ago involving a young fellow who had to appear before a judge, even though he had elected trial before a judge and jury, simply because there were so few cases to be heard before a jury that the jury was not called. They talked him out of having a jury trial. He appeared before a judge and received a sentence of two years, whereas the other two young fellows who were involved appeared before a jury and got off. I do not know how justice works, but if this person had elected to be tried by a judge and jury perhaps the trial should have been proceeded with in that way. I think in many cases judges do put in very long hours. In many instances when they hear a case it takes so long for a judgment to be delivered that the person has served the time involved in his sentence even before the judge gets around to deciding what the sentence should be. It may be that we do not need more judges but need more clerical help. The time lapse in obtaining court records sometimes is so great that the judge probably has forgotten what the case was all about.

The point I am trying to make in respect of this bill is we are not really being informed what the need is. We do not know whether the Attorney General of Canada is to exercise some kind of control over the requests which come from the provinces or, for example, if the province of Alberta asks for five judges does it get five judges and is that the end of his responsibility. Do we just vote this money year after year as a matter of course? I am interested not only in this initial instance but also in how we exercise control over this problem in each year's estimates.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we are discussing two report stage motions at the present time, No. 1 and No. 5. I gather that No. 1 deals mainly with increasing the number of judges to be provided under this legislation and that No. 5 deals mainly with the proposed new salary levels. Like the hon. member for Timiskaming (Mr. Peters) I feel I must say that we have to take it on the word of the minister that the increased number of judges is really necessary. That message has been put through to us from most of the lawyers in this House during recent weeks. As I say we have no direct evidence, but I suppose we must believe it is necessary and therefore I shall not object to report stage motion No. 1.

Although I have said things in this House which were more popular than this, it is still my view that we are raising the salary levels too high and, Mr. Speaker, when you put report stage motion No. 5 I shall record my objection by saying "on division". It seems to me the pleas that are made for these higher salaries just do not jibe with the pleas that are also made for people to hold their desires in check, to put off their demands for higher wages and so on.

There is mounting unemployment in this country. There are many people who must live on unemployment insurance or on low levels of welfare and we have the problems of our pensioners trying to make both ends meet. We are told that these people must wait and wait and wait. The process grinds very slowly for them. In this bill, however, there is one increase in the salaries of judges which is to be retroactive to January 1, 1971, and there is another increase which is to come into effect on January 1, 1972. This is not a bill which is picayune in character. When it is all through, as I understand it, the salary range will be from $22,000 to $50,000. The highest salary specified is $47,000 but the $47,000 judge receives an extra $3,000 for things he might be called upon to do. I know that lawyers are not the highest paid people in the country according to taxation statistics made public a few days ago. They are second. Doctors come at the top. I still suggest that in this Parliament, where we have to do something about people who are unemployed, who are in poverty, who are on pensions and so on, we are going a little too far and too fast in respect of salary levels in the upper brackets. I know the mood in this House and the arguments we have had before, but just as I objected to the increases we made earlier in this session in respect of our own salary levels I object to these increases.

The other word I intended to say I could have held for the next debate, namely on motions No. 2 and No. 3, but perhaps since reference has been made to the matter I might do it now and not have to do it again. One of the perquisites, of course of being a judge is the pension arrangement. This pension is being increased by virtue of this bill and let it never be forgotten that these are non-contributory pensions. The judges receive them without putting one nickel into them. They are very good pensions. They are not the kind we vote for other people. I think one must consider this in light of the salaries. For these reasons, I feel I must indicate my objection.

I want to say at the same time, as one who has long been concerned—and I think that concern has been amply demonstrated—about the pension arrangements which apply to public servants generally, that, there are a number of improvements which need to be made in the pension arrangements particularly for widows and dependants. The minister knows, or at least I assume he knows, that in some cases widows of judges long since deceased have been appealing to him as strongly as they can to do something about the level of their pensions. These are widows of judges who served the courts years ago. Therefore, the pensions these widows have are still very low because they were fixed a long time ago. When we reach report stage motions No. 2 and No. 3, we will be providing for a certain amount of retroactivity. This I suppose is mainly because of the fact that it has taken so long to get this bill through. This retroactivity, however, dates back only to January 1, 1971, and therefore does not affect the widows of judges whose pensions date back before that time. I feel the minister should still give some consideration to these people and do something for them at this time.

While I am on my feet perhaps I should say a word about the point raised by my friend the hon. member for Edmonton West (Mr. Lambert). As I have already said, I believe there are vast improvements which still have to be made in public service pensions generally and that others need to be made with regard to judges, but I must say I cannot go along with the hon. member in his request that a certain principle be abandoned, namely the principle that when a person goes from one public service job to another, from being a Member of Parliament to being a judge, or from being a Member of Parliament to being a Senator or a member of the Immigration Appeal Board or what have you, that that person should not receive both the pension he had earned up until that point and the salary he would get in the new job. Generally speaking, that principle is a valid one. We have provisions which take care of public servants up to certain levels, where they move from one area of service to another, but I think the notion that one can stand up in this House and say that a person has earned a pension according to law and should get it even though he receives a salary from the federal treasury, does not follow.

• (3:00 p.m.)

This pension that Members of Parliament earn according to the law is just that. The law that sets up our pension provides that if a retired Member of Parliament goes to the Senate or goes to some job to which there is attached a salary from the federal treasury, that pension is suspended. One of the reasons that our pensions can be as generous as they are is that we have that kind of arrangement.

This is no day to go into all of this in great detail, but my friend, the hon. member for Edmonton West (Mr. Lambert) and I often have these differences. We disagree, and we not only disagree in our seats but we put our disagreements on the record. Even so, I think that not so much for judges but particularly for judges' widows and their dependants there are improvements that could be made, and I hope that even yet the minister will respond to some of the strong pleas that were made to him in that connection. As for these new, higher salaries for judges, I believe we should say no.

Mr. Turner (Ottawa-Carleton): I have never known whether the rules under 75—

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Knowles (Winnipeg North Centre): The minister is finding out now.

The Acting Speaker (Mr. Laniel): It seems that the Minister of Justice (Mr. Turner) is seeking the floor at this time. The interpretation of the Chair of Standing Order 75(9), to which the minister was just about to refer, does not allow him to speak again. The mere fact that he put the motion in his name, even if he only spoke a few words and even if he had not spoken at all, prevents him from speaking a second time unless he obtains unanimous consent of the House, and I imagine that this is what the minister was about to ask.

Mr. Turner (Ottawa-Carleton): No, Mr. Speaker.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I expected more men of law to deal with this question in the current debate but the contrary seems to be happening. I am not a lawyer, but I feel I can interpret quite accurately the

general public whose opinion men who have a degree in law are called upon to judge. It is common knowledge that all judges have made a thorough study of all the laws in Canada as well as their application.

The amendment and the bill now before us provide for an increase both in the number of judges and in their remuneration.

Mr. Speaker, in the opinion of the public and of some judges with whom we have had an opportunity to converse from time to time, it is not so much the possibility of applying the law that is lacking as the possibility of preventing infractions.

Mr. Speaker, we have dealt with an act on juvenile delinquency, and will do so again. There also, judges are able to punish juvenile delinquents. The same situation prevails in all courts of justice. However, it would seem that ways and means of preventing crime and ensuring rehabilitation of former inmates are lacking and apparently there is not enough concern with this problem. In fact, as a thorough study of their cases reveals, they are not fully responsible for their misdeeds. They have been rejected one way or another by a society that does not openly give them the opportunity of adapting themselves to it. They are rejected through laws whose administration requires too much time or laws that do not now fit in the social climate, the development of our society.

I feel, Mr. Speaker, that the gaol we must pursue is not so much to award judges higher salaries or appoint a greater number of them, although I believe they have to deal with too many cases, since the crime rate is rising continually. I do not object too much to the salary increase but I feel that selected candidates should be more competent. I don't think that salary increases will bring that about.

As for the increase in judges' salaries, some objective will have to be reached. Some high officials are paid as much as $75,000 per year; soon increases will have to be granted to them as they are granted to all the others, but where will this end? Is the one receiving $75,000 annually more competent than the one who gets $25,000 or $30,000? I do not think so.

So, considering that the government does not appear to be interested in anything else but the payment of higher salaries to those who are responsible for the administration of the law, we must oppose this amendment.

[*English*]

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I feel that I cannot let this motion go without saying a few words in connection with the bill. It is an important bill but one which is moving in a direction which I think is leading us deeper and deeper into trouble in this country because it is widening the gap between the people who have a great deal of income and those who have very little. When we have in Canada a situation where about 20 per cent of the people have 40 per cent of the income and 7 per cent of the people at the bottom have about 20 per cent of the income, we find therein the cause of a great deal of our difficulty. To single out groups of people and give them higher incomes at this time, particularly groups in the upper echelons with a high income, is in my view to compound our difficulties. I said so on an earlier occasion concerning Members of Parliament. I believe that the same thing is true for the judges.

I know that this is regarded as a highly treacherous thing to say because you are supposed to pay judges well to keep them on the straight and narrow track, and apparently they have to be paid more now than ever before so as to ensure that they do not go off the track under the pressure of circumstances. I just want to point out that if judges have to be paid to keep them on the straight and narrow, it might be a good idea, instead of raising judges salaries at this time, to consider using some money to help the people who make the clients for so many of the judges, people without incomes or with very low incomes. They are the ones whom I think we should be helping to keep down the need for so many judges whose numbers we are being asked to increase at this time.

• (3:10 p.m.)

I do not know why we have to have this large increase in the number of judges. I think we should be told a little more about the reasons for the increase. But I do think it is a great mistake to have people who are very comfortably insulated dealing with the lives of others who are not so well situated. Since the pressures on those not comfortably insulated are partly responsible for the crimes they commit, I think it is a bad thing to increase the disparity in income between those who have, namely, the judges, and those who appear before the judges.

From the standpoint of people on low incomes, this sort of measure will not raise the judiciary in their estimation. It will not give them more confidence in the judiciary. It will make them feel that if they infringe the law they will be brought before people who do not know what it is like to live under the tremendous pressure of tough economic circumstances.

I do not think we should be doing this sort of thing in this Parliament. If we feel it necessary to increase the income of people in higher brackets, people like judges, I say let us wait until we have provided the necessary increases to people in the lower income brackets. There is no need to enumerate the latter; we all know who they are. Why should they always have to take a back seat and wait and wait for necessary increases to meet the rise in the cost of living?

I wish to place myself on record as being opposed to this measure at this time. I believe it should wait until we have shown that we know where the real priorities are. We should see that all people have bread and butter before some people are given cake and champagne. This bill does not meet that situation. Consequently, I wish to register myself as opposing this increase in judges' salaries at this time.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I usually admire the hon. lady from Vancouver-Kingsway (Mrs. MacInnis), but her rhetoric on this occasion does not meet the issue. It is not a matter of priorities or that anyone, including the minister, is not anxious to look after those who comprise that large segment of our population who find themselves in difficult circumstances. After all, the state has an obligation to those who serve it. The judiciary is in this category. Members of the judiciary are servants of the state. Leaving aside any

philosophy regarding their independence, which is not the subject of this debate, they are the servants of the state in the very broadest use of that expression.

I share the hon. lady's aspiration for a narrowing of the gap, as she said, between those who have cake and champagne and those who seek bread and butter and, hopefully, this Parliament will deal with with that matter. The government has a responsibility to provide adequately for those who seek bread and butter, but that is not the issue before the House in this bill.

The minister will not be surprised if I take just a minute on a cause that is not very popular, because here I speak for only two people—not a very large pressure group—who were in the category of servants of the state. They are judges who have retired since January 1, 1971, and because they did not have 120 months, or ten years', service they find themselves without a pension at age 75. I am not going to belabour the point but I want it on the public record because I was unable to get the Standing Committee on Justice and Legal Affairs to accept what I thought was a rather fair and straightforward amendment that would cover the case of the former Chief Justice of Manitoba, Rhode Smith, who has a very long record of public service both in the legislature of Manitoba and on the Manitoba bench. The problem that Rhode Smith faces is that none of his periods of service was long enough to give him an adequate pension, if, in fact, any pension at all is payable to him.

In another, more modest judicial capacity was H. N. Jonah, of Sussex, New Brunswick, who retired after serving about nine years on the county court bench. The formula I evolved—I evolved it because this bill is retroactive in its payment provisions to last January—was such that these two gentlemen would be able to get a pension prorated according to their years of service as against a ten-year period, in other words, nine-tenths of a pension in one case and a little over nine-tenths in the other. I regret to say that this was not acceptable to the government. I hope that the other place, where I have had some discussions with people who are interested, in particular in the case of Rhode Smith, will find some way to correct this clear unfairness. They are two gentlemen who have served this country well and to whom a very simple amendment of the bill could have been applied.

I had the record searched by the minister's own departmental officials and was assured that only two people were involved in this particular aspect of the bill, and apparently because they are without power and do not have many people to speak for them their cases have not been sympathetically received by the government. That is all I will say about the matter now.

The hon. member for Winnipeg North Centre (Mr. Knowles) touched a rather personal nerve with me when he spoke of the widows of judges. I know something of what they have had to put up with through long years of neglect under succeeding governments within recent times. As a matter of fact, before this issue was faced by Parliament the technique used to be for widows of judges, including, if I am correct, the widow of the Chief Justice of Canada, to work in one or other department of government, in the parliamentary library or somewhere of that sort, so that they could have, not cake and champagne but bread and butter.

I will conclude my remarks by saying that I hope the minister, when he presents the philosophy behind this bill to the Senate, might be moved to consider the cases of Rhode Smith and Harry Jonah. A very simple amendment, requiring very little change in philosophy because of the retroactive provisions of the bill, could meet these cases in the way I have suggested both before the committee and, in a very peripheral way, before this House.

Mr. Douglas A. Hogarth (New Westminster): Mr. Speaker, I will be very brief because I know that the House is anxious to pass this bill this afternoon. However, I wish to take a moment to reply to some of the remarks of the hon. member for Timiskaming (Mr. Peters). One of the things I want to state is that the demand for the increase in the number of judges in British Columbia is coming directly from the court itself and not from the Minister of Justice (Mr. Turner) or from members of this side of the House because they want to become judges.

• (3:20 p.m.)

The fact is that on July 2, 1971, Chief Justice Wilson of the Supreme Court of British Columbia wrote to the president of the Bar Association in my riding and advised him that a bill had been introduced to provide for three much needed judges to be appointed to his court. He said that the bill went as far as second reading and then became bogged down in the summer recess, making it necessary to plan the rota—that is to say, the trial list—for this fall and that many cases would not be heard and many people, as he put it, would go without the obligations of the bar and the bench to the public. This is exactly what happened. It is all very well to talk about problems such as lawyers wanting to become judges, and all this nonsense that seems to be so popular among many lay people. The fact is that modern society has become increasingly complex, our population has increased and therefore we need good members of the judiciary to handle the litigation coming before the courts.

When we were in law school there was an old adage that the brilliant law student makes a good judge and the stupid law student makes good money. Now the brilliant law students are realizing that they can make good money too. If we are to have good judges capable of carrying out their duties and feeling that they are properly recompensed for the tremendous responsibility involved, we have to pay them well.

It is not a popular thing among members of the bar to seek a judgeship. Many lawyers have been approached by the Minister of Justice. I am well aware that there are good lawyers who do not want to sit on the bench, not because of the money but because of the work involved. You have no idea what it is like for a trial judge to sit for two months on assizes. You have no idea what it is like redirecting a jury at half past four in the morning after they have come back for further direction. You have no idea what it is like to be concerned with the poor people that the hon. member for Vancouver-Kingsway (Mrs. MacInnis) was discussing, or what it is like to be concerned about clearing the jails so that trials can be held and people put back on the street or into suitable institutions. The hours are extensive and the responsibilities tremendous.

It appears to me that we had better start looking at ourselves. Only three judges are requested for British Columbia, with modest increases in pay and some other changes. We have been debating this bill over six or seven months. Perhaps we should be asking ourselves whether it is the judges who are not serving the public, or the Members of Parliament. I think we should get going on this bill and the other legislation before the House.

Mr. Peters: May I ask the hon. member a question?

Mr. Speaker: Order, please. The hon. member may ask a question if the hon. member who has the floor will allow it.

Mr. Hogarth: Certainly, Mr. Speaker.

Mr. Peters: I did not refer to British Columbia because I am not too familiar with conditions there. The hon. member is very learned in the law. He obviously knows the law, the operations of the bar in British Columbia and the requests that go to the Attorney General. He has an obligation, I have an obligation and all hon. members have an obligation in respect of the appointment of judges and the salaries they are to be paid. I should like to ask the hon. member how the Attorney General of Canada protects us. How are we to know if a request for three judges in that area is reasonable? In other words, as I understand it the request has to be honoured by the Attorney General, and my complaint is that we really have no knowledge of whether it is a reasonable request.

Mr. Woolliams: Read the committee reports.

Mr. Hogarth: Mr. Speaker, the question should really be directed to the Attorney General. It would appear that he would take into consideration complaints from people concerned; he would look at the trial rota, find out how much time is being taken and then make a decision on how many judges are required. If he is wrong, complaints such as those of the hon. member will be heard.

Mr. Speaker: Is the House ready for the question on motion No. 1?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Motion No. 1 (Mr. Turner, Ottawa-Carleton) agreed to.

Mr. Speaker: Is it the pleasure of the House to adopt motion No. 5?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): On division.

Motion No. 5 (Mr. Turner, Ottawa-Carleton) agreed to.

Mr. Speaker: I understand it has been agreed that motions Nos. 2 and 3 should be grouped for debate. Again, the motions called separately. The Minister of Justice (Mr. Turner) moves motion No. 2 as follows:

That Bill C-243, an act to amend the Judges Act and the Financial Administration Act, be amended by

[Mr. Hogarth.]

(a) adding to clause 5 on page 7, immediately after subsection (2) thereof, the following subsection:

"(3) Where a judge resigned, ceased to hold office or died while holding office after December 31, 1970 and before the coming into force of this act and the Governor in Council granted to him or to his widow an annuity under the Judges Act, the Governor in Council may increase that annuity, effective as of the day it was granted, by an amount not exceeding the difference between the amount of the annuity so granted and the amount of the annuity that could have been granted to that judge or his widow under the Judges Act if this act had been in force at the time he resigned, ceased to hold office or died." ; and

(b) renumbering subsection (3) of clause 5 as subsection (4).

The Minister of Justice (Mr. Turner) moves motion No. 3 as follows:

That Bill C-243, an act to amend the Judges Act and the Financial Administration Act, be amended by

(a) striking out subsections (1) and (2) of clause 10 on page 11 and substituting the following:

"10. (1) Section 27 of the said act is amended by adding thereto, immediately after subsection (1) thereof, the following subsections:

"(1a) Subject to subsection (1b) where, after the coming into force of this subsection,

(a) a judge dies while holding office, or

(b) a judge who was granted an annuity after the coming into force of this subsection dies,

the Governor in Council may grant to each child of such judge an annuity equal to one-fifth of the annuity granted to the widow of that judge pursuant to paragraph (*a*) or (*b*) of subsection (1), as the case may be, or if the judge died without leaving a widow or such widow is dead, two-fifths of the annuity that otherwise could have been granted to the widow of the judge.

(1b) The total amount of the annuities paid under subsection (1a) to the children of a judge described in that subsection shall not exceed four-fifths of the annuity granted to the widow of that judge pursuant to paragraph (*a*) or (*b*) of subsection (1), as the case may be, or if the judge died without leaving a widow or the widow is dead, eight-fifths of that annuity.

(1c) For the purposes of subsection (1a) and (1b), "child" means a child of a judge who

(a) is less than eighteen years of age; or

(b) is eighteen or more years of age but less than twenty-five years of age, is unmarried, and is in full-time attendance at a school or university having been in such attendance substantially without interruption since he reached eighteen years of age or the judge died, whichever occurred later." ; and

(b) renumbering subsection (3) of clause 10 on page 12 as subsection (2).

Hon. John N. Turner (Minister of Justice): Mr. Speaker, these two amendments were adopted by the committee but came before the House at the report stage because they again dealt with an imbalance of ways and means. Amendment No. 2 is made necessary because it readjusts pensions granted to either retired judges or widows since the beginning of the year because of increases in salary. It was felt that because the salary increase was retroactive to January 1, the pension should also be retroactive. This amendment was made because I feared someone might say that the rights were crystalized by the granting of the original pension and could not, therefore, be adjusted.

Amendment No. 3 will correct a deficiency in the bill because as presently drafted it would enable pensions to be given to judges' children only if the judge died while holding office. It became obvious that we would have to take care of the case where a judge retired because he

was striken by a calamity, or retired and then died. It is a technicality, and the committee dealt with it on that basis.

I think there may be some agreement if in speaking to these two amendments I address myself briefly to some of the remarks made on the two earlier amendments. The hon. member for Skeena (Mr. Howard) said that it might be useful if the courts of appeal of the provinces were to go on circuit so that it would not be necessary for people from smaller communities to go to the larger centres. I am in substantial agreement with that, except that it really lies within provincial jurisdiction because they determine how the circuits of their courts of appeal will be set up.

The federal court of appeal is a circuit court; it goes anywhere in the country, to the major centres, to meet the wishes of litigants. The court of appeal in the Northwest Territories now goes to Yellowknife. It did not go there before. The court of appeal for the Yukon goes to Whitehorse and it is substantially made up of the courts of appeal of Alberta and British Columbia with an interlocking of the two judges between the Yukon and the Northwest Territories. There is a great deal of merit in the idea, but Parliament does not have jurisdiction in the matter.

With regard to sentencing, we are reviewing the guidelines in this respect in the same way as for arrest and bail. There will be some statutory content in regard to sentencing, for guidance and for limiting the control of magistrates, judges and others connected with that phase of the administration of justice. I might say also that the subject of sentencing has been considered by the Canadian judicial conference which was set up three years ago and is conducting continuing education courses for judges. I believe that the whole process of the administration of justice is one continuum, and what is done from the bench should be done in contemplation of what may happen after custody is assumed by others. On the question of what penalties should be applied under criminal law, that matter will be referred to the law reform commission and considered in their review of criminal law. A year ago we had a meeting with all Attorneys General and as a result a uniform statute has been drafted by the uniformity commission. I hope that will open the way to some sort of federal participation.

With respect to the comments of the hon. member for Timiskaming (Mr. Peters), the administration of justice in the courts is a provincial responsibility under the British North America Act. Strictly speaking, it is up to the Attorney General of a province to advise Parliament, and he has to fulfil that responsibility under the British North America Act. Strictly speaking, I would not have any discretionary power nor, if I might say, would Parliament.

• (3:30 p.m.)

I made it a practice to ask the Attorneys General to give to me statistics of the rolls, the number of judges currently sitting, and so on, in order that I could justify to the Standing Committee on Justice and Legal Affairs, as I attempted to do province by province, that they are necessary.

The comments of the hon. member for New Westminster (Mr. Hogarth) were pertinent. I agree that the number of judges is only part of the problem. There are also the matters of better administration of the courts, postponement arrangements by lawyers, and certain types of cases that might be taken away from the courts and subject to arbitration such as the automobile cases which now take up to approximately 70 per cent of the courts' time. The hon. member has a point.

The remarks of the hon. member for Winnipeg North Centre (Mr. Knowles) were answered to some extent by the hon. member for New Westminster with regard to the payments to widows of judges who died prior to enactment of the statute. I agree. The hon. member will recall that three years ago we raised this to a maximum of 40 per cent, the same as in the case of a retired civil servant. Widows of judges are treated in the same way. There is no way they can be covered by this bill without a review of the entire situation of the public service.

I cannot say anything more to the hon. member for Fundy-Royal (Mr. Fairweather) than I said in committee. I stated it very fully then. I understand his concern.

Mr. Lambert (Edmonton West): What can you do about it?

Mr. Howard (Skeena): Will the minister permit a question? The hon. member for New Westminster (Mr. Hogarth) stated that we have spent seven months considering this bill. It has been a long drawn-out affair. Does the minister agree that the prime responsibility for that rests with his colleague the Minister of Agriculture (Mr. Olson), who on the last day before the summer recess insisted on bringing forward another bill in spite of the fact we had offered to expedite the judges bill?

Mr. Turner (Ottawa-Carleton): The hon. member has his own opinion, Mr. Speaker.

Mr. Peters: Does the minister not have an opinion?

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

Some hon. Members: Agreed.

Motion No. 2 (Mr. Turner, Ottawa-Carleton) agreed to.

Mr. Speaker: Is it the pleasure of the House to adopt motion No. 3 moved by the Minister of Justice (Mr. Turner)?

Some hon. Members: Agreed.

Motion No. 3 (Mr. Turner, Ottawa-Carleton) agreed to.

Mr. Speaker: The hon. member for Timiskaming (Mr. Peters) moves motion No. 4 as follows:

That Bill C-243, an act to amend the Judges Act and the Financial Administration Act, be amended by adding to clause 11 the words "and five lay persons to be appointed by the minister" at the end of line 22 at page 12.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, the reason for moving this very simple amendment to add lay persons to the Canadian judicial council is very obvious. Members of Parliament should not judge themselves. They do not. It does not seem that any other group should be a law totally unto itself. This is becoming more and more acceptable in a great many circumstances where professional people are involved. The government of Ontario is not satisfied with the medical profession policing itself. It has stated on a number of occasions that an

advisory council will be appointed to investigate the rates being charged by doctors.

What judges do affects society to a degree. They do not have the right to decide in their own club what they should do. If an individual felt that he was being put down by a judge, he could appeal to the Minister of Justice who would say, "I will investigate it, but do not count on anything because I cannot do anything about it."

A judge is appointed for life, provided he is of good behaviour. He keeps this appointment unless he does something which constitutes bad behaviour. There is the case of a judge who became mixed up in a situation involving speculating. After a considerable time he was put into a position where he resigned. We did not do anything about it. The attitude he presented to the general public was very distressing to lawyers and all those connected with the judiciary.

I presume that judges, like everyone else, make mistakes. The Canadian judicial council is going to correct those mistakes.

Mr. Woolliams: We have courts of appeal for that.

Mr. Peters: There are courts of appeal to deal with mistakes made in certain situations. The Canadian judicial council will have a number of objectives, one of which is—

—to promote efficiency and uniformity, and to improve the quality of judicial service—

Another object is—

—the establishing from time to time of a conference of chief justices—

The purpose is to have uniformity of law which is sadly lacking at the present time. A very worthwhile object is as follows:

—the establishing from time to time of seminars for continuing education of judges—

(c) subject to section 32, the making of the inquiries and the investigating of any complaint or allegation described in that section.

If we are trying to achieve uniformity of sentences, to establish what judges will do and the role they will play in the situation referred to by the hon. member for Skeena (Mr. Howard), the public should be involved. I think the hon. member is perfectly correct in his allegation that judges really do not know what they are doing: they do not have any idea of the results of their sentences.

There is a considerable difference of opinion in Ontario as to the right of a judge to sentence someone to two years and a day, or two years less a day, and the results that flow therefrom. I do not believe they know what the results will be. They may know what the end result will be. I would like to give a couple of examples. I know of a case where a man charged with impaired driving appeared before a judge. Instead of the judge putting this man in jail, he was put on probation. His driver's licence was automatically taken away. The judge knew the man was a truck driver; he said he would not lose his driver's licence but it would be specified that his licence would cover him only when driving a truck on the job.

• (3:40 p.m.)

I found out that the judge had no right to do that. The judge, in passing sentence, made it mandatory for the Department of Highways in Ontario and the Department of Transport to prohibit this man from having any kind of driver's licence for a period of time. The recommendations of the judge, which hinged on whether the man should be in jail or out of jail, involved whether he could work or not, and the fact that he had lost his driver's licence meant he could not work because he could not drive a truck. So the judge was sentencing him to what he considered to be a lenient sentence but the man obviously was not able to meet the conditions because laws otherwise were opposed to him.

I will give another example. I am sure every hon. member has heard of judges being very lenient when they send someone to a penitentiary where they can be treated for drug abuse or alcoholic problems. Part of the sentence is supposed to be spent in an institution for the treatment of these persons, and this includes psychiatric care. Then it is found that the direction the judge gave has absolutely no influence as far as any department of government is concerned. If the recommendation is that a person be sent to an institution for the treatment of alcoholism or for the treatment of drug addiction or a mental condition, the prisoner finds it is not honoured and that the judge has no right to make it. There are a number of fields where the judge is out of touch. He does not really know what is going on.

We have recently encountered a number of problems in penitentiaries. This reflects on judges who have sent people to penitentiaries, not for punishment but for correction. They have sent people to penitentiaries to learn a trade. They have said, "Rather than two years less a day we will give you a stiffer sentence so that you can go through a trade course in a penitentiary." We have found in some cases that these people have been inducted into the penitentiary system and years later they are still involved, and the judges have not done their jobs.

I believe that if people were really concerned about rehabilitation and the operations of institutions, the problems of society, if we were to appoint lay people from various agencies and authorities a good deal could be done to re-educate judges and make them aware of what is going on today as contrasted with the day when they were first appointed or when they quit practising law. This would result in a much better judicial service for Canada.

We have been very impressed by people like Des Morton and Arthur Martin over the years. These people are far superior to most of the judges in Canada. Their moral fibre is probably considerably better than that of most of the judges in Canada. For a number of years they have been dealing not only with the law in the way it affects people but with the relationship between the law and people and the relationship between individuals and society at large. They have had many advantages which have not been afforded to judges. The judge has often been, like Caesar's wife, above reproach and above everything else. He has been totally divorced from society.

Judges have even stayed out of country clubs because they do not want to be influenced. They have sat on a high pedestal. It is a lonely pedestal. Many of them by doing so have been able to retain a terrific impartiality, but they have lost touch with much of reality, a reality which is available to a number of very competent people in this

country, including intelligent people in the university service.

I am almost scared to mention this. We have seen one of the deans of the university service, and in no circumstances would I want him advising any judge in any place. He himself does not believe in the law. Most of these people have an ivory tower approach which is usually an idealistic one. Young people also come into the world with an idealistic approach. Some of that will rub off on the judges who will sit around in these seminars and kick around the question whether Parliament has been kind enough to them in this bill or whether it should have done more in its provisions for them or their widows and dependants. After all, these are the subjects which are kicked around in seminars, or at least in many of those I have attended. We are at least as interested in our own welfare as we are in anything else, and I do not think judges are very different.

We are faced in this country with a number of young people who are drug oriented. We are also faced with an adult population which is cocktail oriented. It seems to me that our law does not take into consideration these two new societies. It may well be that every kid under 15 today will be on drugs when he reaches the age of 20, though I hope not. But if we depend upon the judiciary to make it not so, I am afraid we shall be disappointed. It may be that society ten years from now will look on drugs as we look on social alcohol today. Mr. Speaker, you would not be popular if you invited us to have a social afternoon and there was no alcohol—

Some hon. Members: Why not?

Mr. Peters: It may be that in future people going to a social gathering will be popping pills of some kind. Whether they do or not, a large portion of our society is involved. It will not be good enough for an old judge who is just getting over a hangover to say to a young guy with long hair, "You will get the maximum sentence. You should be put away. I would hang you if I could; enforce the law to the limit" and believe that will get rid of the problem. There are people in the academic world who have studied this problem and they agree this is not the solution. There may be a solution, but this is not it. There will have to be understanding and uniformity in sentencing. The judge who has a hangover may have something in common with the young fellow before him who has taken a hallucinatory drug the night before.

There are lay people who could give the judiciary some advice. It will be good advice. It will be learned advice, highly educated advice. I am not suggesting that the Minister of Justice should go out and solve the unemployment problem by calling on the Unemployment Insurance Commission and getting four or five people and appointing them to the judiciary. He has available to him the very best people in four or five categories in Canada, a cross-section of the most progressive thought in our communities. These people would be available as an advisory council. I am not sure that the minister is right when he says the judiciary will not allow him to do this. The argument is always used by the judiciary that if they do not get what they want, they will quit. At $35,000 most of them can afford to quit, and someone will take their place.

• (3:50 p.m.)

I believe that this minister is a progressive minister and talks progressively. But he listens to advice from his department which is anything but progressive. Since I have been here I have found this true of justice ministers such as Mr. Favreau and others; their advice has been anything but progressive. I strongly urge the minister seriously to consider this amendment. In my opinion it is not dangerous. He will have control over those he will appoint. If he wishes to amend the motion to appoint them for a period of one year or five years, then I would be quite happy to agree.

I should like to see uniformity of judicial decisions established across Canada. I should like to see the members of this council improve our judicial system. I think that when the council meets there should be available to its members the advice of those who are not directly interested in day to day operations of the legal system and who can put forward ideas for change which can be translated in terms of improving our judicial system.

Although I have 40 minutes, Mr. Speaker, I do not want to talk the bill out. I am not angry at the members of the judiciary; I merely want to appeal to the minister to give consideration to tempering the decisions that will be taken by this council with the views of those who are representative of modern society, those who work in the fields of parole, social work, women's liberation and in the realm of the public defender. This is important if we are to find a solution to the problems of drugs and alcohol.

In this regard I think we can look to the John Howard Society for a parallel. I suppose John Howard was lucky to have made it. The officials in the gallery who advise the minister, learned though they are, really have not had any new ideas for a long time. John Howard did much to rehabilitate prisoners and this does not seem to have got him into any trouble. He is dead now and he may have died before they set up the John Howard Society; I do not know.

I should like the minister to examine the case of a man who has caused the justice officials a lot of trouble over a number of years, Gaston Nicholas. He lives in the province of Quebec and has set up an organization to handle criminals. He has been thus occupied for a year and a half or two years now and still has not been sent to jail, which I think is in itself an accomplishment. In the province of Quebec they have started a building program for ex-cons. A restaurant has been staffed with ex-cons and a rehabiliation job is being done. But it is something that the department will not support. Although the minister's officials will not take a chance on it, this program has been in existence for several years, a lot longer than other organizations which have been set up to help this kind of person.

There are many avenues of advice the minister can seek, but one of these days he will have to answer a lot of people who consider him to be a progressive minister. I can safely tell him that he has not presented any legislation to date that has been anywhere near as progressive as I am sure most of his generation would like.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, with regard to the motion moved by the hon. member for Timiskaming (Mr. Peters) I think we have to ask ourselves two questions at the outset. Does this bill attempt to exercise some control and discipline over the judiciary and, if so, how does it do that? Under the British North America Act, as all hon. members know—indeed, Mr. Speaker, there was a motion recently before Your Honour on this point, though I say so sadly—it is necessary to get a resolution passed by the two Houses of parliament, the House of Commons and the other place, in order to impeach a judge. That is the term that is used but it refers to the removal of a judge from the bench.

Clause 32 of this bill is designed to give guidance, I assume to the Minister of Justice and the cabinet, when a matter like this comes before the government. This motion seeks to amend proposed section 31 which would establish a Canadian judicial council. This council is to consist of the Chief Justice of Canada, the chief justices of each superior court of the provinces, who will be 10 in number, and judges may be substituted by appointment in the case of illness or vacancy.

This amendment seeks to appoint five laymen to the council and has nothing to do with the appointment of judges. The council will have some control and discipline over the judiciary in line with the terms and conditions of our constitution. What the honourable and distinguished member wants to do is to add five laymen to that body as a whole. At the outset—

Mr. Speaker: Order, please. I have to interrupt the hon. member at this point and bring to the attention of hon. members that normally at this time we would be going on with private members' business. I wonder whether there is disposition on the part of hon. members for the Chair not to see the clock for the time being?

Mr. Turner (Ottawa-Carleton): On a point of order, Mr. Speaker, I think there is a feeling in the House that we should dispense with private members' hour, the debate to proceed no longer than five o'clock, or earlier if the matter is dealt with.

Mr. Howard (Skeena): And the House then adjourn?

Mr. Turner (Ottawa-Carleton): Yes.

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, we agree.

Mr. Speaker: It is agreed.

Mr. Woolliams: I am glad we have agreed to do that, Mr. Speaker, because it is one way of cleaning up this legislation this afternoon. What the hon. member for Timiskaming is doing is asking that laymen be added to this council. What is the function of the council? I would briefly refer to the relevant clause of the bill because I think it must be read to understand the functions of the council and what the hon. member is trying to do. I refer to clause 33(2) which provides in part:

• (4:00 p.m.)

Where, in the opinion of the council, the judge in respect of whom an inquiry or an investigation has been made—

[Mr. Peters.]

In other words, where there has been a complaint about the judge. The hon. member referred to a criticism in respect of a judge's action regarding a driver's licence. I do not know the facts of that case, but if the charge was one of impaired driving under the Code, or one of a number under the highway traffic acts of the provinces, the judge has no alternative but to take the licence. He has no discretion at all. If he did not take the licence, the court of appeal or somebody else would correct the situation. A judge making that kind of error would be corrected by the court of appeal or by the Supreme Court of Canada, if the case went that far. That type of thing is not something, as I see it, which would be considered by the council. The function of the council is set out in the clause which provides:

Where, in the opinion of the council, the judge . . .has become incapacitated or disabled from the due execution of his office by reason of

(a) age or infirmity—

We know there is an age limit in respect of judges, being 70 years of age in some jurisdictions and 75 years of age in others. We all know that a person could have a stroke here in the House or in any vocation and could no longer perform his duties because of infirmity. As the law exists we would have to bring forward a resolution, unless the judge voluntarily resigned. I presume the Minister of Justice is asking for some direction in this regard. Paragraph (*b*) states:

having been guilty of misconduct—

This would not be judicial misconduct such as a mistake in interpreting the law or even a mistake in a finding of fact. Such errors are judicial and are corrected in our judicial system by our appeal courts or by the Supreme Court of Canada. This would refer to flagrant misconduct of another type. I could refer to some of the things that would fall within this category but I do not think one has to go beyond what I suggest the words mean. The next paragraph states:

having failed in the due execution of his office—

In other words, perhaps a judge refuses to write any judgments. Having heard the case, he may reserve his judgment and refuses to write such judgment. That is the kind of thing which would be reported to this council made up of the Chief Justice of Canada and the superior judges of the provinces. They would be chief judges. They would then call the judge in and suggest that he get back on the job and write these judgments. We have had judges like that. If a judge did not follow the suggestion, the matter would be reported to the minister who would then take the matter to the cabinet. The cabinet would then bring in a resolution to be considered by the two Houses of Parliament. The law has not been changed in that regard.

The next paragraph states:

having been placed, by his conduct or otherwise, in a position incompatible with the due execution of his office—

He may have done something that was not judicious. In our system we have separate democratic institutions, one is Parliament, one is the judiciary and the other is the executive. Each plays a different part. Judges are supposed to be above politics. During the lunch hour I was reading "Law Courts, Lawyers and Litigants," by Frede-

rick Payler. This is what one distinguished judge said as quoted at page 92:

I thank God I am in a position which puts me above politics.

Those were the words of the Earl of Clonmel, an Irish chief justice, nearly a century and a half ago. The judiciary must always be above politics or you will not have an independent judiciary. With the greatest respect, that is why I take a position of opposition to the appointment of laymen, whatever a layman is. Perhaps it means people other than those trained in the law. But I would be concerned if the Minister of Justice appointed five laymen to this council. Any one or all five of those laymen might be members of a political party. As long as I am here as a member, I will oppose that idea. I feel that the judiciary at any level must always be free from the infiltration of politicians.

We will never have puritanism of human behaviour, but I believe we in Canada have one of the finest judiciaries in the world. I have practised in the criminal courts probably to a greater extent than the minister. I am a member of the bar and have practised in two provinces. I now belong to the bar of a third province. I am convinced that our judiciary is as good as any in the world.

I always remember something the right hon. member for Prince Albert (Mr. Diefenbaker) once said when I was associated with him in a lawsuit. The judge had been a Member of Parliament associated with a different party. The right hon. member said, wasn't it wonderful that the judge had the position, when only a short time ago he and the judge were adversaries on different platforms? He said that under our system the judge had been appointed as an individual, independent of the people who appointed him. He said he was now in the judiciary and would make the kind of decisions the citizens of Canada wanted. That is the kind of experience I have had before the bar. I have always found that when individuals leave this institution or any political party to sit on the bench, they exercise their functions in a judicious and independent manner.

I should like to support the hon. member's motion because I feel he has put it forward in an effort to assist the courts to do a better job, but I must oppose it because it involves the possibility of five laymen being appointed to the council all of whom may belong to the same political party and may not be independent.

Let me say something in reference to the legislation we are amending. As the opposition critic in respect of justice I felt it was my duty to talk with various chief justices to ascertain their feelings about this action. Some are not as keen about it as others, and some view it with a sense of anxiety. They have some doubts about any form of discipline in respect of judges. It is not everyone who can make a decision. Some men appear to have all the characteristics required to make a good judge but still cannot make decisions. One cannot always expect perfection. In my experience, we have a good judiciary but things go wrong once in a while.

In the event of flagrant misconduct on the part of a judge, a complaint can be made to this council which in turn will make a recommendation to the minister. I am concerned about any kind of control over the judiciary, even among the judges themselves. This could be a very dangerous thing. We seem to be entering an era of little or no discretion. Sometimes mistakes are made. But most of our judges are well acquainted with the common law; they interpret it in such a way that generally proper findings are made. If they make mistakes, the courts of appeal will correct them.

I suggest that judges should be left with some discretion. We should not legislate in respect of everything. We need a little flexibility in our society. Under the principle of *stare decisis* the rule is apparent, and if a mistake is made it can be corrected. The previous speaker referred to a great trial lawyer in this country. We all hold him in great respect. He is one of very many who in all parts of the country are speaking on behalf of the citizens.

• (4:10 p.m.)

If the courts have made a mistake or if the trial judge makes a mistake, it will probably be corrected by the court of appeal. I come to one last note in reference to the Supreme Court of Canada. I raised this matter in the committee and the Minister of Justice was very sympathetic to it because in his position he is well aware of it. The judges of the Supreme Court of Canada are very overworked. However, they bend over backwards, in my experience, to grant leave to appeal where there has been a miscarriage of justice. I saw this demonstrated recently in a case which went to the Court of Appeal of Alberta. Thirteen persons, mostly under age 21, were tried for murder and were convicted. The court of appeal granted a new trial to 11, acquitted one and refused one. Leave was granted to appeal one case to the Supreme Court of Canada.

The Minister of Justice said we are to have supernumerary judges. These, I suppose, would be judges who would have retired perhaps four or five years earlier and who would be available to help clear up the large backlog of cases. Why should we not have the same system for the Supreme Court of Canada? The answer to this question is like the answer of the hon. member for Fundy-Royal (Mr. Fairweather) who found that you cannot break through the bureaucracy. The constitution says you can have nine judges, but there is nothing in the constitution which says that you could not have nine judges sitting full time and three who had retired prior to age 70 taking two-thirds of their salary by way of pension and hearing chamber applications.

If we had three supernumerary judges they could relieve the other nine judges who would be free to clear the backlog of cases. I think this is a reasonable suggestion. I know the suggestion has been made indirectly to the Department of Justice by the Supreme Court of Canada. What is wrong with it? Eigher it was not thought about or it was not accepted by the group. I suppose every minister becomes imprisoned by his own department because of the size of the job, but I am sure the minister would find the legal people in his department very helpful. Over the years they have been most helpful to Members of Parliament. We have had the finest men in the department of Justice. They are always ready to give answers to Members of Parliament. If a member asks about a rule of law they will take the trouble to refer him to an authority. They do an excellent job. I ask the minister to call them in.

These judges are overworked. When they are overworked the people of Canada are not served. The only way one can get into the great red chamber is by leave. I think there are certain cases where one should always be able to go to the Supreme Court of Canada. We know that decisions of certain provincial courts are reversed continually. I hear one of my friends nearby laughing. These courts should not always be reversed in this way. We should have the strongest possible courts of appeal in every province. Then I would be prepared to buy this suggestion. But the answer is to get rid of the problem now. We should establish two or three supernumerary judges to relieve the pressure.

On behalf of my clients I always want to be able to go to the Supreme Court of Canada. However, it is necessary to ask for leave. This is always another step to climb. I have been there. I know the rule of law which governs leave. You do not argue the whole case but just the very cream of it on a question of law. I hope we do not get into the bind where the minister will say a matter goes to that court by leave.

We object to the amendment on the ground that we do not want the judiciary to be subjected to political influence. This is what the amendment would do. I will not vote against this council. I have spoken to certain judges who think it might be an asset. I will look at it over a period of time. I may have to question the minister if it does not work out or if it in any way seems to be interfering with the judiciary, because that body must be independent.

I hope we can complete this legislation because last June it was introduced by the minister. It went before the committee, where there were two or three amendments, and then there was a very short debate. It is the government's business to set up priorities for legislation, and I shall not get into the question of whether it was the fault of the NDP or of the government that the bill did not come up again until now. But this party said to the minister by letter that we wanted the bill brought in because this institution should do something about the problem and only if the judiciary are paid a fair amount of money can we get the degree of independence and the kind of judgments that will assist the citizens of this country.

Mr. Deputy Speaker: Order, please. I will recognize the minister, but I notice the hon. member for Moose Jaw (Mr. Skoberg) is also on his feet. It might be preferable if I were to recognize the hon. member for Moose Jaw first.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I happen to be one of those laymen to whom the hon. member for Calgary North (Mr. Woolliams) referred when he wondered who qualified as a layman. I do not plan to wander all around the subject in respect of the amendment introduced by my colleague. I cannot understand how the hon. member for Calgary North can even consider the amendment introduced at this time having anything to do with the control of the judiciary.

The objects of the council are well spelled out in the bill. There is no question, in my humble opinion, that if we were to add five people to this Canadian judicial council we would get a cross-section of opinion that could be of great benefit to the council. I have seen too many cases where young people have been sentenced to indefinite terms. These young people have been in contact with social workers. This is the type of person, I am sure, to whom my colleague is referring when he talks about lay people being put on this council.

It amazes me to think that anyone would be concerned about having an outside opinion in respect of certain action taken by the council. There should be established from time to time a conference of chief justices and seminars for the continuing education of judges. Surely in today's structured society education should be a continuing process. If an individual or group of individuals within a structured society cannot continue their education in their field, the whole of society will suffer.

• (4:20 p.m.)

I see nothing wrong with the appointment of five laymen by the Minister of Justice. It seems to me that under this permissive type of legislation he would be able to pick out the very people who would know what structured society is all about, who would know the concerns of people of this nation and particularly our younger people to whom consideration must be given. To allow the Canadian judicial council to hold seminars in order to examine themselves, without any outside consultation, I do not believe is the way to fulfil the needs which the minister has in mind.

It seemed very strange to me to hear the hon. member for Calgary North express some doubt with regard to these appointments. He suggested that they may be political appointments. I know of very few law firms which do not have both Liberals and Conservatives on their staffs. This is done for obvious reasons. Situations exist throughout this country where appointments are made in various departments of government which require lawyers, as the hon. member well knows.

I think of the farm improvement loans administration and similar situations. Surely no one in this House would suggest that once a person is appointed to the bench he loses all interest in the politics of this country. If he did this he would cease to be a true Canadian. I think everyone, no matter what his walk of life is, must be concerned with politics. People need not wear it on their shoulders or wear a badge saying what their affiliation is, but deep down they are concerned about the political structure of our nation, otherwise we would not have a democracy as we know it.

It seems to me that even to suggest that a man should set himself apart from the democratic process because he has been appointed a judge is mere speculation. If we were to accept the amendment for the appointment of five laymen to the council we would have a situation where judges could sit down and examine the many areas of our social life. But I suggest that it is not the judges who should be led by exaggerated public opinion but, rather, public opinion should be lead by the judges. I have seen too many editorials appearing in newspapers before a case is dealt with by a court and where it is evident that the editorial has influenced the decision of the court.

I would suggest that if five laymen were to be appointed to the Canadian judicial council, the council would have some meaning. This would be preferable to the judges examining themselves, which would be the case under this bill. We all know that if people who have trust in each

other could sit down together and examine the entire structure of Canadian society and the areas of concern to all of us, so that not only the judges would be rendering the decisions and examining that structure, the council would have more credibility among the youth of this nation.

I am concerned about the low credibility of the judicial system among the young people, in fact not only the young people but many of the older people. If there is one thing we in this House should do, it is build up the credibility of our judiciary and not to allow a situation to develop where it could be undermined. The appointment of social workers and such people to the council would be a clear indication that the judges themselves are prepared to allow outside people to be involved in day to day decisions affecting society.

I do not see any reason why the minister should not at least accept a small amendment that would provide for the appointment of laymen to the council. I would hate to think that there has been any type of pressure brought to bear which would prohibit this type of amendment, because I am a firm believer in industrial democracy and I think that people who are affected by the law or any change in conditions throughout the country should have a say in the matter. The people who would be appointed to the council could then express their opinions regarding changes which they believe are necessary. Under those conditions I see no reason why this type of amendment should not be accepted. In fact, this amendment would do much to bring about a saner approach to some of the problems with which we have been confronted.

I am firmly of the opinion that some check of the judiciary is necessary, and with this amendment such a check would be provided. We are all alike. We travel in certain circles, we accumulate friends in the same walk of life, and the same thing applies to judges and lawyers. People in factories move in the same circle and discuss the things that affect them only. All too often we do not accept the experience of people outside our circle which would benefit all of us collectively.

Being a layman, I sincerely hope that favourable consideration will be given to allowing five laymen to be appointed to this council, because I think it would be very strange if an amendment giving the minister discretionary power to appoint these people were not approved. The minister could consult the judiciary in looking for the best people in our country to serve in this capacity and to play a useful part in so far as the social needs of the country are concerned.

Hon. John N. Turner (Minister of Justice): I want to deal first of all with the last part of the argument of the hon. member for Calgary North (Mr. Woolliams) relating to the Supreme Court of Canada. He has seen, as have other members of the House, statistics showing that the roll of the Supreme Court is heavily charged. As a matter of fact, some of the effects of the amendment which this House passed a year or so ago have not yet had time to take effect because the new law applies only to those cases that are instituted at their beginning, in the first instance, after the date on which the act received approval by Parliament.

I cannot accept the suggestion of the hon. member that supernumerary judges of the Supreme Court of Canada would solve that problem. The difficulty is that the Supreme Court of Canada is not only a final court of appellate jurisdiction but is also a constitutional court. As a matter of fact, if further progress is made in the constitutional discussions between the federal government and the provinces, that court will be, under the constitution of Canada, not merely a federal body. Even as the legislation is set up at the moment, it calls for six judges from the common law provinces and three from civil jurisdiction in Quebec, recognizing two systems of law and recognizing the special position of the civil code system in Canada. That is a deliberate balance set by Parliament, and recognized by all the provinces and by the federal government, at Victoria.

Moreover, there is a convention to the effect that among the other six judges—I do not think this is necessarily a fixed convention; it might well change as population trends change—three are ordinarily chosen from Ontario, two from western Canada and one from the Atlantic provinces. As I said, I do not think that is a fixed convention. With the population moving to western Canada I can conceive of more judges coming from western Canada. But in any event, that regional, geographical balance, and also the balance of the two legal systems, is one that the appointment of supernumerary judges from time to time might well upset.

• (4:30 p.m.)

That was the issue that was foremost in my mind and, as the hon. member has suggested, I rejected it for that reason. I want to say that it might seem strange to him that I arrived at that conclusion on my very own. I appreciate his sympathy and that of the hon. member for Timiskaming (Mr. Peters) in protecting me against the officers of the Department of Justice, but I have not come up with too many scars these last 3½ years.

Mr. Peters: Because you give in every time.

Mr. Turner (Ottawa-Carleton): I think I can assure the hon. member and the House that the decisions represented in these bills that are brought forward for the scrutiny of Parliament are, in the final analysis, mine.

When I asked the Canadian Bar Association to strike an ad hoc committee on the Supreme Court the last time that act was before Parliament, they set up a committee under the chairmanship of Mr. J. J. Robinette, Q.C., of Toronto. It was that committee's recommendation that it was inevitable that some day the Supreme Court would have to have control of its roll, which would mean, as in the case of the United States, that the Supreme Court would be reached only by way of leave to appeal. The Committee reporting to me at that time said that they did not think the country or the bar was then ready for that step. I accepted that judgment. Certainly the debate in this House reflected that view. I very well recall the words of the hon. member for Calgary North at that time. But, Mr. Speaker, I have not changed my mind. This is something that Parliament will have to deal with and it is something to which I have been invited to direct my attention.

Returning to the specific issue raised by the hon. member for Timiskaming, the purpose of the Canadian

judicial council is not to superimpose itself on the regular court procedures or decisions of the courts. There is a regular appeal procedure to the Supreme Court. The objects of the council are set forth in clause 31(2). They are:

—to promote efficiency and uniformity, and to improve the quality of judicial service, in the superior, district and county courts, including, without limiting the generality of the foregoing

the establishing from time to time of a conference of chief justices—

That conference has been in effect for the last two or three years. In fact, the chief justices of all the provinces and of all trial superior courts will be meeting in Regina this coming Sunday, Monday and Tuesday, so the Canadian judicial council would merely be an umbrella over an existing practice. I continue reading the clause:

—the establishing from time to time of seminars for the continuing education of judges—

We now have a Canadian judicial conference that has been meeting every year for the past few years, funded by the federal Department of Justice with money supplied on the authority of Parliament. This seminar lasts ten days. It is going to be extended, so that I hope every judge of every high court will in effect go back to school at least once every five years and perhaps more frequently. I have also arranged that the judges of the Northwest Territories and of the Yukon alternate, because they need a more general association with the bench than their brethern in the south who are in daily association with other judges. There is nothing new in this. In that continuing education process we have set up a faculty. It consists of judges and laymen. In fact its first dean was Allan Leal, chairman of the Ontario Law Reform Commission.

Mr. Knowles (Winnipeg North Centre): Beware of law deans!

Mr. Turner (Ottawa-Carleton): There are many people who contribute to those seminars, and I recognize the fact that some seminars should be conducted by people off the bench. The part of the clause to which I direct my attention is 31(2(c), which provides:

—subject to section 32—

Which is the section under which the Minister of Justice may set up an inquiry and have eventual recourse to both Houses of Parliament for the removal of a judge.

—the making of the inquiries and the investigating of any complaint or allegation described in that section.

I have been searching for some time for a way in which allegations and complaints against the bench can be dealt with in such a manner that one will not bring the bench unduly into ridicule and contempt and yet will not deprive the judiciary of that independence which under the British parliamentary system it is entitled to and which, I believe, has been one of the strongest points of the British, Canadian and Commonwealth judicial systems.

I discussed the terms of the bill, not as a bill but as terms of reference, with all the ten Attorneys General of the provinces in Halifax on July 13, 14 and 15, 1970, a year or so ago. They agreed with me that the best way of obtaining discipline within the judiciary, of ensuring that judges were pulling their weight, of analysing whether judges had become handicapped by age, infirmity or conflict of interest was to leave it with the judiciary, and that it was not up to the legislature to have daily supervision over the judiciary and it not was up to the executive and the Attorneys General to impose their will on the judiciary.

Because of the principles so eloquently expounded by the hon. member for Calgary North—the absolute independence of the judiciary free from any threat of public opinion or outside influence—I have to reject the amendment of the hon. member for Timiskaming. These terms of reference bear the approval of all ten provincial Attorneys General. They bear the approval of the conference of chief justices. They have also been discussed by the Canadian Bar Association. I want to say further that under clause 32(4) the Canadian judicial council has the power of a court of record. I felt that a court of record was something that should be limited to members of the bench.

Where is the ultimate control? If the commission, on referral of an allegation by the Minister of Justice, by a provincial Attorney General or by an ordinary citizen, feel that as a result of their inquiry a report should be made to the Minister of Justice, they do that. Then the matter is in the hands of the Attorney General of Canada, subject to his responsibility to Parliament. If the Canadian judicial council were to fail to act, if the situation were of such gravity that Parliament was concerned, then the power of inquiry under the Inquiries Act and the Judges Act would still be retained. The Attorney General still has the duty and the power to refer that matter to an inquiry conducted by a judge or members of the bar, and the ultimate responsibility in serious cases still remains with him for report to Parliament and to the people.

Primarily for the reason of the independence of a system whereby the judiciary is immune from pressure, either from public opinion, short-term public opinion—although I have argued that it should respond to the movement of society and I have spoken openly, even before the Supreme Court, of a creative judiciary responding to social direction—free from the pressures of Attorneys General, free from the pressures of a legislature, in fact free from every type of public pressure, I decided to achieve the type of discipline I wanted by entrusting it to the Canadian judicial council made up of the chief justices of the country, of course subject always to the overriding authority of Parliament.

Mr. Howard (Skeena): Mr. Speaker, apropos the minister's final remarks about conducting inquiries under the Judges Act and the Inquiries Act, may I ask what action was taken with respect to Bernie Isman, a judge in Vancouver who was guilty of gross misconduct? What did his department do about that case?

Mr. Turner (Ottawa-Carleton): I did not have jurisdiction. That is a provincial judge.

Mr. Howard (Skeena): But you knew about it, and you might know about it with federal judges too.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion? All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

Mr. Knowles (Winnipeg North Centre): On division.

Mr. Deputy Speaker: On division.

Motion No. 4 (Mr. Peters) negatived.

• (4:40 p.m.)

Hon. John N. Turner (Minister of Justice) moved that Bill C-243, to amend the Judges Act and the Financial Administration Act, as reported (with amendments) from the Standing Committee on Justice and Legal Affairs, be concurred in.

Motion agreed to.

Mr. Turner (Ottawa-Carleton) moved that the bill be read the third time and do pass.

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it is not my purpose to delay the final decision on this bill any longer, but before it is passed I should like to say once again that I think in matters of this kind we are working at the wrong end of the scale. Instead of widening the gap in the incomes of our people we should be narrowing it by being concerned about those at the bottom rather than by increasing the incomes of those at the top. Once again I wish to state my objection to the salary increases provided in this bill.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): On division.

Motion agreed to and bill read the third time and passed.

Mr. Deputy Speaker: Order, please. It is the understanding of the Chair that hon. members are now prepared to call it five o'clock. It being agreed that it is five o'clock, this House stands adjourned until Monday at two o'clock p.m.

At 4.44 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, September 27, 1971

The House met at 2 p.m.

BUSINESS OF THE HOUSE

EMPLOYMENT SUPPORT BILL—ISSUANCE OF REVISED NOTICE PAPER CONTAINING PROPOSED REPORT STAGE AMENDMENTS

Mr. Speaker: On Friday last the hon. member for Annapolis Valley filed, in the usual manner and before the prescribed hour, a notice of motion to amend Bill C-262, an act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect. Inadvertently, that notice of motion was omitted from today's order paper.

As hon. members will notice, a revised notice paper in regard to this bill has been prepared and placed on all desks. I wish to apologize to the hon. member for Annapolis Valley. I can assure him it is my hope that the action that has now been taken will repair any difficulty which may have resulted from this inadvertent omission of his notice.

* * *

PRIVILEGE

MR. CAFIK—STATEMENTS MADE BY MEMBER FOR YORK SOUTH

Mr. Speaker: Is the hon. member for Ontario rising on a question of privilege?

Mr. Norman A. Cafik (Ontario): Yes, Mr. Speaker. Pursuant to Standing Order 17 I rise on a question of privilege. Notice of this question was given to you last Friday morning to fulfil the conditions of Standing Order 17(2).

My question of privilege relates to statements made on Thursday in the House of Commons by the hon. member for York South (Mr. Lewis). I realize, Mr. Speaker, that such a question must be raised at the first available opportunity. At the time these statements were made in the House I had left the chamber for a brief period to attend an important meeting in the government lobby to discuss possible lay-offs in the automobile industry, which is a matter of deep concern to myself and to the people I represent. Consequently it was impossible to raise my objection at that time. Last Friday the hon. member for York South was not present in the chamber, and as my question related to his statements I felt that the honourable thing to do was to ask for a deferment.

The hon. member for York South is reported in *Hansard* at page 8106 as having said:

—because it has those rows of men who are governed by their loyalty to a party and to the bagman of the party rather than any loyalty of conscience.

Such a statement is clearly unparliamentary, untrue and highly insulting, and as such should be withdrawn and an appropriate apology given.

A question of privilege was raised at the time by the hon. member for Notre-Dame-de-Grâce (Mr. Allmand). However, in his response the hon. member for York South said: "I was not talking in general about hon. members opposite supporting the government". But this implies, Mr. Speaker, that in this specific case he still meant what he said. I find this kind of explanation unacceptable.

Equally important is the fact that such intemperate outbursts degrade the House to a level which I think all of us would find far too low. Such a statement would be more understandable if it came from an inexperienced parliamentarian in the early part of his career as opposed to an inexperienced parliamentarian in the latter part of his career.

I cite May's 17th edition, page 448, which says in part:

A member, while speaking to a question, may not introduce matter which is irrelevant to that question . . . speak offensive and insulting words . . . make personal allusions to Members of Parliament—

His statements are irrelevant, offensive, insulting, certainly constitute personal allegations in respect of Members of Parliament, and on these counts alone I respectfully submit they should be withdrawn.

• (2:10 p.m.)

In Beauchesne's Fourth Edition, citation 134 further states that members are not permitted to impute to any member or members unworthy motives for their action in a particular case. In my view, Mr. Speaker, the hon. member's statement clearly imputes motives of the highest possible kind in the lowest possible way to Members of Parliament which I feel, in justice, should not even be made in the streets, never mind in the House of Commons.

Further, in Bourinot's Fourth Edition at page 363 it is made clear that one cannot say or state that any member of the House of Commons is a servile servant of the government itself, a point which is implied in the statement of the hon. member for York South. As an individual Member of Parliament I am sure that all other members of this House consider our first obligation and primary loyalty is to our own consciences, and I believe we are entitled to an apology.

The second point I wish to raise, Mr. Speaker, stems from a statement in that same speech as recorded on page 8107 of Thursday's *Hansard*, in which the hon. member said:

They are guilty also of blackmail—

Later he repeated this allegation when he said:

—I say that that is clear blackmail which is unworthy of any government—

Statement by Member for York South

In Beauchesne's Fourth Edition, citation 136 cites a case which took place in the House on July 24, 1944, in which a member declared that a measure before the House was a bribe. The Speaker ruled this accusation to be unparliamentary and asked the hon. member to withdraw. When this was not done the member was suspended for the balance of the day's sitting. The hon. member's allegation of blackmail is equally as unparliamentary as the case cited in Beauchesne and as such should be withdrawn.

Citation 138 states that the House of Commons will insist upon all offensive words being withdrawn and upon an ample apology being made which shall satisfy both the House and the member to whom offence has been given.

I believe I have cited a prima facie case of privilege affecting members of this institution itself. I request through you, Mr. Speaker, that the hon. member for York South withdraw his offensive remarks and make an appropriate apology. In the event the hon. member does not wish to do so and you rule that I do in fact have a prima facie case of privilege, I am prepared to move a motion to send this matter to the Standing Committee on Privileges and Elections.

Mr. Speaker: The hon. member for Ontario did give notice last week of his intention to raise this matter by way of a question of privilege. This has given the Chair an opportunity to give the matter serious thought. The hon. member knows that the Chair does not take lightly a question of privilege. I have on numerous, perhaps even countless, occasions suggested to hon. members that it is not easy to establish a prima facie case of privilege. In fact, such a case has not been established for many, many years. I am inclined to reach the same conclusion in respect of the case brought to my attention by the hon. member for Ontario.

I think one of the most important aspects of privilege is that the matter should be raised at the first opportunity. The hon. member says he was outside the House when the words to which he takes exception were spoken. With respect, I suggest to him that is not a sufficient explanation. What he proposes now is that members who do not happen to be in the House at the time words are spoken could receive *Hansard* the next day and then take exception to the words by way of a question of privilege. If an hon. member happened to read *Hansard* three days later he could then say that was the first opportunity he had of bringing the matter before the House. I do not think that in this regard the explanation of the hon. member is quite satisfactory.

What is relevant and important in this case is that when the words to which the hon. member takes exception were spoken in the course of debate, the hon. member for Notre-Dame-de-Grâce took exception to them and rose by way of a question of privilege. I was in the Chair at the time and my impression was that the hon. member for York South explained what he had in mind when he made the statement. Whether his explanation was satisfactory to all hon. members and whether it was satisfactory so far as the hon. member for Notre-Dame-de-Grâce or the hon. member for Ontario are concerned is perhaps another matter. What I had to be satisfied about was whether improper motives had been imputed. The hon. member for York South explained what he had in mind and the way he had intended to apply the words he had spoken. I did not think he was addressing his remarks to any particular member individually.

If hon. members will consult the authorities they will note that words which are addressed to one member or two members individually which might be considered unparliamentary are not judged unparliamentary when addressed to a group of members or to a party. I cannot say that I consider there is a question of privilege or a prima facie case of privilege when a member accuses another party of blackmail. It seems to me I have heard that accusation levelled by one party against another very often toward the end of a session. We hear the suggestion that the government is introducing legislation and using blackmail to get its legislation adopted before the end of the session, and the opposition is accused of blackmail because they refuse to have the House recess until certain legislation is adopted. It seems to me that this kind of accusation is part of the political life of the House. I must say it has never scandalized me and does not at this time. I doubt that this is a question of privilege which ought to be considered by a committee of the House. On that basis I would suggest that the matter should not be pursued further.

ROUTINE PROCEEDINGS

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, under Standing Order 43 and in relation to pressing and urgent circumstances which are so well known to the House as to be notorious, I would ask leave to put the following motion:

It is the opinion of this House that if the government does not forthwith comply with the law as set out in the Temporary Wheat Reserves Act, and purge its contempt of Parliament and the people, it is not fit to govern or to have the confidence of this House.

Some hon. Members: Hear, hear!

Mr. Speaker: The motion of the hon. member requires the unanimous consent of the House. I shall now inquire whether there is unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Apparently there is some dissent and the motion cannot be put.

* * *

LABOUR RELATIONS

WHOLESALE HOMES LIMITED—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, pursuant to Standing Order 43 I should like to put a motion and ask

for unanimous consent that it be accepted. The matter of urgent and pressing necessity concerns a particular company, Wholesale Homes Limited. This company, which has either had payments made to it by the Department of Regional Economic Expansion or is in receipt of an offer to make payments, attempted to coerce its employees to work two particular days without pay and then issued each of them a notice under date of September 24 telling each employee that his employment with that particular firm would be terminated on Friday, October 1, 1971. I request, therefore, seconded by the hon. member for Timiskaming (Mr. Peters), consent to move the following motion:

That the subject matter of payments of money and any offer of payment by the Department of Regional Economic Expansion to Wholesale Homes Limited of Blind River, Ontario, the use to which such money was or may be put, and the employment practices of the said company be referred to the Standing Committee on Regional Development.

Mr. Speaker: Hon. members know that this motion can be put only with the unanimous consent of the House. Is there unanimity?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the motion cannot be put.

* * *

REGIONAL ECONOMIC EXPANSION

DESIGNATION OF PLACENTIA, NFLD. AS SPECIAL AREA—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Walter C. Carter (St. John's West): Mr. Speaker, pursuant to Standing Order 43 I ask unanimous consent of the House to present a motion on a matter of urgent and pressing necessity. This matter concerns the desperate social and economic conditions prevailing in the Placentia area of Newfoundland where unemployment is now near 70 per cent.

• (2:20 p.m.)

The chief cause of the problem is the phasedown of the United States naval base at Argentia, also the government's obvious reluctance to deal effectively with the problems resulting therefrom. I therefore move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House urge the government to take immediate steps to designate the Placentia area as a special area under the Department of Regional Economic Expansion and that the government immediately undertake a crash program to alleviate the situation in that area.

Mr. Speaker: The Chair must inquire whether there is unanimous consent to the putting of the motion.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the motion cannot be put.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

*ROBIN AUSTIN AND COMPANY LIMITED—DENIAL OF RIGHT TO OBTAIN SUGAR

Question No. 1,547—**Mr. Southam:**

Has the government received complaints from Robin Austin of Robin Austin and Company Limited of Montreal, Quebec, and from his attorney, John Fetherstonaugh to the effect that his firm has been denied the right since 1965 to obtain sugar and, if so (a) what action has the government taken to investigate the complaints (b) what remedial action has been taken (c) what is the basis of the denial?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): The government has received a number of communications from Robin Austin and John Fetherstonhaugh, Q.C., concerning sugar. (a) An inquiry has been commenced pursuant to sections 7 and 8 of the Combines Investigation Act. (b) and (c) See answer to (a).

CANADA PENSION PLAN—PROCESSING OF MEDICAL CASES

Question No. 1,620—**Mr. Fairweather:**

1. How long does it take to process medical cases under the Canada Pension Plan?

2. Are district offices of the Department of National Health and Welfare advising applicants that cases may take up to six months to process?

3. Are procedures being studied with a view to decreasing waiting periods?

Hon. John C. Munro (Minister of National Health and Welfare): 1. It is difficult to give a precise answer since the processing time varies considerably, depending on the circumstances of each case. Every effort is made to obtain the essential information, including medical reports, as quickly as possible.

2. In cases where delay is anticipated, applicants are so advised.

3. Yes.

NATIONAL DEFENCE—CONSTRUCTION OF BUILDINGS AND RUNWAYS, COLD LAKE

Question No. 1,627—**Mr. Rowland:**

1. Is a new runway being constructed at CFB Cold Lake or are old runways being extended and, if so, what is the total cost of the project?

2. What has been the cost of (a) refurbishing (b) renting (c) constructing accommodation for the additional servicemen and their dependants appointed to CFB Cold Lake?

Hon. Donald S. Macdonald (Minister of National Defence): 1. No, however normal maintenance work is being done on existing runways and taxiways at an estimated cost of $495,000.

2. No additional accommodation has been provided for servicemen and their dependants.

Questions

NATIONAL DEFENCE—PURCHASE OF HOMES AS A RESULT OF CLOSURE OF CFB, GIMLI.

Question No. 1,628—**Mr. Rowland:**

What is the total cost, actual and projected, to the government, of purchasing private dwellings and compensating for early termination of long-term rental agreements resulting from the closure of CFB Gimly?

Hon. Donald S. Macdonald (Minister of National Defence): The purchase of 44 private dwellings at CFB Gimli was approved in the amount of $419,000. It is anticipated that the cost to the Crown will not exceed $200,000. Sale of the properties through Crown Assets Disposal Corporation also will reimburse the Crown in part for the purchases. A long term rental agreement will be assigned or terminated when negotiations with the owner have been completed.

POST OFFICE—PARRSBORO, NOVA SCOTIA

Question No. 1,634—**Mr. Coates:**

1. What is the present staff, permanent and part-time, at the Post Office at Parrsboro, Nova Scotia?

2. Will the staff be increased when the new Post Office is operative and, if so, by how many?

Hon. Jean-Pierre Côté (Postmaster General): 1. (a) Permanent, 4; (b) part-time, 1.

2. No.

DEFENCE RESEARCH BOARD GRANTS TO PRIVATE INDUSTRY

Question No. 1,649—**Mr. Broadbent:**

1. What programs of the Defence Research Board provide grants, subsidies and other cash incentives to private industry?

2. What amount was provided to industry through each program in each of the past five years?

3. What amount, by program, has gone to each of the five major regions of Canada in the same years?

Hon. Donald S. Macdonald (Minister of National Defence): 1. The Defence Research Board provides contributions to private industry under the terms and conditions of the Defence Industrial Research Program.

2. 1966-67, $4,689,452; 1967-68, $4,483,705; 1968-69, $4,285,-618; 1969-70, $4,012,722; 1970-71, $4,479,251.

	1966–67	1967–68	1968–69	1969–70	1970–71
British Columbia	$ Nil	$ Nil	$ 3,178	$ 101,975	$ 116,768
Prairies	548,487	416,394	233,932	78,337	97,976
Ontario	2,988,658	1,401,925	2,848,530	2,682,150	2,749,343
Quebec	1,152,307	2,665,386	1,199,987	1,150,260	1,515,164
Maritimes	Nil	Nil	Nil	Nil	Nil
Total	$4,689,452	$4,483,705	$4,285,618	$4,012,722	$4,479,251

CANADA MANPOWER CENTRES—JOB PLACEMENTS

Question No. 1,670—**Mr. Orlikow:**

1. How many job placements were made by the Canada Manpower Centres (excluding casuals) in 1966-67, 1967-68, 1968-69, 1969-70 and 1970-71, in each province and territory?

2. How many job placements were made by the former National Employment Service or its successor (excluding casuals) in 1964-65 and 1965-66, in each province and territory?

Hon. Otto E. Lang (Minister of Manpower and Immigration): The attached table provides Department of Manpower and Immigration statistics on placements, excluding casuals, by province for the fiscal years 1970-1971, 1969-1970, 1968-1969, 1967-1968, 1966-1967 and National Employment Service statistics for the fiscal years 1965-1966 and 1964-1965. Placement data for the Northwest Territories and the Yukon are listed for the years 1970-1971 and 1969-1970. For the fiscal years prior to 1969-1970, the Northwest Territories are consolidated with Alberta and the Yukon is consolidated with British Columbia.

Orders for Returns

DEPARTMENT OF MANPOWER AND IMMIGRATION

Province	Canada Manpower Centres Placements (excluding casuals) 1970-1971	1969-1970	1968-1969	1967-1968	1966-1967	National Employment Service Placements (excluding casuals) 1965-1966	1964-1965
Newfoundland	16,164	12,589	10,009	7,806	7,468	9,072	6,219
Prince Edward Island	6,648	6,178	4,876	4,170	5,260	6,062	6,336
Nova Scotia	29,049	28,693	23,888	22,103	22,586	25,675	26,089
New Brunswick	22,979	22,572	18,738	20,274	24,408	32,852	30,864
Quebec	148,836	159,842	156,146	189,924	220,548	274,817	295,411
Ontario	239,837	271,338	289,792	268,744	310,887	336,284	320,811
Manitoba	27,929	34,961	37,008	38,011	38,814	41,509	41,883
Saskatchewan	16,811	20,713	24,435	28,275	28,704	29,052	27,912
Alberta*	52,416	66,283	67,894	68,852	73,202	77,505	70,758
Northwest Territories*	1,261	858	—	—	—	—	—
British Columbia**	85,572	97,132	91,919	94,562	108,976	128,167	114,900
Yukon**	1,464	1,673	—	—	—	—	—
Canada	648,966	722,832	724,705	742,721	840,853	960,995	941,183

*Northwest Territories reported in Alberta provincial totals for the fiscal years 1968-1969 to 1964-1965.
**Yukon reported in British Columbia provincial totals for the fiscal years 1968-1969 to 1964-1965.
SOURCE: MAN 751, Department of Manpower and Immigration.

PROPOSED AGRICULTURE ADJUSTMENT PROGRAM

Question No. 1,682—**Mr. Mazankowski:**

1. Have any meetings been held by the Minister of Agriculture or his officials with groups interested in the proposed Agriculture Adjustment Program and, if so (a) how many were held (b) on what dates (c) at what locations (d) what were the names of the participating organizations?

2. In each case, were alternative programs proposed and, if so, does the government intend to bring in legislation to cover these proposals and, if so, by what date?

Hon. H. A. Olson (Minister of Agriculture): 1. Two meetings took place between the Minister of Agriculture and the provincial ministers of agriculture, one on March 26, 1971, at Ottawa, and one on July 21, 1971, at Edmonton. The Minister of Agriculture met with the representatives of the Canadian Federation of Agriculture and the National Famers' Union on April 21, 1971, in Ottawa. Officials met with representatives of the provincial departments of agriculture on April 14 and 15, in Ottawa, and with the provincial deputy ministers of agriculture on April 28 in Ottawa.

2. At meetings with members of the provincial departments of agriculture alternative methods for the administration of the program proposed by the federal Government were put forward, together with changes in the program details. Decisions concerning legislation will be announced in the usual manner.

NEWCASTLE DISEASE IN POULTRY FLOCKS

Question No. 1,700—**Mr. McCutcheon:**

Has Newcastle disease been discovered in poultry flocks in Southern Ontario and, if so (a) on what date (b) in what municipality (c) what remuneration has been paid to producers whose birds have been destroyed in clean-up attempts?

Hon. H. A. Olson (Minister of Agriculture): Yes, Newcastle disease has been diagnosed in eight poultry flocks in the Chatham area of Southern Ontario. (a) The first diagnosis was made on July 30, 1971, in a flock located in the Township of Orford, Kent County. (b) The initial outbreak spread to five additional premises in Orford township, Kent County; to one premises in Chatham township, Kent County, and to one premises in Mosa township, Middlesex County. (c) Compensation in the amount of $15,885.66 has been awarded to the owners of poultry flocks which had to be ordered destroyed as a disease eradication measure.

AGRICULTURE STABILIZATION ADVISORY COMMITTEE

Question No. 1,702—**Mr. Mazankowski:**

1. Who are the members of the Agriculture Stabilization Advisory Committee?

2. How many times did the Committee meet in 1969, 1970 and 1971?

3. What were the topics for discussion at each of the meetings?

Hon. H. A. Olson (Minister of Agriculture): 1. Mr. Kenneth Carr, Prince Edward Island; Mr. Frank E. Lutes, New Brunswick; Mr. Lionel Sorel, Quebec; Mr. R. Pigeon, Quebec; Mr. Gordon L. Hill, Ontario; Mr. Jack A. Ferguson, Ontario; Mr. J.A. McCallister, Manitoba; Mr. E.A. Boden, Saskatchewan; Mr. L.R. Stephens, British Columbia; Mr. D.J. McKinnon, Alberta.

2. 1968-69, two meetings; 1969-70, two meetings; 1970-71, two meetings.

3. 1968-69: Eggs, poultry, potatoes, oilseeds, corn, dairy and hogs. 1969-70: Dairy, eggs, oilseeds, sugar beets, and marketing legislation. 1970-71: Dairy, eggs, poultry, hogs, wool, apples, potatoes, sugar beets and grains.

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QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC SERVICE—COURSES IN BILINGUALISM

Question No. 1,371—**Mr. Coates:**

1. How many members of the Public Service of Canada are now involved in courses in bilingualism and, of this number, how many are involved in courses teaching (a) the French language (b) the English language?

2. Of the total number involved in bilingual training (a) how many are receiving these courses outside their regular working hours (b) how many are involved in courses that require the use of part of their normal working hours (c) how many are involved in courses that require that they remove themselves from their normal employment for a period of time?

3. Of the total number who are involved in linguistic training for part of each work week, what method is used to replace the man-hours given over to linguistic training?

4. How many public servants have now been involved in linguistic training that removed them completely from their ordinary employment and, for the fiscal year 1970-71, what was the total number of man-hours involved in this type of training?

Return tabled.

Orders for Returns

PUBLIC SERVICE—NUMBER OF ENGLISH SPEAKING PERSONNEL PARTICIPATING IN FRENCH COURSES

Question No. 1,393—**Mr. Matte:**

1. How many English speaking public servants took French courses in 1968, 1969, 1970 and 1971?

2. Where did they take these courses?

3. How are these courses paid for?

4. What amount was spent on these courses in 1968, 1969, 1970 and 1971?

Return tabled.

PURCHASE OF HEATING OIL FOR FEDERAL BUILDINGS IN QUEBEC AND OTTAWA REGION

Question No. 1,396—**Mr. Comtois:**

Regarding the purchase of heating oil for all facilities and all federal buildings in the Province of Quebec and in the Ottawa Region (a) during the past three years, who supplied the heating oil for all such buildings and facilities (b) during each year, what was the cost of the oil per gallon (categories 1, 2 and 6) (c) during each year what was the cost of transportation for the oil (d) were the contracts awarded following public or private tenders (e) were tenders called for the purchase of free refinery oil or free destination oil (f) have specific prices been asked for the purchase and transportation of the oil and, if so, what savings resulted?

Return tabled.

FEDERAL PAYMENTS TO GREY ROCKS INN, ST. JOVITE, QUEBEC

Question No. 1,499—**Mr. Schumacher:**

1. During the fiscal years 1969-70 and 1970-71, were any payments made to Grey Rocks Inn, St. Jovite, Quebec by the government and if so (a) what was the amount in each case (b) what were the reasons for each such payment (c) to whom was each such payment made (d) for which departments were such payments made?

2. Who are the owners of Grey Rocks Inn, St. Jovite, Quebec?

3. To the knowledge of the government, is the ownership a partnership or private corporation and, if so, who are the principals involved?

Return tabled.

WELLINGTON CONSTITUENCY—1971 CENSUS

Question No. 1,587—**Mr. Hales:**

1. What are the names and addresses of the Census Commissioners and the Census representatives that were hired by the government to take the 1971 Census in the constituency of Wellington?

2. What are the names and addresses of those people who checked and scrutinized the Census Returns before they were sent to the Toronto Regional Office and then to Statistics Canada?

3. What was the salary paid to each?

Return tabled.

[Mr. Coates.]

ORAL QUESTION PERIOD

TRADE

POSSIBLE MODIFICATION OF UNITED STATES-CANADA AUTO PACT AND CONDITION FOR WITHDRAWAL OF UNITED STATES IMPORT SURTAX

Hon. Robert L. Stanfield (Leader of the Opposition): I have a question for the Prime Minister arising out of the reported remarks of the United States Secretary of the Treasury expressing his anticipation that some of the tariff restrictions and restraints built into the U.S.-Canada auto pact agreement will be modified. Has the government of Canada received any indication from the U.S. administration that modification of some of these restrictions and restraints is part of the goal of the U.S. administration before withdrawal of the U.S. import surcharge of 10 per cent?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not believe that a condition was attached to the representations, but it is my understanding that at some of the meetings which were held in Washington earlier with our ministers and officials the Americans did raise the question of the auto pact and claimed that it was working too favourably for the Canadian side.

Mr. Stanfield: At that time I think it is correct that our Minister of Finance indicated that this was not a condition and the U.S. authorities were not at that time attaching much importance to this. In view of this most recent statement to the press by the Secretary of the Treasury Connally, is the Prime Minister prepared to say that this is no longer a precondition which the Americans attach to the removal of the 10 per cent surtax?

Mr. Trudeau: Mr. Speaker, I do not understand why the Leader of the Opposition says it is no longer a precondition.

Mr. Stanfield: No, I did not say that.

Mr. Trudeau: The Leader of the Opposition did say that, with respect, Mr. Speaker. My understanding is that it was never a precondition and that the Americans never indicated that if we modified the auto pact in some way they would take off the surcharge.

Mr. Stanfield: Mr. Speaker, can the Prime Minister tell the House whether his government is suggesting any modification of the restraints now contained in the Canada-U.S. auto trade pact or whether, on the other hand, it is the policy of the government to insist on the retention of such restraints and safeguards?

Mr. Trudeau: Mr. Speaker, I believe it has been said repeatedly in the House by the Minister of Finance and by the Minister of Industry, Trade and Commerce that the matter was under negotiation, that the auto pact itself was being brought up by the Americans as a subject for discussion, and that we indicated we would gladly sit down and discuss the subject with them.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. In view of reports that it was the Canadian

government which initiated discussion of the possible abandonment of the auto pact safeguards as a *quid pro quo* or as one concession in order to get exemption from the American surcharge legislation, could the Prime Minister inform the House if in fact this was the case? Was this a proposal put forward by the Canadian government?

Mr. Trudeau: No, Mr. Speaker, there was never any question of a *quid pro quo* on this subject, and I do not know from where the hon. member is inventing that.

POSSIBLE MODIFICATION OF UNITED STATES-CANADA AUTO PACT—REQUEST BY UNITED AUTOMOBILE WORKERS FOR MEETING WITH CABINET

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in view of the absence of the Minister of Industry, Trade and Commerce I want to ask the Prime Minister another question. It is my understanding that the Canadian director of the United Automobile Workers has already sent a telegram, or will be shortly, requesting an early meeting with senior cabinet officials on this issue. Would the Prime Minister assure the House that such a meeting will take place when and if it is requested?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, of course I cannot give an assurance without conferring with the minister, but if it is a reasonable request for a reasonable meeting I am sure he would want to meet it. This government, since it brought in the auto pact, has always been saying that it was one of the very good achievements of the Liberal government. I am very happy to see now that the parties which did not applaud the pact at the time of its introduction are very enthusiastic in saying that we should preserve it.

UNITED STATES ECONOMIC MEASURES—POLICY TO PROTECT CANADA AGAINST BEING ABLE TO EXPORT ONLY NATURAL RESOURCES

Mr. David MacDonald (Egmont): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. In light of increasing American action generally discriminating against the Canadian manufacturing industry and the fear indicated by the Minister of Finance and the Prime Minister last week that we will be placed in a position of being able to export only our natural resources, would the Prime Minister indicate whether he and his cabinet officials are presently developing an over-all, integrated resource and manufacturing export policy to protect us against being placed in a position of only being able to export our natural resources and not our manufactured products?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I made it clear to the House in the very first days of this part of the session that the government was in fact looking at contingency measures to be brought in and announced if ever we felt this was necessary, but that at this stage of the game we were mainly making sure that the Americans understood what effect their policies had on Canada, what choices they were putting in front of us, and that we were making representations to them in every way. In fact, even within the last two hours I met with the NATO delegates from the United States, as other members and ministers have previously, to impress upon them the situation as it has developed as a result of the Nixon measures.

Mr. MacDonald (Egmont): Can the Prime Minister indicate to the House whether he feels that the administration in the United States either understands or cares about the jeopardy of Canadian manufacturing interests at the present time?

Mr. Trudeau: Mr. Speaker, I can answer without hesitation, as a result of the discussions I had with several United States senators and representatives a few hours ago, that their understanding had improved considerably as a result of representations made by this side of the House to them during the past few days.

• (2:30 p.m.)

Mr. Speaker: The hon. member for York South. Order, please. I apologize to the hon. member for York South but the hon. member for Egmont is rising on a point of order.

Mr. MacDonald (Egmont): On a point of order, Mr. Speaker, I thank the Prime Minister for answering a question which I did not ask. I should like him to answer now the question I did ask with regard to the American administration, which is not the same thing as these representatives who are here at this time.

Mr. Speaker: Order, please. The Chair has recognized the hon. member for York South.

Mr. MacDonald (Egmont): On the point of order, Mr. Speaker—

Mr. Speaker: That is not a point of order. The hon. member claims that the Prime Minister did not answer his question. That is not a point of order. I will return to the hon. member and to others who want to ask supplementaries on this subject in a moment.

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THE CANADIAN ECONOMY

PROPOSED MEETING OF FIRST MINISTERS TO DISCUSS WINTER WORKS PROGRAMS—REPLY TO TELEGRAM FROM PREMIER SCHREYER

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Prime Minister. Would the Prime Minister inform the House whether he has seen a wire sent to him by the Premier of Manitoba urging an early meeting of first ministers—I think the dates suggested are between October 22 and October 28—for the purpose of discussing possible programs to deal with the unacceptable levels of unemployment expected this winter? If so, could the Prime Minister tell us what reply he made to the wire?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, could I ask the hon. member to tell me if he is referring to a wire or a letter, because I did receive a letter? Could I ask the hon. member to clarify that?

Mr. Lewis: Mr. Speaker, if I may answer, the Prime Minister received a letter and was also sent a telegram on

the 24th from the Premier of Manitoba. Perhaps his staff has not yet drawn it to his attention.

Mr. Speaker: Order, please.

Mr. Lewis: Mr. Speaker, may I inform the House and the hon. gentleman opposite that the Premier of Manitoba held a press conference on Friday at which he released the text of both the letter and the telegram. Both the letter and the telegram ought to be within the knowledge of the Prime Minister now.

An hon. Member: If he sent it.

Mr. Trudeau: Mr. Speaker, I am not aware of the wire but if the member is right in saying that the Premier released the text of a wire and the letter, certainly I have received a letter dated September 22—27—

Mr. Lewis: The 17th.

An hon. Member: David wrote it; he should know.

Mr. Trudeau: I apologize, the hon. member is quite right; the letter is dated September 17, Mr. Speaker. I regret to say that it contains several outrageous statements and I intend to answer the Premier of Manitoba frankly about some of the issues that he brought up which seem to me to indicate a lack of candidness in his approach to this whole problem.

Mr. Lewis: Mr. Speaker, I am sure that Premier Schreyer can defend himself against this quite unwarranted suggestion of the Prime Minister. I should like to ask the Prime Minister whether he is now ready to call a special emergency conference of first ministers and other ministers, if necessary, before the end of the month of October to discuss possible programs to deal with the unemployment problem this winter, which is likely to be more severe than it is now?

Mr. Trudeau: Although I have replied to this before, I think it might be well to set the facts before the House once again, Mr. Speaker. Late in July I wrote to all premiers following the Victoria conference suggesting an early meeting of the federal and provincial first ministers. I suggested two dates in, early or late October, and they were not acceptable to the premiers. I then suggested two dates in November and they were not acceptable to Premier Schreyer—

Some hon. Members: Shame!

Mr. Trudeau: —because he was off on some trip to Europe, Mr. Speaker.

Some hon. Members: Oh, oh!

Some hon. Members: Shame!

An hon. Member: He is training to be prime minister.

Mr. Trudeau: So in consultation with Mr. Schreyer's office the earliest date we were able to settle was at the beginning of December.

Some hon. Members: Shame!

[Mr. Lewis.]

Mr. Lewis: Hon. members are of course aware that Premier Schreyer is not the only person in power who has made trips across the world, Mr. Speaker.

Some hon. Members: Question!

Mr. Speaker: Order, please. I wonder if we might return now to the hon. member's supplementary question.

Mr. Lewis: Mr. Speaker, I would ask the Prime Minister this supplementary question: is he considering presenting either to Parliament or to the provincial governments as well as Parliament an emergency program of job-creating works across the country this winter and, if so, then may we expect the announcement of such a program?

Mr. Trudeau: Mr. Speaker, if it is done it will not be to secure political advantage as the leader of the New Democratic Party in this House and the leader of the New Democratic Party in Manitoba are trying to do.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for York South rises on a point of order.

Mr. Lewis: Mr. Speaker, I do not wear the mantle on a point of order of saying that what we do in this House has nothing to do with the political situation in the country—

An hon. Member: Not much.

Mr. Lewis: —but I suggest to the right hon. gentleman that there is no one in this House more adept at political hypocrisy than he is.

Some hon. Members: Oh, oh!

Some hon. Members: Shame!

Mr. Speaker: Order, please. Obviously we are not progressing very effectively. I suggest to hon. members that the last few exchanges have not helped the situation at all. We have a number of supplementaries which perhaps are more legitimate. I will recognize the Leader of the Opposition.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the right hon. Prime Minister whether in his letters to the first ministers in July he indicated that he wished to discuss with them programs to attack winter unemployment and whether it is his view that a letter written in July inviting the provincial premiers to a meeting in October indicates any urgent view on his part about winter unemployment in this country?

Mr. Trudeau: Mr. Speaker, I had no knowledge in Victoria that the provincial governments wanted to consider unemployment to be written as a matter under provincial jurisdiction—that they wanted it to be in the constitution that unemployment was provincial. When I suggested at Victoria that we have an early meeting in the fall to discuss matters of the economy, taxation, unemployment and all the rest I said I would be writing to them in the following month, which I did, to suggest an early meeting in the fall. Therefore I carried out the request of the conference. That is not to say that the federal government has not been considering all aspects of unemployment

and ways in which it could be remedied. I am not suggesting that nothing can be done or should be done until the provinces sit down here and meet with us.

PROPOSED MEETING OF FIRST MINISTERS TO DISCUSS WINTER WORKS PROGRAMS—REPRESENTATION FOR MUNICIPALITIES

Mr. Lincoln M. Alexander (Hamilton West): In view of the fact that the government has laid great stress on the importance of tri-level conferences, particularly in future decisions affecting cities, has it been the intention of the Prime Minister or has he requested that the provinces request the presence of representatives from the cities at this meeting?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the question of representation of the cities was brought up at a conference in Winnipeg which was convened by the Minister of State for Urban Affairs. We still have not reached a final set of arrangements with the provinces on the participation of municipalities at federal-provincial conferences. We have, however, certainly taken initiatives which may some day bring a solution to this problem. Once again, this is in the hands of the provinces under whose jurisdiction municipal law lies.

UNEMPLOYMENT—DISCUSSION WITH PREMIERS OF TOLERABLE WINTER LEVEL IN CONNECTION WITH PROPOSED CONFERENCE

Mr. James A. McGrath (St. John's East): Mr. Speaker, may I ask the Prime Minister if the government has agreed on an objective of what it considers to be a tolerable level of unemployment for the winter? Can the Prime Minister tell the House if this objective of tolerable unemployment has been discussed with the premiers in connection with the federal-provincial conference?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. It is our object to bring unemployment to as low a level as possible but in my letter and communication with the premiers there was no percentage suggested, if that is what the hon. member is inquiring about.

* * *

• (2:40 p.m.)

[*Translation*]

NATIONAL DEFENCE

REQUEST FOR ASSISTANCE BY ARMED FORCES IN EVENT OF STRIKE BY QUEBEC PROVINCIAL POLICE

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Prime Minister.

Since Quebec Provincial Police officers decided, last night, to carry on with their study session, I should like to ask the Prime Minister whether, on the one hand, the Quebec Attorney General has contacted him to seek the services of the Armed Forces, if required, and, on the other hand, whether Quebec may count on such services, should the Quebec Attorney General request them?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, my reply to the second part of the question can really not go beyond what is stipulated in the act itself, i.e. that if the Attorney General of the province requests the services of the Army as provided for by the act, the federal government has no alternative but to supply the services of the Army and also to send an invoice.

As for assistance at the level of the federal police force, I know federal services would be willing to assist, as much as possible, in the maintaining of order in the province of Quebec. However, we have absolutely no intention to interfere in matters of strike settlement between the provincial authorities and an organization of workers coming under their jurisdiction.

Mr. La Salle: May I put a supplementary question, Mr. Speaker? I would ask the Prime Minister whether the federal government has decided nevertheless to send trops to Quebec in case of needs?

Mr. Trudeau: Mr. Speaker, I understood that I was asked if we had decided to send troops. I answered that if the provincial Attorney General formally asked for the despatch of troops, we would have no other choice and the troops would be used, as requested by the provincial Attorney General.

* * *

[*English*]

FINANCE

CANADIAN INITIATIVES TO ACHIEVE INTERNATIONAL MONETARY REFORM

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in the absence of the Minister of Finance in Washington, may I direct my question to the Prime Minister. Is the government of Canada presenting any specific Canadian proposals to achieve international monetary reform as a way to get rid of the United States surcharge? If so, may we expect a statement from the government in the House before the return of the Minister of Finance, or just what will be the position? I am sure the House would like to know whether there are any Canadian initiatives. This question follows on the question I asked last week.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we are participating in all the meetings of the Group of Ten, of the IMF and of the Commonwealth finance ministers and, of course we are using what knowledge we have of the monetary system and suggesting ways in which it might be improved. However, I would not want the House or the hon. member to believe that we have in our briefs some sure cure replacement for the gold standard or the dollar standard or that we have thought up some new scheme which would be acceptable for the world.

Mr. Lambert (Edmonton West): Mr. Speaker, the Minister of Finance in an interview discussed wider fixed margins or a moving average. Are these part of the proposals that Canada is making or is there some other formula that Canada might put forward for discussion?

Mr. Trudeau: Mr. Speaker, these proposals have been looked at by Canada and by other countries. I am not sure

who made the suggestion in the first place, whether it came from Canada or some other country. But it is certain that this and all manner of other proposals are being looked at by the participating countries.

Mr. Lambert (Edmonton West): Mr. Speaker, would the Prime Minister tell us whether the Canadian government has received an official indication that the International Monetary Fund is seeking a change in the valuation of international currencies which would result in Canada's dollar being pegged at about $1.03 U.S.? If that is the case, what is the government's view with regard to this general reorganization?

Mr. Trudeau: Mr. Speaker, there has been no official submission made to the Canadian government, in the terms of the question, to up-value the Canadian dollar to $1.03 U.S. or $1.05 U.S., or whatever it is.

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GRAIN

INQUIRY AS TO MAKING OF PAYMENTS TO WHEAT BOARD UNDER TEMPORARY WHEAT RESERVES ACT

Mr. John Burton (Regina East): Mr. Speaker, in the absence of the Minister of Finance I wish to direct my question to the Prime Minister. In view of the fact that the Canadian Wheat Board has invoiced the Minister of Finance for amounts due under the Temporary Wheat Reserves Act since August 1, 1970, and since there has been considerable debate about the failure of the minister to make these payments, have the payments for the 1970-71 or current crop year now been made to the Canadian Wheat Board from the consolidated revenue fund?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I cannot at this time reopen the debate of last Thursday, but an explanation was given for that by the minister responsible for the Wheat Board.

Mr. Baldwin: It was highly unsatisfactory.

Mr. Burton: Mr. Speaker, I was not asking for an explanation. I simply want to ask the Prime Minister again if there has been any change in policy or whether these payments have now been made to the Canadian Wheat Board in light of the debates which have taken place?

Mr. Trudeau: Mr. Speaker, those payments have not been made but, as indicated in the House by the minister responsible for the Wheat Board, they will be in some short length of time if the bill before the House is not passed, and the farmers will be receiving only $60 million instead of $100 million.

Mr. Baldwin: That's blackmail.

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—OBJECTIONS BY WESTERN PREMIERS

Mr. Eldon M. Woolliams (Calgary North): A supplementary question, Mr. Speaker. I think the amount is $90 million. Can the Prime Minister tell us whether there have been any objections from the western premiers or members of the government in reference to the alleged disobeying of the law and failure of this government to pay to the Canadian Wheat Board the money in question that is owing for storage?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am informed by the Minister of Agriculture that he knows of no such representations and I must say that, for my part, I have no knowledge of such representations.

SUSPENSION OF CONSIDERATION OF STABILIZATION BILL PENDING MEETING WITH PRAIRIE MINISTERS OF AGRICULTURE

Mr. Don Mazankowski (Vegreville): Mr. Speaker, may I direct a question to the President of the Privy Council in his capacity as government House leader. In view of the meeting held last week by the three prairie Ministers of Agriculture, is the minister contemplating withholding further consideration of Bill C-244 until after the three ministers have met with the minister in charge of the Wheat Board this Friday in order to discuss what they have referred to as a most contentious bill?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I have made no decision, nor was I aware of the projected meeting on Friday with these ministers. The bill will be brought forward as soon as we can get it forward conveniently for hon. members.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, could I ask a supplementary question. I wonder if the government House leader has conveyed to the Prime Minister the objections raised by the hon. member for Vegreville and the Ministers of Agriculture of the Prairie provinces not only to the bill but to the fact that the law has been disobeyed in that these moneys have not been paid?

An hon. Member: Whisper it in his ear.

Mr. Knowles (Winnipeg North Centre): Don't send him a telegram.

* * *

• (2:50 p.m.)

[*Translation*]

REGIONAL ECONOMIC EXPANSION

MONTMAGNY, QUE.—DESIGNATION AS SPECIAL AREA

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Regional Economic Expansion.

Will new areas in Quebec be designated as special areas within a few months? If so, will the town of Montmagny and its suburbs be included among those new special areas?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, we all know that the present special areas will remain designated till June 1972. We are now negotiating with the province and it is really too soon

for me to indicate to the House what areas will be designated.

[*English*]

INQUIRY AS TO PAYMENT OF GRANT TO WHOLESALE HOMES LIMITED

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. In view of the dismissal notices given to the entire work force at the plant of Wholesale Homes Limited in Blind River, Ontario, a concern which has been approved for a regional development grant of some $50,000, can the minister say if any part of this money has been paid to that company yet?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, no, no money has been paid at all. If the facts are as reported to me, I am sure that no money is going to be paid under these circumstances. I hope the Leader of the Opposition is going to help me, because this involves a former Conservative candidate. Maybe we can straighten out the situation a little bit.

Mr. Stanfield: Mr. Speaker, I am sure the minister knows very well that he can seek my co-operation on any matter involving the interests of the country.

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TRADE

UNITED STATES ECONOMIC MEASURES—SUGGESTED DIRECT TALKS BETWEEN PRIME MINISTER AND PRESIDENT NIXON

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is supplementary to some that were asked earlier of the Prime Minister. Since the right hon. gentleman seems to have had some success in conveying the impact on Canada of the United States import surcharge to some congressman and senators now in Canada, does he not think that the same eloquence and/or logic he displayed to those gentlemen in Canada could also be displayed to the man who is responsible for this action, the President of the United States, by seeking direct talks with that gentleman and helping to educate him?

• (2:50 p.m.)

Right Hon. P. E. Trudeau (Prime Minister): I want to make it quite clear that I did not intend to convey to the House that it was as a result of my representations that congressmen had indicated great understanding of the Canadian position. It is a a result of statements made by the hon. member for Calgary South and various other members of the Liberal party when they met them.

Some hon. Members: Hear, hear!

Mr. Nowlan: With all respect to these gentlemen, could the Prime Minister supplement their logic and eloquence by direct representations to the President so that the President could be educated as to the serious impact that the surcharge and especially the DISC program are going to have on manufacturing and on the agricultural industry in Canada? Or will he wait until next spring when they come to look at the tulips in Ottawa?

Mr. Speaker: I believe the hon. member for Egmont has a supplementary.

Mr. MacDonald (Egmont): I would defer to my hon. friend to allow the Prime Minister to answer.

Mr. Trudeau: I was only about to thank all opposition parties for the great confidence they are showing in me in this regard. I want to thank them for this vote of confidence they are extending to me.

Mr. Speaker: Order, please. We shall be running short of time very soon. I shall recognize the hon. member for Egmont because I told him a moment ago I would do so, but perhaps we should go on to the next subject thereafter.

UNITED STATES ECONOMIC MEASURES—APPRECIATION OF CANADIAN POSITION BY WASHINGTON—ANNOUNCEMENT OF CANADIAN POLICIES

Mr. David MacDonald (Egmont): Perhaps I can ask a question which I put earlier to the Prime Minister. Does he now feel that the administration in Washington either understands or cares about the extent of the impact the present trend of their economic policy is having on Canada? Can he also give us any clear indication, if there is no evidence yet that they have understood our situation, as to when he may be announcing specific policies and programs directed to meet this ominous economic threat?

Right Hon. P. E. Trudeau (Prime Minister): I can only tell the House that if such policies were to be announced they would be very important and they would be announced in the normal way before the House of Commons.

Mr. MacDonald (Egmont): A final supplementary—

Mr. Speaker: I will recognize the hon. member for a final supplementary on this subject, but we do have to give other hon. members an opportunity to ask questions.

Mr. MacDonald (Egmont): We understand that policies will be announced in the usual way, but in view of the importance of the matter, to which the Prime Minister himself drew attention last Thursday evening, can the right hon. gentleman not give the House any indication, it being almost a month and a half since these policies were initiated by the United States, that we have any idea whether or not the President, the Secretary of the Treasury and others realize the gravity of the steps which are being taken as they affect the Canadian economy?

Mr. Trudeau: As the House knows, ministers of the federal government have been meeting with ministers of the United States administration and representations have been made to them both here in Ottawa when Mr. Stans came and at the international meetings when Secretary Connally was in discussion with my colleague, the Minister of Finance. I do not think that I, or any member of my administration, can pry into the minds of these people to see whether they have a complete understanding of the points we have made to them, but I repeat that in the meetings I had a couple of hours ago it seemed to

me that responsible and important United States congressmen did understand our point of view. I would hope that members of their administration are no less intelligent and enlightened than the representatives to whom I have been talking.

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AGRICULTURE

FARM MACHINERY—REQUEST FOR STATEMENT ON IMPLEMENTATION OF BARBER COMMISSION RECOMMENDATIONS

Mr. Rod Thomson (Battleford-Kindersley): My question is directed to the Minister of Agriculture, Mr. Speaker. As it is several months since the publication of the final report of the Barber Commission on farm machinery, is the minister now prepared to make a statement on whatever plans the government may have with regard to the implementation of those recommendations?

Hon. H. A. Olson (Minister of Agriculture): No, Mr. Speaker. I cannot give a specific date on which we would be making any further statement, but I have made a number of statements in the House respecting this matter in the past.

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EXTERNAL AFFAIRS

PROTEST TO SOVIET UNION RESPECTING UNDERGROUND NUCLEAR EXPLOSION

Mr. W. B. Nesbitt (Oxford): I have a question for the Secretary of State for External Affairs, Mr. Speaker. Is it the intention of the government to make a protest to the government of the Soviet Union concerning the massive underground nuclear explosion which apparently took place early this morning?

Hon. Mitchell Sharp (Secretary of State for External Affairs): I have been making a number of statements recently relevant to this issue and I intend to reinforce them this week by calling for a complete ban by all countries on all kinds of testing, including the kind of underground test which has been carried out by the Soviet Union. I say this quite deliberately, because it would be a very great pity if the United States were to justify their underground test because the Soviet Union happened to have carried out this one.

Mr. Nesbitt: Perhaps the Secretary of State for External Affairs misunderstood my question. Is it the intention of the government to make a specific protest to the Soviet Union concerning this morning's explosion, or will it be done in the more general context of the minister's address to the General Assembly?

Mr. Sharp: No, it would not be my intention to make any formal protest to the Soviet Union any more than to the People's Republic of China or to France, all of which have been causing nuclear explosions. The reason we made special representations to the United States was the additional problem created by the fact that such a test as was proposed could have a direct effect on people living on the Pacific coast in both Canada and the United States. Indeed, such a nuclear explosion is to be condemned on two counts: First, it is a continuation of the testing and, second, because it happens to be in an area of difficult terrain where there might be untoward effects.

Some hon. Members: Hear, hear!

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INFORMATION

SUGGESTED LEGISLATION TO ENSURE PUBLIC ACCESS

Mr. G. W. Baldwin (Peace River): I should like to ask the Minister of Justice a question. In light of the very strong recommendation in the report of the Economic Council of Canada that the government should proceed as quickly as possible to clarify the rights of the public to access to public information without bureaucratic or political strings, is the government planning to bring in a bill to this effect? If not, will the government give consideration to an order that the subject matter of Bill C-250 be referred to a committee? I have to ask these questions, Mr. Speaker, in light of the difficulty we have in getting information in and out of the House.

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OIL

POSSIBLE PIPELINE THROUGH CANADA TO TRANSPORT ALASKAN OIL—CONSULATION BY U.S. SECRETARY OF THE INTERIOR WITH CANADIAN GOVERNMENT

Mr. David Anderson (Esquimalt-Saanich): I have a question for the Secretary of State for External Affairs. Was he or, to his knowledge, some other Canadian minister consulted by the United States Secretary of the Interior before Mr. Rogers Morton announced two days ago that he is now willing to consider a pipeline in Canada to carry Alaskan oil between Prudhoe Bay and the lower 48 states?

Hon. Mitchell Sharp (Secretary of State for External Affairs): I will have to ask my colleagues whether they have received any representations along those lines. I personally have not.

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FISHERIES

PRESERVATION OF CONTINENTAL SHELF RESOURCES—CANADIAN ACTION AT UNITED NATIONS AND AT HOME

Mr. Lloyd R. Crouse (South Shore): I wish to direct a question to the Secretary of State for External Affairs. In view of the serious decline in the quantities of many of our deep-sea species of fish because of overfishing by foreign nationals in our waters, is it the intention of the minister to take any action at the United Nations which would lead to the early establishment of a deepsea international control commission designed to preserve our fisheries resources on Canada's continental shelf?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Canada will be pressing very hard for the convening of a Law of the Sea Conference and certainly a proposal such as the hon. member has put forward, or one to the same effect, would receive strong support from Canada.

Mr. Crouse: Since Iceland is contemplating an extension of fisheries controls over the entire length of her continental shelf by 1972, is the Canadian government giving consideration to taking similar action with respect to our own continental shelf?

Mr. Sharp: We do feel there are several kinds of questions involved here. As the hon. member knows, we have declared certain exclusive fishing zones, for example, in the Gulf of St. Lawrence and in similar areas off the Pacific coast. We have extended our territorial sea to 12 miles and we are seeking some special régime with respect to the continental shelf where we believe there are very special responsibilities in the adjacent states.

• (3:00 p.m.)

Mr. Frank Howard (Skeena): Mr. Speaker, may I put a supplementary question to the Secretary of State for External Affairs. Does the government plan any immediate steps this session to introduce into Parliament legislation which will reflect the unanimous report of the fisheries and forestry committee a couple of years ago to the effect that we extend our fishing zones to include the continental shelf and slope?

Mr. Sharp: Mr. Speaker, this question will be considered. I do not think there is any prospect of any such legislation being introduced this session.

POSSIBLE AGREEMENT WITH FRANCE RESPECTING WATERS OFF SOUTH COAST OF NEWFOUNDLAND

Mr. James A. McGrath (St. John's East): A supplementary question, Mr. Speaker. May I ask the Secretary of State for External Affairs whether during his discussions with the French Foreign Minister any substantive agreement was reached with respect to Canada's territorial seas and fishing zones off the south coast of Newfoundland, bearing in mind French jurisdiction in and over the islands of St. Pierre and Miquelon and adjacent waters?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I am very happy to report that we are making very rapid and I think satisfactory progress on a treaty with the French government which will cover a number of these matters.

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REGIONAL ECONOMIC EXPANSION

CURTAILMENT OF GRANTS TO INDUSTRIES DUPLICATING PLANTS IN WHICH LAY-OFFS ARE OCCURRING

Mr. David Orlikow (Winnipeg North): Mr. Speaker, may I direct a question to the Minister of Regional Economic Expansion. In view of the many reported lay-offs and production cuts being made in a number of provinces, is the minister considering any plans to curtail federal subsidies to private firms that desire to establish new production facilities elsewhere in the country?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Is the hon. gentleman asking me not to give these grants, so that there will be more persons laid off than there are now?

Mr. Orlikow: Mr. Speaker, what I am asking the minister is whether he is giving consideration to stopping grants for facilities which duplicate facilities where lay-offs are taking place in various parts of the country at the present time.

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, every time we award a grant, we are most careful not to enter into competition with an established firm or plant. There might be marginal cases and mistakes can be made, but the general policy rightly tends to avoid what the hon. member has just mentioned.

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[*English*]

INDUSTRY

AUTOMOBILES—ALLEGED LOWER PRICE OF FORD PINTOS IN VANCOUVER

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. In view of a recent allegation that Ford Pinto cars, whose points of manufacture are St. Thomas, Ontario and San Jose, California, are currently being offered for sale in Vancouver for some $19 less than in Toronto and $106 less than in Winnipeg, would the minister look into the Ford Motor Company's pricing policy?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I will refer the information that the hon. member has very kindly supplied me to the Director of Investigation and Research under the Combines Investigation Act.

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AGRICULTURE

CORN—POLICY TO OVERCOME LOW DOMESTIC PRICE

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. As a result of indications of an unusually low domestic price for our Canadian corn crop now being harvested and representations made to the minister by that industry, would the minister indicate whether the government has formulated a policy to bolster the price and, if so, what might that policy be?

Hon. H. A. Olson (Minister of Agriculture): No, Mr. Speaker, we do not have a detailed announcement to make.

VETERANS AFFAIRS

REQUEST FOR RECONSIDERATION OF RESIDENCE RULE GOVERNING RECEIPT OF ALLOWANCES OVERSEAS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is for the Minister of Veterans Affairs. Would the minister advise what action he has taken as a result of a resolution from the Canadian Veterans Association of the United Kingdom asking him to review the 12 months' residence clause which denies many Canadian veterans residing in the United Kingdom the right to draw war veterans allowance?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Mr. Speaker, the War Veterans Allowance Act was amended in 1960 to provide for the requirement of at least one year's residence in Canada for those who want to draw benefits overseas. The reason for that was that these allowances are, of course, based on financial need and are very difficult to administer outside the country and this applies to the United Kingdom, France and all other countries in the world where our veterans are residing. This requirement does not apply, of course, to disability pensions which are based on actual disability and follow veterans everywhere they go.

Mr. Speaker: Order, please. I regret to bring to the attention of hon. members that the question period expired a few minutes ago. I tried to prolong it by a few minutes to give hon. members on the back benches a chance to ask their questions. I have noted those who were not called today and I will try to give them a chance tomorrow.

Mr. Lundrigan: Mr. Speaker, I wish to raise a question of privilege of very urgent importance which cannot wait until tomorrow. It involves a straightforward, simple question to the Prime Minister. I wonder whether in view of the very critical unemployment crisis facing this nation—

Mr. Speaker: Order, please. The hon. member appreciates that this is not a question of privilege. Essentially, he is asking that we prolong the question period to give him the opportunity to ask a question. Perhaps he might ask it tomorrow. Orders of the day.

• (3:10 p.m.)

GOVERNMENT ORDERS

EMPLOYMENT SUPPORT BILL

MEASURE TO MITIGATE EFFECT ON CANADIAN INDUSTRY OF IMPOSITION OF FOREIGN IMPORT SURTAXES

The House proceeded to the consideration of Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs.

[Mr. Olson.]

Mr. Speaker: Hon. members will have noticed on the revised notice paper that there are four motions to amend Bill C-262, an act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect. I have to advise hon. members that I have qualms about the procedural correctness of two of these motions. Motion No. 1, in the name of the hon. member for Annapolis Valley (Mr. Nowlan), appears, at least at first blush, to be defective in that it purports to introduce into the bill a substantive proposal to a section of the interpretation clause. While I do not wish to rule at the present time on the procedural admissibility of this motion, I would, of course, be pleased to hear argument on the point which would allow the Chair to express an opinion and to make a ruling.

Motion No. 2, in the name of the hon. member for Regina East (Mr. Burton), also appears at first blush to be defective in that it seeks to introduce as an amendment to clause 11 of the bill a provision in relation to an income support grant to farmers and fishermen. It might well be that such a provision is beyond the scope of the bill. This is the impression I have from looking at this proposed amendment. This is why I bring the matter to the attention of hon. members, in the hope that they might be able to enlighten the Chair in this respect.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, since you have raised some objections to motion No. 1 standing in my name, I should like to address myself to it without the benefit of Beauchesne or May but with the benefit of what I suggest is basic common sense, though frankly I would think that that would be the guide in any interpretation, along with the discretion that Your Honour always exercises with such generosity.

Bill C-262 unabashedly does something about employment in Canada and is presented to the House because of the disruptive effect on Canadian industry of the imposition of foreign import surtaxes. I would point out to Your Honour—and this might be part of Your Honour's difficulty—that the word "industry" per se is not defined in the interpretation clause of the bill. What my amendment seeks to do is to extend the meaning of the word "manufacturer" to include with certainty the products of agriculture, fishing and I think forestry within the scope of the bill, thus making the producers of these goods eligible for application to the board.

This amendment does not establish any new principle of income support or anything like that; it merely enlarges the definition of "manufacturer". I submit to Your Honour that if the word "industry" had been defined in the bill with clarity, there might be more of a problem here. But even the use of the word "manufacturer" in the bill I suggest leaves much to be desired in terms of clarity and finality. Clause 2 defines it as an "activity in Canada whereby any goods, products, commodities or wares are made, fabricated or refined out of raw material or other substance".

Perhaps it would not be reasonable to use the word "liberal" in respect of interpretation when looking at this measure, because it contains a strict interpretation as well as a liberal interpretation. Even the word "manufacturer" leaves many things up in the air. Does an agricultural

product come within the scope of this bill or does it not? There is so much vagueness in the bill that, during the first or second night of debate, the minister had to say that agricultural products such as those which are processed could come within the measure if administratively they could be computed and assessed. He said that in respect of other goods there might be a more difficult administrative impact, for example in respect of raw materials, and the Farm Stabilization Act would have to apply.

In view of the fact the wording of the act does not define "industry" but defines the word "manufacturer" in loose and expansive language to include a wider range of products, I submit all my amendment does is remove the uncertainty and spell out with clarity the products to be included. The measure as it is now could apply to primary products if they come within the guidelines established by the act or the terms set out by the board. It will be up to the board to make a determination as to whether assistance should be given in respect of those products.

In looking at the measure we find three key words, industry, employment and surtax. There is certainly a disruptive effect on agricultural products and fish products as a result of the surtax. Everyone will admit this, yet there is nothing being done at the moment in a statutory way to cover these items. The minister admits this bill covers such products of agriculture as are being processed. As I remember what the minister said, there was a suggestion that because of a certainty in the administration, these items would fall within the scope of the bill. I submit there is no new principle involved.

If processed agricultural products come within this bill, why should the bill not also include basic products subject to surtax? We are not debating a bill through which this government is trying to create employment in certain industries. The prime purpose of this bill before the House is to offset the surtax imposed by the United States by assisting certain industries. That is the essential purpose of this bill. That is the guideline and the basic reason for its existence.

Because the word "industry" is not defined and the word "manufacturer" is left wide open, I submit my amendment would in fact define "manufacturer" with certainty. It would extend the scope of the word without running afoul of any rules outlined in Beauchesne's or May's Parliamentary Rules. This would result by extending the provisions of this bill to cover something which perhaps might not be covered through a liberal interpretation.

Let me submit in conclusion that what my amendment will accomplish is covered at this time by the interpretation placed on the measure by the Minister of Agriculture (Mr. Olson). He refers to processed agricultural products as being covered. Are frozen blueberries processed and are they covered? They are certainly subject to the surtax. Could apples be considered as being covered? There might be some question in respect of apples in the raw form, but are processed apples covered? How can we ascertain what is a high burden agricultural product? All my amendment does is remove the uncertainty of interpretation in this bill by including the words, primary products of agriculture, fishing and, I suppose, the forest industry.

Because this amendment does not run afoul of the rules, and there is no rule to restrict it, I submit there will be no tampering with the $80 million. I could discuss the fact that the bill is discriminatory as between one industry to be covered and another which is given no protection, but that would be touching upon the subject matter or the principle. At this stage all I am attempting to do is remove that vagueness in respect of the word "manufacturer". This vagueness causes a great deal of consternation not only to the Chair but as well to businessmen, farmers and fishermen across the country. It depends on what type of fishing or farming they do whether they come within this bill. If they happen to be fishermen or farmers who do not process these goods they may be left out in the cold. I am attempting to remove that uncertainty by extending the definition of "agricultural products" and leaving it to the board to define rules and procedures and to develop criteria by which an industry shall qualify. This is being left to the board for final determination.

Mr. David MacDonald (Egmont): Mr. Speaker, I rise in support of the main contention of the hon. member for Annapolis Valley (Mr. Nowlan). I feel that matters he placed before you have been of some assistance. Perhaps I should disagree with my colleague in only one small way. In providing us with this definition he has not really extended the scope of the bill, but has in fact clarified and restricted it. It would be very difficult for Your Honour to say immediately in respect of this bill that any number of amendments could in any way go beyond the scope of its intent. There is a great deal left undefined. Indeed, it is a piece of legislation that could well be regarded as a blank cheque for the minister and his officials to do with as they please, in spite of what the minister and others have said to the contrary. This bill is very open-ended legislation similar to legislation we have been getting more often over the years. In some ways this has restricted the legislative function of Parliament because it has meant in most cases that the real legislative provisions are included in government regulations rather than in any bills considered in this chamber.

The hon. member has pointed out to Your Honour one of the difficulties by suggesting there is no definition of the word "industry". We find in clause 3 that the purpose of this act is to provide a means to support levels of employment when other countries impose certain things. Considering that as the core of this bill, if you like, and this is the government's enunciation of its purpose, many difficulties have been created for Your Honour and other members of this House in attempting to determine the impact and the effect of this legislation. For various reasons the government has not made clear, we are provided with very open-ended legislation in which the key word "industry" has not been defined. It does not appear in the table of interpretation. When we look to the key paragraphs which give us assistance we become further confused as to the exact nature and intent of the bill. The measure suggests that:

> "manufacturer" means a person, firm or corporation operating an activity in Canada whereby any goods, products, commodities or wares—

In those terms I am sure we would have to include almost every commercial enterprise in which there is an

exchange of some article. That would not only include what the hon. member had in mind, but many more things as well. It is in the last three lines of that clause, (a) that we are supposed to find a delineation regarding the exact nature and purpose. It reads:

are made, fabricated or refined out of raw material or other substance or combination thereof.

I suggest it would take the wisdom of many Speakers and Solomon combined to give us a clear definition of what is intended by the words "are made, fabricated or refined out of raw material". In this day and age when we know so much about processing, growth change, transformation and manufacturing, how can you possibly think that this paragraph in any way limits the scope of this bill and, therefore, the agency to be set up to do whatever it pleases under this bill? It does not quite obviously because whether we have in mind a potato growing in the ground, an apple growing on the tree, a fish swimming in the sea or the process that is involved in respect of growing Irish moss, the process of growth in respect of agriculture, fisheries and forestry, as well as the active part of man's intervention in terms of technological circumstances, cannot be subdivided unless they are clearly indicated. I would say they are far from being clearly indicated under the scope of this legislation. I would adopt the words used by the hon. member for Annapolis Valley in introducing his amendment when he said he was indeed attempting to clarify with certainty. I would say to that extent that in this amendment the hon. member is attempting to help the Chair and assist the House in providing the House with a piece of legislation which may be adequate in respect of the problem presently before us.

• (3:20 p.m.)

At this point I believe I might emphasize the fact that the Minister of Agriculture (Mr. Olson) and others have been very reluctant to speak about the resources of the industries of farming and fishing. I use that word because it is the word that is used in respect of these industries. We are faced with a government which seems to be seeing one side of the problem. The hon. member is trying to give us an amendment which would give us in context the totality of the problem. In view of the complete uncertainty in respect of this legislation, I think members should at least be allowed to make a determination by way of a vote on whether or not this is an acceptable and improved amendment. It is not an amendment which in any way tries to increase the scope of the bill but rather an amendment which tries to clarify and indicate with certainty what this legislation attempts to do. If members are given an opportunity to vote in the normal manner they will be able to say clearly in this House what kind of legislation they want at this point in time when we are faced with the tremendous impact of the United States surtax which will disadvantage many segments of Canadian industry.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I should like to support those who seek to have this amendment accepted as part of the bill and as a part of the discussion we are about to undertake. I believe it is proper to define, within this bill and within this amendment, the things we are going to do and hope to do through this measure. If an amendment such as this, which defines the actual products produced as well as those processed were not considered then I believe there would be very considerable difficulty in administering this legislation. In an attempt to define what is processed and what is not processed in this area, we find that there are some pretty fine distinctions and some pretty fine decisions which are involved.

The other thing which I believe is important is that unless some amendment of this nature is added to this bill, we are left without any clear direction in this legislation with regard to a very wide range of agricultural products. I know neither the Minister of Agriculture nor the minister in charge of the Wheat Board are in the House at the present time, so I expect we cannot be advised whether or not in their opinion such an amendment is acceptable. This may or may not be relevant to the discussion, since I am very sure Your Honour's decisions are not made on the basis of acceptance by the other side of the House. However, I do urge, Mr. Speaker, that you give all possible consideration to this amendment.

Mr. Speaker: Is the hon. member for Winnipeg North Centre rising to address himself to the motion now before the House?

Mr. Stanley Knowles (Winnipeg North Centre): Yes, Mr. Speaker, if I may do so briefly. Perhaps also I should admit that in arguing for the admissability of this amendment I am putting in one word for it and two words for the next one. Briefly, as I understood Your Honour's remarks from the Chair, you have two questions about the amendment of the hon. member for Annapolis Valley (Mr. Nowlan). First, is it an amendment by which a matter of substance is imported not only into the legislation but into the interpretation section and secondly, is the amendment something which goes beyond the scope of the bill as recommended by His Excellency the Governor General. It seems to me those two points are pretty closely tied together. On the first point Your Honour, of course, will have to make the judgment concerning whether the words the hon. member for Annapolis Valley wishes to put in the interpretation section are substantial in character or merely clarifying. I suggest a good case has been made for the fact that they are simply a clarification of the intent of the whole bill.

On the other point concerning whether this amendment goes beyond the recommendation of the Governor General, I repeat what other hon. members have said. The recommendation contains these key words:

—respecting payment of employment support grants to mitigate the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect;—

As hon. members know, people in almost any walk of life or occupation refer to their occupation as an industry. Certainly in western Canada we hear of agriculture referred to all the time as an industry. There is nothing in this recommendation which narrows that at all and as the recommendation is one which suggests the legislation is of concern to Canadian industry I submit it is proper to make clear in the legislation what is meant by industry. Therefore, I hope Your Honour will see fit to regard this amendment as not importing any substance but simply clarifying the intent of the bill.

If by any chance Your Honour should find this amendment offends because it would amend the interpretation

clause, I hope the arguments which have been made up to this point on behalf of clarification will be regarded as supporting the next amendment which does not amend the definition clause but tries to clarify what is meant by Canadian industry so far as this bill is concerned.

• (3:30 p.m.)

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): I will only take a moment, Mr. Speaker. The precedents are clear, but if, as has been stated, the amendment is of a substantive nature, then it should not be accepted in that classification of amendments covered under rule 75 pertaining to the definition section. I cannot envisage an amendment of a more substantial nature to a bill of this sort which clearly extends the scope of this bill, since it would extend the scope of the minister's duties to make him the minister of industry, trade and commerce and agriculture. There is a separate portfolio for agriculture. There are, in fact, separate measures to deal with agricultural products that run into the difficulty that is envisaged by this legislation if they are, in fact, raw agricultural products.

There are provisions contained in this bill to deal with agricultural products if they have been processed. Accordingly, I submit that the additional words contained in the definition section are the clearest example of a change of a substantial nature to the scope of the bill. An attempt is made to bring about that objective by simply making an amendment to the definition section.

In the *Journals* of the House, to which reference was made last week in a similar argument on another measure, at pages 835 and 836 on May 21, 1970, there is a very clear-cut reference to Your Honour's ruling on the Canada Water Act. Subsequent to that, in *Hansard* for October 28, 1970, Your Honour again had the occasion to make a ruling on a proposal by the hon. member for Calgary North (Mr. Woolliams) to amend the definition section in the federal court bill. On both occasions, Your Honour pointed out that the change was of a substantial nature and could not be proposed as an amendment at the report stage. I submit that this is the clearest example of exactly the same thing.

Mr. Baldwin: May I ask the parliamentary secretary a question, since his answer may prevail upon me not to intervene in this interesting argument on a point of order. I should like to ask him whether, in support of his argument, he takes the position that the intent of the bill is that it shall not apply to articles of agriculture.

Mr. Jerome: That depends on the state of the agricultural products, whether they are raw, or manufactured. That is the purpose of the bill and its distinguishing feature.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I should like to say a few words on the amendment. The hon. member for Sudbury (Mr. Jerome) said that the hon. member who proposed the amendment made the case that its purpose was to clarify an uncertainty and not to extend the definition of the word "agriculture". If this were so, we might have one of those situations where in clarifying one adds. I think this is the case with the amendment in front of us.

As the hon. member for Sudbury just indicated, there are two classifications of agricultural, forestry or fishery products, one is raw products and the other one is processed or manufactured goods. Only the second case is covered by the present bill. If it is a raw product, it is either subject to a surcharge, a surtax, or it is not. If it is not, we have no problem. If it is subject to a surcharge, the Minister of Agriculture (Mr. Olson) will try to take care of it by other means, as he has already indicated he would.

I suggest also that if we were to accept the amendment before us now, we would have to amend also section 14 of the bill which provides that in looking at different cases the board shall take into account all relevant factors, including:

(b) the prices paid by the manufacturer to suppliers for goods that enter into the cost of production of the manufacturer.

So this section 14 aims to protect the producer of the raw materials of fishery, forestry or agriculture so that the manufacturer receiving the grant will not gain from both sides. Section 14(b) is aimed at protecting the sort of people hon. members on the other side are trying to protect in this amendment. But I repeat that others who are subject to the surcharge will be protected by certain measures to be announced by the Minister of Agriculture.

On the word "manufacture"—and I might come back to that later on—

Mr. Speaker: Order, please. I wonder whether the minister might not agree that perhaps he is getting away to some extent from the procedural point which is before us now. The minister has the right, of course, to argue the point as much as any other hon. member, but I hope that the argument we are having now will be limited as much as possible to the strictly procedural aspect of the matter without going into the substance.

Mr. MacDonald (Egmont): I should like to take this opportunity to ask the minister a question. He used the terms "raw" and "processed" with regard to these products. I wonder, since there does not seem to be much by way of definition in this legislation and the word "processed" can have a great variety of meanings, whether he is talking about packaging, handling and interim sales. The present legislation is so vague that it is quite possible to see the hon. member's proposal as being not an extension but in fact a clarification, and thus justify the need for this kind of amendment.

Mr. Speaker: Again the question asked by the hon. member points to the difficulty which I wanted to bring to the attention of the House, that the minister's argument was really more substantive, I thought in any event, than procedural. I do not intend to limit this debate in any way. If hon. members think they might enlighten the Chair, I will listen to them. But it might have been easier if we had had no procedural debate and I had allowed the hon. member to make his point. By this time the debate might have been over. Sometimes I have doubts as to the wisdom of bringing up points of order. I can assure hon. members that I do not do so just out of pleasure but because I realize, especially in this case, that a matter is of interest to all hon. members.

As has been stated by some hon. members who took part in the procedural debate, this is a judgment decision which has to be made by the Chair. The motion is made by way of an amendment to the bill, proposed for the consideration of the Chair and from the procedural standpoint, the Chair has to determine whether the words in question are words of substance, whether they add substantially to what we have before us, or whether they are simply, as has been suggested by the hon. member for Annapolis Valley (Mr. Nowlan) and others who have argued in support of this point, a clarification of what we have before us.

If I took the liberty to raise the matter in the first instance, it was obviously because I had some thought that these words were more than just clarifying, that they were words of substance. The procedural difficulty stems also from the fact that this proposed amendment comes to us by way of an amendment to the interpretation clause. Based on many authorities in the past, I have suggested to hon. members that it is not competent for any member on either side of the House under any circumstances to amend a bill substantially by changing the interpretation clause. I refer to a ruling reported at page 836 of *Journals* of May 21, 1970, part of which reads:

—in the opinion of the Chair amendments of a substantive or declaratory nature should not be proposed to an interpretation clause. If such amendments were accepted the clause would not then be an interpretation clause.

I am sure hon. members realize the difficulty of accepting substantive amendments or proposals under the general classification of interpretation. I suggest to hon. members with respect that this is not the place to make proposed amendments or motions which are of a substantive nature. Again, this is based on the assumption that the amendment is of a substantive nature.

• (3:40 p.m.)

Another important aspect is whether this kind of amendment affects the financial initiative of the Crown. The purpose of the motion before us proposed by the hon. member for Annapolis Valley (Mr. Nowlan) would be to relate the provisions of the bill to primary forest produce, etc., and in doing so, in my view, it would expand upon the terms of the financial recommendation.

I would like to refer hon. members to citation 246 of Beauchesne's Fourth Edition, at page 207, which reads as follows:

The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication, to which the royal demand of recommendation is attached, must be treated as laying down once for all (unless withdrawn and replaced) not only the amount of a charge, but also its objects, purposes, conditions and qualifications. In relation to the standard thereby fixed, an amendment infringes the financial initiative of the Crown, not only if it increases the amount, but also if it extends the objects and purposes, or relaxes the conditions and qualifications expressed in the communication by which the Crown has demanded or recommended a charge.

Again, I must come to the conclusion that the amendment proposed to us is of a substantive nature which would alter the terms of the recommendation. Hon. members have suggested that this is a matter of judgment for the Chair. I really do not know how I can exercise that judgment otherwise than by saying that this is more than an amendment explaining the interpretation clause. I would think this might be the subject of an amendment at a later stage; it might be put to the House in the form of a reasoned amendment if it is strictly relevant to what is before us, but I suggest it should be considered by the House not by way of an amendment or proposed amendment to the interpretation clause of the bill which is now before us.

[Mr. Speaker.]

I know how important is this matter, and I have hesitated very much before making this ruling, but I can assure hon. members that I have looked at it as objectively as I could, as fairly as I could, and I do not see, in justice and in good judgment, how I can reach a decision other than the one I have just reached.

So far as the second motion is concerned, I have also expressed reservations. The hon. member for Winnipeg North Centre (Mr. Knowles) has indicated that he wants to guide the Chair in this respect. Again I am open to suggestions, and I am prepared to be convinced, if I am wrong in my suspicion that this is a substantive amendment. If hon. members would like to assist the Chair and guide me with respect to motion No. 2 I will hear them with pleasure.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I take it that you have ruled out motion No. 1 and that you are now inviting comment on motion No. 2. Perhaps I should be exceedingly brief because I made the main argument when I was on my feet a few minutes ago. At least motion No. 2 does not offend the rule against importing substantial changes into the interpretation clause, because motion No. 2 seeks to amend not clause 2 but clause 11 of the bill.

The whole point that has to be decided is whether the provisions of motion No. 2 are within the conditions laid down once and for all in the recommendation by His Excellency the Governor General. Once again, I suggest that since the overriding qualification was that this bill was to provide employment support grants to mitigate the disruptive effect on Canadian industry, there is nothing in that which imparts a narrow definition to the word "industry". I suggest that what my colleague from Regina East is seeking to do is to clarify that aspect of the matter in clause 11.

I suppose one of the reasons I am being brief is that Your Honour has already read a citation that it is pretty hard to argue against, but one can still hope that Your Honour might see a difference between this case and the other one, because this motion does not offend twice, as the other one did. Perhaps your judgment might now be that, among other things, its words are very few, and that all it seeks to do is define industry as including agriculture and fishing. That is all one can say, but one can hope.

Mr. John Burton (Regina East): Mr. Speaker, in supporting the contention of the hon. member for Winnipeg North Centre (Mr. Knowles) I would just like to say that this amendment attempts to clarify what is meant by "Canadian industry"—the term used both in the recommendation and in the title of the bill. I suggest it is quite relevant to the considerations involved in this bill because it relates to the impact on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, as pointed out in the recommendation and also in the title. The motion, I suggest, simply continues what is already in

the bill, and attempts to clarify the manner in which the bill is to apply to Canadian industry and the Canadian economy.

I also submit that it falls entirely within the framework of the bill with respect to the expenditure of money because that is not affected at all by the amendment I have proposed. The $80 million figure is in the recommendation and in the bill, and I repeat that it is not affected by my motion.

In your introductory remarks Your Honour made reference to the fact that I incorporated the term "income support grant" in the amendment which I am proposing. I would like to suggest that this is entirely a technical feature of the proposal before us, and that the principle involved is entirely in accord with what is referred to in the bill and in the recommendation as "employment support grant."

In this particular area of the Canadian economy we are dealing largely with people who are self-employed, rather than with people working in an industry which involves an employer-employee type of structure. In both agriculture and fishing, employment is largely of the self-employed nature. The term "income support grant" used here is primarily for the purposes of identification because of the recognition that the mechanism involved would have to be slightly different in applying the provisions of the bill to these two industries.

I suggest that the principle in the motion is identical to the principle in the bill, that it is attempting to find ways and means of supporting employment in agriculture and fishing in a manner parallel to what is proposed in the rest of the bill. I suggest that the amendment as proposed is consistent with the present structure of the bill, and I hope Your Honour gives it favourable consideration.

Mr. Speaker: Order, please. I doubt that there is very much point in pursuing the argument. I would find it very difficult to accept this amendment after having ruled out the one standing in the name of the hon. member for Annapolis Valley. In fact, I think there would be a revolution in the House if I were to take that attitude.

It seems to me that if there was good cause to reject the amendment proposed by the hon. member for Annapolis Valley there is even more cause—I mean procedurally—to reject the one proposed by the hon. member for Regina East (Mr. Burton) for exactly the same reason. The hon. member says that this is not a substantive motion, that it does not affect the financial initiative of the Crown. I regret that I cannot agree with him.

• (3:50 p.m.)

Clause 11 of the bill, as I read it, deals exclusively with the provision of employment support grants. Motion No. 2, standing in the name of the hon. member for Regina East (Mr. Burton) would provide for the payment to fishermen or farmers of an income support grant. I suggest to the hon. member that section No. 3, citation 246 of Beauchesne's Fourth Edition, which I quoted a moment ago, applies with at least equal force to the amendment proposed by the hon. member for Regina East. His contention is that since the adoption of his amendment would not affect the ceiling of $80 million provided by the bill, his motion would be in order and not affect the financial initiative of the Crown. Of course, that is not quite right. The citation to which I referred is to the effect that an amendment infringes the financial initiative of the Crown not only if it increases the amount but also if it extends the objectives and purposes or relaxes the conditions and qualifications expressed in the communication by which the Crown has demanded or recommended a change.

For these reasons, and with regret, I must reach the same conclusion as the one which I reached in relation to the previous motion. If hon. members wish me to do so I would now be prepared to put for their consideration amendment No. 3, unless there are further procedural objections at this point. Having looked at the motion, it appears to be in order so far as the Chair is concerned.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I ask one question so that we know where we will stand for the day. Is motion No. 4 all right?

Mr. Speaker: Of course, I am open to suggestions from hon. members but the motion appears to the Chair to be in order unless when it is called there is such strong objection to it that I am convinced it is out of order. I should say, in all honesty, having looked at motions Nos. 3 and 4, they appear to be acceptable procedurally. The hon. member for Egmont (Mr. MacDonald).

Mr. MacDonald (Egmont): Mr. Speaker, this is raised as a point of order and perhaps might be presented by way of a grievance or problem that has arisen out of the use of the new rules. It perhaps has been raised before, but it has come to my attention forcibly this afternoon.

We find ourselves in a situation where two hon. members have filed somewhat similar amendments with reference to a very important aspect of this legislation. Many hon. members who have had fair warning of one or both of these amendments may have considered that they would have been acceptable here this afternoon, and we would have had the opportunity to deliberate upon them in the normal way. Now, these two amendments have been set aside because they were, in the view of the Chair, unacceptable. We find ourselves prevented therefore, from bringing forward any other amendments at the report stage of this legislation. We are left then with only the reasoned amendment at any stage of the bill. This creates a number of problems in terms of full and sufficient deliberation of an important aspect of this legislation.

While I realize that it is impossible for Your Honour alone to review this aspect of the rules, because this matter has arisen again I would ask if there might not be some way to refer it to the Committee on Procedure and Organization so that hon. members are not placed in the position of moving into the report stage with the expectation of being able to deal in a substantive way with two amendments put before them, only to find that they are not procedurally acceptable and thus they are not able to deal in any way with the substance of the matters contained in them.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on that point, may I just say that in anticipation of a negative ruling on motion No. 2 my friend the hon. member for Regina East (Mr. Burton) already has a third reading

amendment which will deal with this issue when we get there.

Mr. MacDonald (Egmont): That does not meet this problem.

Mr. Speaker: I hope, with the hon. member, that his third reading amendment will be in order.

Mr. Knowles (Winnipeg North Centre): It is.

Mr. Speaker: The point made by the hon. member for Egmont (Mr. MacDonald) makes sense, especially in the case of the hon. member for Annapolis Valley (Mr. Nowlan) who did not even have his motion on the notice paper because of an error for which the Chair and perhaps the table take full responsibility.

I see the difficulty faced by hon. members coming before the House this afternoon with the expectation that they could debate a motion, which is No. 1 on the order paper. Unfortunately, there is not very much I can do about that except to admit that it does perhaps cause a difficulty or unfairness in some cases. It is of course, up to hon. members to consider and perhaps debate this problem when they meet at the very high echelon of House leaders. I gather that from time to time they meet to consider matters which are of concern to all of us. Perhaps this is one of the matters they might consider when they meet again. Having said this, I am now prepared to put the motion which stands in the name of the hon. member for Edmonton West (Mr. Lambert). The hon. member for Edmonton West moves motion No. 3 as follows:

That Bill C-262, An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, be amended by adding the following immediately after Clause 18 at page 7:

"19 (1) In the event that Parliament shall then be sitting:

(a) An Order in Council authorizing the issuance of regulations with respect to any assistance period or periods or other matter pursuant to section 18 consequent upon the taking by any country of such action as referred to in section 3 shall not be made until the proposed text has been laid before both Houses of Parliament by a member of the Queen's Privy Council for Canada and the making of the Order in Council has been approved by the affirmative resolution of both Houses of Parliament.

(b) Where the proposed text of an Order in Council has been laid before the Senate and the House of Commons pursuant to subsection (1) (a) a motion in both the Senate and the House of Commons by a member of the Queen's Privy Council for Canada in accordance with the respective rules of each House, praying that the making of the Order in Council be approved, shall be debated in each House for not more than seven hours respectively after which time the question shall be decided in accordance with the rules of each House as the case may be.

(2) In the event that Parliament shall not then be sitting by reason of adjournment, prorogation or dissolution:

(a) An Order in Council as hereinabove described may be made as deemed necessary subject to the said order being laid on the Table of both Houses within fifteen sitting days of the next ensuing session of Parliament and the making of the Order in Council has been confirmed by a resolution of Parliament within the first thirty sitting days.

(b) Where an Order in Council has been laid before the Senate and the House of Commons pursuant to subsection (2) (a) confirmation of the said Order in Council shall be governed as in subsection (1) (b)."

[Mr. Knowles (Winnipeg North Centre).]

and my renumbering subsequent clauses accordingly.—

Hon. Marcel Lambert (Edmonton West): I did not want to get into the previous discussion, Mr. Speaker, but I think the only way that these motions could be handled would be for them to appear on the order paper so that if Your Honour has any doubts those doubts may be discussed in public, in this chamber, and not left to discussion derrière les rideaux in somebody's office. I think it is better that they all come here on the order paper and that we deal with them publicly. I think that is the answer to the problem faced by my colleague from Eglinton—

Mr. MacDonald (Egmont): Egmont.

Mr. Lambert (Edmonton West): —Egmont—I have transferred him from one metropolitan area to another metropolitan area.

I have proposed this motion for a very good reason. As we will see, the proposal is divided into two circumstances, one when Parliament is sitting and the other when Parliament is not sitting. This bill requires an order in council pursuant to section 18 in order to describe, as shown in that section, the assistance period or periods and the level or levels of unemployment that are to be maintained, the information to be submitted and presumably a description of the action to be taken by whatever country may be involved. This cheque, as has been admitted by both the minister and his parliamentary secretary, is a blank cheque in many ways. The bill has been refined, so does not specify any particular country nor does it limit the action being taken by the trading partners to a surcharge. There are valid reasons for this, perfectly valid reasons. I say that the order in council must come before Parliament to be subject to affirmative resolution, and debatable, as indicated in the amendment, for a period not exceeding seven hours in this House and then in the other place for a period not exceeding that time, subject to the rules of the other place.

It is provided that in the event Parliament shall not be sitting, either by reason of adjournment, prorogation or dissolution, then the order in council may be passed but within 15 days of the next ensuing session the order must be tabled and brought forward for debate leading to confirmation within 30 days.

• (4:00 p.m.)

I put this amendment forward in a rather more limited form before the Committee. It was discussed and there was criticism, the majority of criticism being concentrated around the question, "What if parliament is not sitting and you need rapid action?"I have provided for that in the second portion of my motion. Under the second portion of the motion the government would take action immediately. Actually, the government would be better off while Parliament is not sitting, because they could pass the order in council and everything would be effective immediately. When Parliament is sitting, the order in council must be brought forward and be subject to an affirmative resolution. I must point out, however, this does not mean that any positive action shall be deferred while the matter is being discussed and an affirmative resolution is being sought. The act provides that the appropriate period shall relate back to the date of the action taken by the foreign country. Therefore, that par-

ticular period described in clause 18(a), the assistance period, is determined by the date of the action of the foreign country, as in this particular case.

There is no clause in this bill which spells out, for instance, that the employment support arises out of the consequences of a diminution in employment due to the American government's surcharge. All this starts as of August 15, when the surcharge was imposed. We are now coming to the point at which the legislation is likely to be passed, and the regulations will be brought down which will govern the type of assistance that will be given. But all of these will relate back to the period starting on August 15. Nothing is lost. For instance, say, and I am taking a hypothetical example, that the common market, Japan, or some other country with which we have fairly extensive trading relations were, for its own purposes, to take some sort of action not necessarily involving a surcharge. That action could be a heavy import quota against Canada or some sort of other non-tariff barrier which has the effect of eliminating imports.

For instance, it could be required by common market countries that pulp and paper products must be carried from Canada to the port of destination in the common market country in a common market country bottom, in other words, in a ship belonging to one of those countries. This would cause very serious dislocation. These are the types of non-tariff barriers I mean. There could be a stipulation that financing shall be arranged through certain types of financial agencies in a particular sort of way, and the practice stipulated might be followed only by common market country financial institutions. In other words, it is like calling for tenders and then writing specifications in such a way that only one type of machinery can qualify. These are ways in which the actual non-tariff barriers operate.

The bill contemplates something of that kind. The action taken by the other country will have to be described in the order in council and all I say is, Parliament must know about it. Parliament cannot be put in the position of forever writing blank cheques.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): This government came to us with Bill C-207 regarding ministers of state who were to be appointed, fired and changed by order in council. That was a blank cheque. Parliament insisted, and the government, I think, saw the light and decided that the order in council regarding any change would come before Parliament and be subject to affirmative resolution after a debate of seven hours, that is, two normal debating days. That is all I ask here. I am asking all hon. members on all sides of the House, is this to be another occasion when Parliament says to the cabinet, "All right, these situations may arise either now or ten years hence and here is a series of blank cheques." That is what Bill C-262 means. It is a complete blank cheque.

I say, Mr. Speaker, that when the government wants to cash one of these blank cheques it will have to come back to Parliament to get the cheque validated. That is only right. Otherwise, what sort of thing is contemplated? If you want to listen to delightful vagueness, and when I say delightful vagueness I really mean gobbledygook, listen to the way the parliamentary secretary answered questions of mine as reported at page 46:7 of the committee hearings. I asked the hon. member for Okanagan Boundary (Mr. Howard):

—there is a very general description in the bill in Clause 3 and you refer to it as trade restrictions of other countries. In the way it is described in the bill it says:

—temporary import surtaxes or take other actions having a like effect—

First of all, what is the contemplation of the government of the 'like effect'? Is it a diminution of unemployment? Is it a diminution in exports or just what is it? This is really important for the individuals because it seems as if parliamentarians are giving a blank cheque for the future with regard to this so-called framework. What do you mean by having a 'like effect'?

The hon. member answered:

I think it is quite clear that we mean diminishing employment, that there is a diminishing employment factor and this is when the proposed act will be invoked.

I went on to say:

For instance, if the action were to be a devaluation of a foreign currency which then would make the export for Canada at a prohibitive price.

That wording should have been, "—make the export from Canada at a prohibitive price." I continue:

Is that a similar action? It would have a similar effect.

Then the hon. member replied:

It is very possible that the bill could be invoked under that kind of a circumstance.

I will move on a little further. The hon. member said, as recorded at page 46:8:

—I think there is a key factor that has to be borne in mind that no action is going to be taken unless there is a massive unemployment factor involved.

Further on, in the next paragraph, he is reported as saying:

I think it is a hypothetical question to try to anticipate the kinds of problems we might get into at some time in the future. We are drawing a general kind of legislation that can be invoked for a variety of problems and I do not think that we can spell out specifically in detail the occasions on which it might be invoked. Each one would have to be examined very carefully by the government before they made a decision to invoke this proposed act. I do not think anyone in government could say today that it would be invoked in any particular kind of circumstances.

The final paragraph I shall quote from this committee meeting is found at page 46:10. It reads:

I am not prepared to give you a commitment today. The government is going to use this bill for a hypothetical problem that may come along in the future. I cannot do that. Each situation will have to be regarded on its own, but the legislation is of a broad nature.

At the meeting after that, the Minister of Industry, Trade and Commerce (Mr. Pepin), answering my colleague, the hon. member for Battle River (Mr. Downey), is reported as saying:

No, really I think the ground was pretty well covered the last time. Those who answered that question with Mr. Howard leading, said that it was extremely difficult to anticipate situations. He emphasized that the bill gave the government the capacity to react and to react rapidly. That was one of the fundamental aspects of this bill. Second, the action to be reacted against, if I may use these words, would have to be one of great importance, exceptionally destructive with massive effects—all these words were used here last time—and sincerely I do not care too much to go into anticipation of what it might be because it is terribly difficult to do so. If you want me to do so, I would have to go into all kinds of considera-

tions and I would have to qualify to no end everything that I would say in answering.

• (4:10 p.m.)

That gives the reasoning. If the government is going to take action on this bill, it has to pass an order in council, and that order in council must come before this House for an affirmative resolution when Parliament is sitting and, for confirmation when Parliament is not sitting. What kind of action? The minister does not know. Yet we are asked to give the government a blank cheque for 20 years to do something the government has not yet determined and, according to the bill, whatever decision is made does not have to come before this House. As for the Statutory Instruments Committee, it would meet only long after the event with limited powers of review; the government would not need to explain its action one iota. But that is the type of administration we are getting, and this is why I say that Parliament should have power to review—not as in Bill C-207, where the confirmation or the affirmative resolution is limited to the House of Commons—I think that was a terrible affront to the other House.

It is Parliament—and until the constitution of this country is changed the other House forms an integral part of Parliament—that approves something that is happening; it is not a law of the House of Commons, it is law of parliament, notwithstanding that some hon. members have inflated egos as to the relative importance of this chamber and believe that only the temporary majority as expressed by their presence here need confirm the acts of government. The constitution of this country says "Parliament". Parliament means the Senate, the House of Commons and the Crown. There has to be the consent of the Senate in matters of this kind. We are not a uni-cameral Parliament but unfortunately Bill C-207 was written in that way. So I have proposed that change.

I think my amendment is an improvement of the bill. From the viewpoint of Parliament and of this House of Commons it is certainly an improvement, because I defy any hon. member to tell me that he is in the habit of delving into orders in council. As a matter of fact, 95 per cent of the members of this House would not even know where to go for orders in council, or whether they can get copies. Most of them do not even get the *Canada Gazette* or, if they do, their copies go into the waste basket. This is why I say that in matters of this kind decisions of the government or recommendations or proposals of the government must come back to Parliament. Debate would not be expensive, but the government would be able to state its case and if there were to be opposition or criticism, that case could be stated. I hope members of this House will be so convinced that they will accept this amendment.

Mr. Max Saltsman (Waterloo): I should like to support the amendment of the hon. member for Edmonton West (Mr. Lambert). I think it is a very good amendment, particularly in the light of the experience we have had recently regarding economic policy in Canada. The happy assumption, perhaps the happy, incompetent, assumption that the people in Canada once had that all was well because the Liberals were in power has been badly shaken over the last number of years when they displayed an incomparable incompetence. The people could no longer go on the basis that they could leave it to the Liberals, because they know what they are doing, since obviously they do not. This bill is about as good an illustration of how little they know about what is going on as any. It is an additional proof. With that kind of situation facing us I think it would be extremely dangerous for us to give this government, perhaps any government, the power to amend by order in council, to change the rules as they go along.

[Mr. Lambert (Edmonton West).]

I say this with the greatest of seriousness. It is time we became somewhat more political about economic matters in Canada. I am sure that the argument the minister, or any other ministers of the Crown will raise, is that these matters arise very quickly and there must be freedom to act quickly in the best interests of the country. He would say they have been given a mandate by the electors and that therefore they have the power to behave in that particular way and that if this House were to accept the motion of the hon. member for Edmonton West many of those changes, many of those regulations would become political and subject to debate. I think that is exactly what should happen. The hon. member for Edmonton West has put in a seven-hour debate feature which means that debate would be limited. I think this is a worthwhile part of the motion and should satisfy some of the objections of the government that the debate might get too prolonged. I would say this is one motion which should meet with the approval of hon. members of this House.

I was interested in a remark made by the previous speaker when he paraphrased the minister who said that the purpose of the bill was to enable the government to react promptly. There is almost no evidence that this government has reacted promptly to crises in Canada, including the ones they have brought on themselves. For instance, we have had serious unemployment in this country for two years now. Where is the prompt reaction of the government? All we keep getting are assurances from the other side of the House that the situation is getting better, that the indices would start improving, only to be met with a new set of excuses when their promises do not materialize. Therefore, I think the change the hon. member seeks to make would have the additional effect of assuring that the government reacted promptly. After all, the party in power already has full power to act; certainly, they have all the power they need to do something about unemployment; they have all the power they need to do something about the United States surtax, to change the direction of our trade policy, yet despite the possession of all this power they have done very little about it.

The other question is that although they can take action and sometimes on the odd occasion they do act, there is little evidence to indicate they have done so in particularly wise fashion. Therefore, there is great advantage in ensuring that the action they are contemplating does come before the House for open discussion. It may be that debate sheds light on the subject under discussion. It may be there are occasions when the opposition does not materially assist in developing ideas. On the other hand, there are many occasions—I think most occasions—when the opposition performs a very useful role in the sense that it brings ideas before the government. Whether the government accedes to those ideas at that moment or retreats to its little recesses to think about them is not

terribly important; the important thing is that these ideas are aired and, furthermore, that the public itself becomes involved in the debate, which in turn means there is feedback both to Parliament and to the government.

• (4:20 p.m.)

On the whole, the more we can do to ensure that government action is subject to political scrutiny and to make the government responsible to Parliament, the better off this country will be and the wiser will be the decisions emanating from this House. For a long time there was great concern that what was wrong in Canada was that we had a succession of minority governments; that all we had to do was to provide the Liberal party with a majority government and all would be well. The minority governments were pretty hair raising. I was here during the term of office of two of them and it was not easy for the government to govern; there was much criticism of it. But looking back on it now, those minority governments were infinitely better, more responsible and more productive than the majority government that sits on the government benches today. Therefore, I think the motion before the House is a good one. I am prepared to support it and I hope all hon. members will do likewise.

Mr. Norman A. Cafik (Ontario): Mr. Speaker, with regard to the specific motion put before the house by the hon. member for Edmonton West (Mr. Lambert), may I say I was present in the committee while this matter was being discussed. Although the hon. member has made an adjustment in the motion he has presented to the House today by recognizing that once in a while this House is not sitting and has offered a provision whereby under such circumstances this matter can be dealt with, I personally will not support the motion for a number of reasons.

The first reason is this. The argument put forward is that the opposition, indeed perhaps the whole House, would like to have an opportunity to discuss the content of the regulations before they are in fact implemented when the House is sitting and, in a case where the House is not sitting, at least to discuss them after the event. I suggest that any Member of this House has an opportunity to do this under the present rules. For example, when an order in council is made and tabled, the opposition in particular is quite free to use one of its many allotted days for the purpose of discussing it. If that is so, and if the opposition feels strongly about it, it can move a motion of non-confidence which may result in the end not only of the regulation but of the whole government.

If we were to allow this sort of motion, every regulation that is passed would have to be discussed in this chamber for seven hours, and I think we would be doing nothing else but debating such matters. We all know how urgent many of our problems are today. This Bill C-262 is designed to deal with an urgent situation brought on by the surcharge applied against goods entering the United States. I am sure that in a rapidly moving society like ours, this kind of thing may well happen again. Therefore, I think we should empower the government to deal with these matters effectively and speedily.

Frankly, I see no reason to bring the regulations themselves before the House in this specific way. We do have the bill before the House, but we do not have the regulations. We are presently considering the bill with a view to passing it. Why would we do so if we felt we needed the regulations first?

The purpose of this bill is spelled out, the reasons for it, as are the general provisions for handling given situations. I suggest that we follow the pattern of the past and allow these regulations to be put forward by order in council. Then, if members of the House wish to debate them, they are perfectly entitled to do so under a motion of non-confidence on an opposition day. This gives them and the rest of the Members of the House ample opportunity to discuss the pros and cons of the regulations which may well come forward if some other penalty is placed upon our exports by any other country in the world.

I also think that one of the virtues of this legislation is that it is not directed solely and entirely toward imposition of the U.S. surcharge. I do not think there is any doubt that the surcharge has given rise to it; I do not think that anyone denies that. But the legislation itself is designed to deal with this or any other kind of situation of similar nature brought upon our economy by any other country. If we were to pass this motion we would be saying that the bill is designed really only to deal with the U.S. surcharge, and I do not think that this is the bill's purpose. I want to speak to some other points later on third reading, but at the moment I wanted to express my reservations in connection with the motion before the House and to indicate that I will not support it.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I should just like to say a word in reply to the comments of the hon. member for Ontario (Mr. Cafik) in order to make a debate of this in some sense. The hon. member stated in his reasons for opposing this motion that he did not see why Parliament should be asked to pass upon every regulation which the government brought in by order in council. Although I would agree with him on that point, this is not an ordinary order in council. Neither is the bill an ordinary bill. This is a bill which can alter and affect international trading patterns. Our trading relations with other countries can be changed by straight order in council and without the direction of Parliament. It bypasses all the established practices and procedures that have been built up over the years regarding tariffs and trade with other countries. In general it is out of spirit with the General Agreement on Tariffs and Trade; it is out of spirit with world-wide trading patterns.

The hon. member stated that we were not here dealing just with the United States surtax on manufactured goods. I would argue that point with him. I say we are, that that is the only reason the bill is before us at the present time. Such a bill would not be before us if we were not confronted with the situation that has been created by the United States.

Mr. Pepin: That is one occasion.

Mr. Aiken: The minister says that this is one occasion. I do not want to engage in polemics with him; I do not back down from what I have said, namely that if we were not faced with the imposition of the 10 per cent United States surcharge we would not have this bill before us, and we

would not be passing it as quickly as I hope we will. The fact is that we are faced with a situation that must be met.

I support 100 per cent the fear expressed by the hon. member for Edmonton West (Mr. Lambert) that the power given this government in this bill can go on and on for years into the future, to other governments and other ministers, thus increasing the stranglehold that government in general is gaining over Parliament. The benefit of this motion is that it makes sure this temporary bill, to meet an immediate situation, does not become a permanent tool of the government, free of Parliament, to direct, alter and control international trade policies and tariffs to the benefit of certain elements of Canadian production. At this time under these circumstances we know why the bill is being passed, and we know in whose favour it runs. This is not a general support bill as the minister has stated, otherwise the government would have accepted motions Nos. 1 and 2 on the order paper, or it would have made provision in the bill to cover the situations to which they were directed. If it were intended to be a general bill benefiting Canadians who export, this would have been the case.

• (4:30 p.m.)

That is not what this bill is. It is directed toward a certain sector of the Canadian economy. While it meets an immediate situation, it could most certainly be used in the future to redirect the whole system of foreign trade and tariffs which has been set up over many years of negotiation. I do not think anyone should object to Parliament being insistent in this case about looking into other situations at different times in the future.

From where will the next threat to Canadian industry arise? Will the next threat come from the European economic community? If it does would we in this House accept, without any debate or discussion, a government move to deal with that situation by way of order in council, without any reference to Parliament and without any need for discussion? That is an entirely different situation from the one we are discussing today. It is in fact in the nature of more than a blank cheque to pay money, it is a blanket authorization to alter trade patterns with the whole world. There could be some secret orders in council under this bill which would be very difficult to locate. Undoubtedly they would come to light as they began to be employed, but by that time Parliament would be met with a fait accompli and, in fact, would be powerless to change the situation.

At this time, with the proposed orders in council and regulations which have been outlined to us, the bill is not only acceptable, it is urgent. The minister has advised the country of the direction of this bill and the direction of current orders in council and regulations. We know what we are talking about if we pass the bill today and when we contemplate immediate orders in council. In that regard, it is urgent.

Let me refer particularly to the forest products industry where some relief is essential to maintaining employment in many of these plants. Forest products plants operate in large part on very narrow margins, relying on volume to maintain operation, staff and employment, as well as the provision of foreign dollars for Canada. These plants have just recovered from a terrible set-back as a result of the value of the dollar rising in relation to the U.S. dollar. A year ago our manufacturers who export had an advantage of roughly 7 per cent when the exports were paid for in U.S. funds.

Within the last few months this rate has hovered around one and one half per cent, and today I am told that the exchange rate is less than one-half of one per cent. This involves a range of 7 per cent, which is more than the margin of profit in many forest products manufacturing industries. In one way or another, by laying people off, by cutting profits and by short-cutting systems, the manufacturers have managed to meet the immediate situation and stay alive. Now, they are being met with another difficult situation. In many cases they are faced with further tariffs of from 8 per cent to 10 per cent. This bill is essential to those who have survived in order that they may continue to make deals with United States buyers, maintain employment in their plants and draw U.S. currency to assist in maintaining our balance of payments. This is a very necessary objective.

In this situation, and with the knowledge that several plants in my region are struggling to maintain themselves in business, keep their staffs going and their workers employed, I am glad this bill is before us and I am prepared to see it approved quickly. But we are faced with this long-range problem referred to in the motion. I think in all honesty the minister should consider this motion and accept it. I see nothing wrong with it. It is not limiting the government's authority or power at this moment, and it certainly does not limit further orders in council. It does permit Parliament to consider and debate a new situation. The only reason for refusing this would be that the government rejects the efforts of Parliament when it attempts to keep control in some way over the type of order in council which could alter our trade pattern and tariff relations with other countries.

I should think the minister would welcome this motion. He has not said yet that he does not, but I hope he will consider it seriously. I would feel very much better about the bill if I knew we were not sacrificing a principle in our anxiety to help those people who have been so severely damaged by a series of events over the past year or two.

• (4:40 p.m.)

In conclusion, I wish to say that under the present government Canada has adopted a very wobbly attitude in its relationship with the United States, in its attitude toward Canadian manufacturers, in its attitude in respect of United States capital coming into Canada and in its political attitude toward the United States. I think the people of the United States and the United States President particularly must have some real doubt about where our government is leading us. We in this House have great doubt about what our relations are with other countries in so many matters. In this particular situation, I rather expect the United States government must be saying to itself that it cannot see any reason on earth to give Canadians a break because our government has indicated no sympathy for what they are doing in the world. Therefore, I believe we must ask ourselves where we are going, not only in respect of the United STates but in respect of various other countries of the world who are left with great uncertainty on where this country stands in its

political relationships, its political alliances and, by definition, in its trade patterns.

For all these reasons I support the motion and hope we can have a vote on it so that we can get it out of the way as quickly as possible and proceed with the bill. I hope the minister will consider this motion and let it go through.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, because of the importance of the subject which has been brought to our attention by the hon. member for Edmonton West (Mr. Lambert) in this proposed motion, I should like to direct a few comments to it. I think I may say I agree with the hon. member opposite that orders in council which are required in respect of statutory instruments in general should be open to debate in this Parliament. Indeed, that was one of the principal recommendations of the Special Committee on Statutory Instruments which reported earlier to this Parliament, recommendations which indeed were accepted by the government. Like other members of the House, I am anxiously awaiting introduction by the government of changes in the rules which will enable us to have a permanent scrutiny committee either of this House, of the Senate, or of both Houses together, which would enable Parliament, through an agreed on means, to find an efficient way to deal with problems of this kind.

As I say I agree with what I believe is the intention of the hon. member for Edmonton West, but I have two reasons other than those offered by the hon. member for Perry Sound-Muskoka (Mr. Aiken) for suggesting I do not agree with this motion as it appears here. First of all, I believe the solution ought to be a general solution and not one we attempt to work out on a statute by statute basis. Now we have reached the point of having a recommendation from the committee on this point, and the government has given its acceptance to that, I hope we can expect changes to the rules to be introduced in this Parliament to bring about a scrutiny committee. I would much prefer to await the introduction of those changes so that we would have a generally satisfactory system of achieving this purpose.

Secondly, I would not in any event be very happy with the requirement of an affirmative resolution. The general scheme I would envisage is rather the opposite. Parliament would have the right to negative a statutory instrument which the government had made but in very few, if any, cases should Parliament have the right to pass on a resolution before it was made. I am sorry—not a resolution but rather the passing of a statutory instrument before it is made.

Mr. Aiken: Mr. Speaker, may I ask the hon. member a question.

Mr. MacGuigan: Yes.

Mr. Aiken: I am wondering how he could perceive of Parliament passing on an Order in Council before it was promulgated by the government.

Mr. MacGuigan: I was not thinking about an Order in Council before it was promulgated by the government. As I understand this amendment, before the affirmative resolution by both Houses is promulgated the Order in Council would not take effect. My proposal would be just the reverse. Parliament should have the right to negative generally. In cases where a scrutiny committee would report that a statutory instrument was not acceptable or was a very unusual departure from the ordinary method of procedure, if Parliament were to have a right of recourse it should be a right to negative what the government has done rather than stymie the whole administrative process by requiring approval in advance. To require approval in advance really eliminates the largest benefit of the whole regulation making process because one of the very important purposes of making regulations by the executive is to allow not only the development of greater expertise on the part of those making the regulations but also to enable this Parliament to free itself from the encumbrance of having to pass statutory instruments which are being made.

I realize the hon. member opposite will suggest this is a special case and that as such perhaps there should be an exception, but I do not believe there should be a special case here. I believe this should be treated on the same basis as other statutory instruments, and I hope we will have a general policy forthcoming from the government in explicit terms on this question.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I had intended to intervene briefly in any event, but the hon. member who has just resumed his seat has made it easier and more palliative for me to say what I intended to say. The hon. member of course was the chairman of the special committee appointed to inquire into the matter of statutory instruments and what should be done about them. This was a very good comittee. It came up with a number of very useful recommendations. I must say, however, that when I look at the order paper I find item No. 96 to which the hon. member referred. It reads:

That Standing Order 65 (3) be amended by adding thereto the following:

"(c) On Regulations and other Statutory Instruments, to act as members on the part of this House on the Joint Committee of both Houses established for the purpose of reviewing and scrutinizing statutory instruments standing permanently referred thereto by section 26 of the Statutory Instruments Act, to consist of 12 members;"

This motion stands on the order paper because of the persistence of myself and other hon. members—I give credit to some members on the other side—in making sure that something is done about the Statutory Instruments Act. We have the act, but there has to be a useful, vigilant and ingenious committee. In this case, I have no objection to a committee of both Houses. My hon. friends to my left might take exception to this. It may, of course, be that we should have a committee of this House alone, but it is much better to have a committee of both Houses than no committee at all. When are we to get this new standing committee? I asked about the business of the House not so long ago and the intimation by the government House leader at that time was that the House would deal with the matters on the order paper in respect of which bills had reached the report stage.

• (4:50 p.m.)

This does not preclude the possibility of this particular committee being established. But there is no intimation of that from the government House leader, and having in

mind the disorganization and the incapacity of this government to deal with its legislative program, its utter incompetence and failure to bring forward matters which are so urgently required, I think I am entitled to be a pessimist about it. If the government House leader or anyone in authority on the government side would stand up and say that this matter will be brought up for consideration, I am quite sure that on this side of the House—certainly speaking for this party—we would be prepared to agree to exceedingly limited debate. I hope that my friends on my left, who are equally involved in this particular issue, are prepared to see a scrutiny committee established.

If we had a reasonable hope of getting a scrutiny committee sometime before the session is over, I would go along with the hon. member. But I am just not able to thrust this government, surprising as the statement may sound coming from me. Within the twenty minutes which are allowed to me I would not be able to chronicle even one twentieth of all the reasons that I cannot trust this government—

Mr. Pepin: Dispense.

Mr. Baldwin: It is sufficient on this issue to say that the failure of the government, despite the pressing which they have had from this side, despite the requests, the pleas and almost the prayers, to get this scrutiny committee established, is evident. If we had that committee, the motion of the hon. member for Edmonton West (Mr. Lambert), a very good motion, would not be necessary.

So I say to my friend that I accept what he says in principle, but as to ways and means, if he were honest he would say to me that he, too, has very grave doubts about when this particular committee will be established. It has been a long, tortuous process stretching back into years of trying to bring ourselves up to date with other modern legislative assemblies and secure some means of dealing with the very sort of thing which the Minister of Industry, Trade and Commerce (Mr. Pepin) proposes. This, I think, makes us sit very low on the totem pole so far as issues of this kind are concerned. Perhaps before this debate is over the Minister of Justice (Mr. Turner) may speak on the matter. I am not blaming him for not being here today. If I were sitting in the cabinet I would stay away from my place also, Mr. Speaker.

Some hon. Members: Oh, oh.

Mr. Baldwin: To be part of a law breaking team must break the heart of the Minister of Justice. I am sure that this must concern him, and this is one of the reasons he is not here today. But if before the debate is concluded, the Minister of Justice were to stand up in his place and say "I give my undertaking on behalf of the government that the debate on item No. 96 to establish a scrutiny committee will be commenced, with a reasonable undertaking from the opposition that debating time would be limited to a speech from each party", I think that would be acceptable. The committee would then be established before this debate has been completed and we would rest a lot easier. The very valid reason offered by the hon. member for Edmonton West would then be dissolved.

[Mr. Baldwin.]

Before I leave this particular aspect, I should like to say also that I disagree with the suggestion that these Orders in Council should be the subject of a negative resolution rather than an affirmative resolution. The problems which face the opposition and this Parliament of securing an opportunity, a time and a place to debate, place too great a handicap upon us and, hopefully, any member on the government side who might be prepared to stiffen his backbone and say that he does not like what is being done, so is prepared to demand that this particular issue come forward by an affirmative resolution.

There is an obvious difficulty—and I made this case at the time we were debating the government organization bill C-207—which faces an opposition party and a private member in securing the ways and means in the House to debate a negative resolution. Do we have to wait until we have an opposition day? Do we have to put it in the form of a private member's motion? I do not need to illustrate to Your Honour the many pitfalls and difficulties which face us. If, on the other hand, the government cannot secure the implementation of its order in council until it is approved by an affirmative resolution, then the minister and hon. members on his side will be vigilant, alert and very prompt in bringing the order in council before Parliament and securing its approval. I am sure that is what prompted the hon. member for Edmonton West to suggest an affirmative resolution. For these reasons—and there are many others but I will limit myself to these two since the others have been well expressed by the mover of the motion and other hon. members—I say we should support the amendment.

There is another aspect, however, and that is the opportunities which this motion would provide for securing a greater degree of knowledge as to the basis behind the particular order in council which the government might see fit to bring forward. From time to time I have described this government as a very secretive government which hides behind orders in council and behind its refusal to come into the House and answer honestly, faithfully and truthfully questions which are asked. We have had an example of that today. Every day in the House my friend, the Leader of the Opposition (Mr. Stanfield) and other members of this party have pressed the minister and the Prime Minister on the particular issue of the situation of Canadian trade with the United States. We have received non-answers. We have been told that there are various contingency plans which this government has and that if the situation arises they will produce them like a rabbit out of a hat. They will tell us what they will do at the appropriate time but we should be good boys for the time being, and there is no reason why they should tell us what they are going to do or what plans they have afoot. This causes some of us to suspect that they do not have any plans afoot and they do not know what they are doing. I may be wrong. I admire the smiling amiability of the minister, although I am afraid I must limit my admiration to that. However, that is a great gift. If any member of this government can smile at the present time, it is a tremendous thing. But it is this refusal to give us facts and information with regard to the particular problem which makes it so essential for the motion proposed by the hon. member for Edmonton West to be accepted.

I have here the last report of the Economic Council of Canada "Design for Decision-Making". One of the strongest and most useful recommendations contained in that report appears on page 231, and I quote part of it. I concur in it, and I offer it as an additional reason to hon. members opposite who may see the light and support this motion. It reads:

In chapter 5, we emphasized the need for a more open approach by all governments, and public boards and agencies—

Which is what we will have here, a public board and agency, particularly public because it will be dominated by appointees of the government.

—particularly in relation to information about government policy issues. This point was made by the Task Force on Government Information which asked for new government policies reflecting "the right of Canadians to full, objective and timely information and the obligation of the State to provide such information about its programs and policies—"

• (5:00 p.m.)

On this particular issue, Mr. Speaker, in relation to this bill the government waffles and procrastinates in the House, and waffles and procrastinates outside the House. Representatives of the media have no more success than we have in getting the minister, the Prime Minister (Mr. Trudeau) or any member of the government to tell us what they are going to do, how they are going to do it, and why.

The need for a means by which this information can be secured is essential to the effective operation of this bill. The hon. member for Edmonton West (Mr. Lambert) very ingeniously has fashioned at least one means of securing that information. I continue with the quotation from the Economic Council Report:

One of the important considerations reinforcing "the right of the people to know"—

I would like that to be engraven on the hearts of the members opposite.

—is that many Canadians, singly and in groups, are making it clear that they want to play a larger, more active and direct role in influencing the decisions made by their governments.

If the minister were to adopt the very useful and very valid motion put forward by the hon. member for Edmonton West for the establishment of this means of securing information, this would be a way by which Canadians, acting through their representatives in this House, would be able to play a larger and more direct role in influencing the decisions made by their government with regard to the difficulties of our trading community in Canada brought about as a result of the action which has been initiated in the United States.

As governments at all levels become increasingly sensitive and responsive to this development in the democratic process, the need for more factual and analytical information as a basis for constructive and relevant public comment becomes more urgent. In past years, the timely publication of commission and task force reports, the use of "White Papers", and studies containing factual and analytical appraisals of alternative policy options have contributed to the quality of discussion about public policy. Much more can be done, however, at every level of government to use published official documents.

I ask Your Honour to cast your mind ahead to what would happen if the motion proposed by my hon. friend were accepted. There would be an inquiry in this House, and the government would have to initiate a debate in the House. The onus would be upon the government, as it always must be, to justify the passage of the order in council in question. In order to do that it is essential that it should have adequate public support. The government would then be compelled to release the facts and information in order to secure that form of support. Without this the government operates secretively, in darkest holes. No knowledge is made available until the matter has become a *fait accompli*. I suggest that that is not good enough in this day and age.

I will now conclude because I understand there are many other hon. members who wish to speak. I am also sure that the minister will want to make a defence, although he will have great trouble doing so. It will take him at least the amount of time allotted to him to start a defence. Finally, I quote the last paragraph in the recommendations from the Economic Council Report:

The Task Force discussed practices in a number of countries. They did not, and we do not wish to, make specific legislative recommendations in this regard. We would, however, endorse their conclusion that "Canada must devise some federal-provincial means to guarantee that the citizens get unvarnished facts about the activities of their governments (and) . . . clarify rules for fast and efficient access to government information." This is clearly a difficult and delicate subject, but one to which governments must give increased attention. We therefore recommend:

—that governments proceed as quickly as is prudently possible to clarify the rights (and limitations) of the public to access to government information, and to ensure that bureaucratic or political constraints do not operate so as to inhibit such access.

I have been after the Minister of Justice (Mr. Turner). I have been after the Prime Minister. I have made a lot of suggestions, and I even placed before the House a private member's public bill, based to some extent upon the Right to Information Bill of the United States, and based to some extent on the practice in effect in Sweden and other European countries. I admit that it is not perfect. Not being a member of the government I am prepared to admit imperfections, and I am perfectly prepared to see the bill improved. But it is a start.

It is about time that, with respect to matters of this kind and the whole gamut of government activities, the public was told what is happening. The secrecy, the hiding from people, the refusal to divulge information all are making people cynical and suspicious about the whole processes of government. It is for that reason, as well as the others I have advanced, that I would urge hon. members opposite to support this particular motion standing in the name of the hon. member for Edmonton West.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, one of the conditions for a good debate is that there should be good arguments on both sides. I am not willing to say that the arguments presented by the opposition this afternoon were not responsible ones. As a matter of fact, members of the opposition have a great advantage over me in that they can afford to be more eloquent, more passionate, being on the side of Caesar's wife. I, too, would prefer to be on the side of Caesar's wife rather than to be on Caesar's side.

This motion has given the opposition a nice occasion to talk about the sanctity of the law, the rights of Parliament, and the dangers of strong government. It also gave them a chance even to talk about the government's arro-

gance, as if all governments in Manitoba, Saskatchewan, and everywhere in the world were not arrogant. When the Leader of the Opposition (Mr. Stanfield) was the prime minister of Nova Scotia there were a few people who thought he was arrogant.

Mr. Stanfield: Oh, not very many.

Mr. Pepin: Mr. Speaker, every government is subject to being called secretive, to being called arrogant because the pretense of being able to run a country is the very essence of arrogance. Mr. Speaker, give the hon. member for Waterloo (Mr. Saltsman) a chance and he will even make a case for minority government. One can make any case if one is as eloquent as the hon. member for Waterloo.

The motion suggested by the hon. member for Edmonton West (Mr. Lambert) would impose an obligation on the government to obtain the anticipatory consent of parliament to the text of any regulations before they were proclaimed. The members talked about the government asking in this bill for a blank cheque. In some ways, Mr. Speaker, each piece of legislation is a blank cheque—

Mr. Lambert (Edmonton West): Oh no.

Mr. Pepin: Yes it is, in the sense—

Mr. Stanfield: Some are blanker than others.

Mr. Pepin: Yes, some are blanker than others indeed, but I mean in the sense that it gives the right to the government to do whatever is approved in the law. So, it is a blank cheque to do what is permissible, not a blank cheque to do anything.

Mr. Baldwin: Then, how about the Temporary Wheat Reserves Act?

Mr. Pepin: If hon. members are not pleased with what the government is going to do about Bill C-262, they can vote against it. That is one possible way. And, as the hon. member for Ontario (Mr. Cafik) said, they can criticize the government, ask questions, and bring down the government on a vote of non-confidence. There is more than one way to skin a minister, and more than one way to skin a government, and all these ways are available to the opposition. If they have not made good use of these means, that is their problem. It shows they are a poor opposition, but they should not accuse the system for not giving them the right to do what they should be doing.

• (5:10 p.m.)

This bill, from any point of view, is not different from all other bills. Somebody says that it was brought on the occasion of the surcharge. I will not deny that but this bill is of a permanent nature. It comes in to fill a hole, to cover a need for possible government action.

The hon. member for Parry Sound-Muskoka (Mr. Aiken) indicated a number of situations that might arise. Indeed, a number of situations may. The hon. member for Edmonton West added to the list.

Mr. Lambert (Edmonton West): But you have to come and tell us about it. Why are you doing it?

[Mr. Pepin.]

Mr. Pepin: Can all situations be anticipated? Why would reference to the House not be requested for any other bill? Sending a man to prison for the rest of his life is a pretty dramatic gesture, too. Why would all life sentences under the criminal law not have to be approved by Parliament? Of course, I am exaggerating here to prove my point.

The hon. member for Edmonton West comes from Alberta. A number of decisions taken by the National Energy Board, for example, are subject to orders in council by the government with respect to the export of gas to the United States and with respect to the construction of oil pipelines. These are pretty important decisions. They can affect the whole economy of Alberta, the whole economy of Canada, and yet there is no obligation in the National Energy Board Act to bring this order in council back to the House for debate and approval by resolution.

Mr. Baldwin: There will be when this motion on the order paper is passed.

Mr. Pepin: On a post facto basis, not on an anticipatory basis.

Mr. Lambert (Edmonton West): On this particular example, would the hon. minister permit a question, Mr. Speaker?

Mr. Pepin: Yes.

Mr. Lambert (Edmonton West): Does the minister know that there is not one cubic foot of gas that can be exported from Canada under a permit from the National Energy Board without permission first having been obtained from the Oil and Gas Conservation Board of Alberta which issues the original permit and looks after the province's rights in the first instance?

Mr. Pepin: No, on the contrary, the government would like to bring back to the House any new application of Bill C-262 for authorization by the House. What I am saying is simply that there is no such obligation in the National Energy Board Act and that decisions taken under that Act are as important as decisions taken under Bill C-262.

The member postulates that the government is going to be crooked, that the government is going to be dishonest, that the government is going to be secretive, that the government is going to be all these awful things. I suggest, Mr. Speaker, that this is possibly a good debating point for opposition parties but this is not the basis on which government is conducted.

Mr. Baldwin: Have you not read the Statutory Instruments Act? Do you not know what that does to governments?

Mr. Pepin: My main point is really that decisions to bring in situations under this bill are indeed important. I am not saying anything contrary to that. They will be very important. What I am saying is that there are 10, 15, 20, 25 other bills where orders in council are important also that do not anticipate the procedure recommended in the motion procedure. I do find all kinds of things under the Import Export Permit Act if I were a crook but I am not doing them because these things are not done in a democratic parliamentary system. This would be against the purpose of the bill as expressed at one time in the past by

the Canadian Parliament. If I were to do that I would expect to be chastised publicly in the House and on television by the hon. member for Edmonton West, and I would know that my political future would come to an end because of that accusation. I know too that I would be embarrassing the Prime Minister (Mr. Trudeau)—and that is the last thing I would like to do.

Under the textile bill I could do a number of unorthodox things, too. Then there is the Canada Shipping Act and the Fisheries Act. All those acts could be used wrongly if ministers were so inclined. The point I am making and it was made already by a number of people is that if we are to change the methods by which orders in council are handled it should be done in some other way and not by the employment support bill.

Mr. Lambert (Edmonton West): This is a specious argument.

Mr. Deputy Speaker: The hon. Leader of the Opposition.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I must admit that I learned something from what the minister said. I finally get the explanation of the government's behaviour under the temporary wheat reserves legislation. The minister just told us that in his view, and I suppose it is a view shared by his colleagues in the government, all legislation is a blank cheque.

Some hon. Members: Oh, oh!

Mr. Stanfield: That is what he said, every piece of legislation is a blank cheque. That is what the minister said.

Mr. Pepin: Under the law. To do what is provided under the law. If you are going to quote me, quote me properly.

Mr. Stanfield: I do not want to misquote the hon. minister. I was very surprised by what he said.

Mr. Baldwin: I was not.

Mr. Stanfield: I must admit that it threw a little light on the behaviour of the government when he said that every statute and every law is a blank cheque. How do you interpret that?

Mr. Pepin: I didn't say that.

Mr. Stanfield: What did the minister say, Mr. Speaker?

Mr. Pepin: I said, and I will even read my own words—I am sure I did not say anything different—that, "Every bill is a blank cheque to do what the bill allows the government to do".

An hon. Member: That is different?

Mr. Baldwin: It is worse.

Mr. Stanfield: Mr. Speaker, "Every bill is a blank cheque". What the minister says has not changed anything a bit because the government has interpreted how it proposes to go about accomplishing the purpose of the Temporary Wheat Reserves Act and it chooses to feel it has a blank cheque to choose its own methods. We finally have an explanation of its extraordinary behaviour.

I want to repudiate as strongly as I can the philosophy expressed by the minister today, that every bill involves a blank cheque to the minister or the government to carry out the purpose of the bill. This obviously is an absurd and very dangerous doctrine for a minister to put forward.

Mr. Pepin: If I had said it.

Mr. Stanfield: Just checking the minister as he now put it—I suspect he reads *Hansard* and he will find it was a considerably narrower statement that he made before. But taking the statement that every bill provides a blank cheque to the minister and the government as to the manner in which to carry out the bill—

Mr. Pepin: To do what the law says.

Mr. Stanfield: To do what the bill says—a blank cheque. I repudiate that. I regret very much that a minister of the government of Canada finds it possible to stand up in the House of Commons and make a statement such as that.

Some hon. Members: Shame!

An hon. Member: There are lots of things you can have a look at.

Mr. Stanfield: There are lots of things we can have a look at, including this government, and you need a pretty strong stomach to do it, too.

As to the amount of discretion involved in legislation, of course it varies from bill to bill. There is no question about that. The minister dragged in some red herrings. He dragged in the National Energy Board suggesting that, *reductio ad absurdum*—what an argument—if you are going to put forward the kind of argument the hon. member for Edmonton West put forward, then you are going to say that all decisions by the National Energy Board are going to have this particular difficulty. This is about as irrelevant to the discussion as anything one could mention. No one is attempting to suggest that this House should pass judgment on every decision of the National Energy Board or every decision of the Canadian Transport Commission. We are talking about regulations of the Governor in Council under a very vague and general piece of legislation. I am sure the minister would agree that this motion has nothing to do with proceedings before the National Energy Board. It has nothing to do with whether a minister tries to be crooked or not. It has nothing to do with the personal behaviour or ethics of the minister. The fact is that this is a very wide ranging bill in terms of the discretion of the minister. Frankly, it has shocked me that we should contemplate passing a statute of such wide and sweeping purposes. Perhaps its purposes are not so sweeping. I am shocked that we should contemplate passage of a bill which provides so little in the way of direction and so much in the way of discretion to the government.

• (5:20 p.m.)

I am not suggesting that it is possible or practical for the minister to present to the House a bill that is more precise, and that can effectively narrow the discretion required in the regulations if the bill is to accomplish its purpose. That is not the point I am making. If this bill is to stay on

the statute books in its present form it will enable this government or, on some future occasion, other governments of a different nature, perhaps, to apply the expenditure of public funds to measures affecting individual industries, and to do so, virtually, without any direction. Frankly, I see no justification for leaving such a statute in its present form on the statute books, a statute, involving as this does, such wide ranging discretion on the part of the government.

With all due respect to the minister, and the minister is a man whom, in general, I respect, his arguments respecting the National Energy Board have nothing to do with the case. It is nonsense for anyone to stand here and simply say that a measure like this is justified because every bill gives the government a blank cheque to carry out the purposes of that bill. If the bill is to be placed on the statute books and applied in future to some new situation, there is every reason, surely, for the government to be required to bring its regulations or its orders in council before the House and seek approval.

Frankly, I find it difficult to accept legislation of such general nature as this legislation. I accept the purpose of the bill. I accept the urgency with which the bill is required. In all seriousness, Mr. Speaker, this is a bill involving wide discretion. It is a bill that should not stay on the statute books indefinitely without the kind of requirement proposed by the hon. member for Edmonton West (Mr. Lambert). I most urgently ask the minister to reconsider his position and agree that it is only appropriate that the hon. member's amendment be accepted and reassure the House, or hon. members on this side of the House at least, that this government in future or any future government when attempting to use this bill to meet some new kind of situation will at least need to get the approval of the House before putting into effect regulations which would involve not only the expenditure of public funds but which might very well affect very substantially industries and employment in this country.

Mr. John Burton (Regina East): Mr. Speaker, I had not intended taking part in the debate on this motion. After listening to the remarks of the Minister of Industry, Trade and Commerce (Mr. Pepin), I felt that I should say a few words. I felt that some of the minister's remarks raised some of the concerns regarding the amendment we have before us as well as other, similar amendments and moves which have been made in the House from time to time.

The minister, as I understood him, suggested that each bill gives the government a blank cheque to do whatever the bill allows. If I interpreted the minister's remarks correctly it seems to me that, when using the word "allows", he was implying that there is some degree of discretionary authority. I quite agree that discretion is given to the minister in the bill now before us and in other legislation. There are, certainly, many laws which involve the giving of powers of discretion to the government. These permit the government to take actions or not to take certain actions, or to decide on a wide range of possibilities. It is quite clear that, in many instances, that is the case.

I think it must also be pointed out that in some acts which are the law of this country there is a mandatory requirement. No discretionary authority is given. Those acts say that the minister or the government "shall" do such and such. That is the case in the Temporary Wheat Reserves Act which has been discussed in this chamber many times in recent weeks. No discretionary authority whatever is given. Its language is mandatory. Regardless of what bill may be before Parliament, or what the government may have proposed, or of the merits or demerits of one or other proposal that may be before Parliament at any one time, that act is mandatory in effect. Certain laws spell out most explicitly what the government must do until such time as the act is repealed. Thus it seems to me that statements such as those we heard the minister making just now raise some of the concerns which have been expressed by hon. members from time to time.

Speaking on this bill, I do not argue that the point that any piece of legislation such as this, regardless of its merits or demerits, adequacies or inadequacies, must have in it some flexibility. There must be some area of discretion provided to the minister. I think that has been acknowledged and recognized. I think it has also been recognized that the guts of this bill really involve, to a great extent, the regulations which are passed within the framework of the bill itself. Thus hon. members, and particularly hon. members on the opposition side of the House, have from time to time requested that the regulations or the draft of the regulations be made available to hon. members of this House and, particularly, to the Standing Committee on Finance, Trade and Economic Affairs which was studying this bill. Actually, the minister recognized the point by tabling before the committee the draft of the regulations, as they had been prepared up to that point in time. Those draft regulations were discussed by the committee, and properly so. My saying this does not involve any judgment on my part or anybody else's part regarding their adequacy or inadequacy. They were discussed, and validly so, because it would have been impossible to discuss this piece of legislation adequately without looking at the regulations the government had in mind. Thus, it seems to me that the type of amendment we have before us is simply an extension of the government's recognition that we had to have some discussion of the regulations if we were to consider this piece of legislation fully and properly.

[*Translation*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Bellechasse (Mr. Lambert)—Finance—Quebec—Alleged unfair treatment with regard to student loans; the hon. member for Egmont (Mr. MacDonald)—Pollution—Threat from sunken "Irving Whale" and "Irving Lake"—Request for progress report on removal; the hon. member for Selkirk (Mr. Rowland)—Taxation—Estate and gift tax proposals—Response to provincial requests for delay.

• (5:30 p.m.)

[*English*]

EMPLOYMENT SUPPORT BILL

MEASURE TO MITIGATE EFFECT ON CANADIAN INDUSTRY OF IMPOSITION OF FOREIGN IMPORT SURTAXES

The House resumed consideration of Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and the amendment thereto of the hon. member for Edmonton West (Mr. Lambert).

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I confess that the remarks of the Minister of Industry, Trade and Commerce (Mr. Pepin) have prompted me to say a few words in this debate before the House reaches a decision on the motion before us. In doing so, I should like to make it clear that I believe the House should adopt the motion in the name of the hon. member for Edmonton West (Mr. Lambert).

The main argument used by the Minister of Industry, Trade and Commerce seems to be this: We have power under scores and scores of acts to do what we want to do by Order in Council. Why change it? Why limit us?

Mr. Pepin: I did not say that.

Mr. Knowles (Winnipeg North Centre): The minister says he did not say that. He did not use those words, but that was the idea he was putting forward—that the government operates on the basis of areas of permission which are given to it by Order in Council. He does not need to tell us that—we know it. We know this is the way in which things are run around here. But one of the realizations which have been dawning on people lately is that maybe this power should be limited. This realization has come not only among members on this side of the House; there have been references to it on the government side.

I would remind the minister that earlier this session we passed Bill C-182, known as the Statutory Instruments Act. When that bill was before the House, the Minister of Justice (Mr. Turner) made much of the desire of the government to involve Parliament more intimately in the details of legislation and in the approval of statutory instruments. This bill did, of course, provide for a special committee to be set up, and there is a motion on the order paper that a certain committee should be established on a permanent basis to review statutory instruments after they have been put into effect. But there was also in Bill C-182, clause 28(a) which reads in part as follows:

(1) In every act,

(a) the expression "subject to affirmative resolution of Parliament", when used in relation to any regulation, means that such regulation shall be laid before Parliament within 15 days after it is made or, if Parliament is not then sitting, on any of the first 15 days next thereafter that Parliament is sitting, and shall not come into force unless and until it is affirmed by the resolution of both Houses of Parliament, introduced and passed in accordance with the rules of both Houses—

I did not draft that; the hon. member for Edmonton West did not draft it. This is a piece of government legislation. The government placed its imprimatur on the idea that there are occasions when a regulation or Order in Council ought not to go into effect until there has been an affirmative resolution of the House of Commons. It is fine to hear this nice idea preached to us by the government. But when will the government begin to practise it? Is this something simply put in a book so we can be told it is there, or will it become of practical application?

There is a version of that provision right in Bill C-207, put there after a delay of some considerable time, regarding the establishment of ministries of state. At least there is recognition that there are certain things which the government cannot really do before coming back to Parliament and attaining affirmative approval. I could not stand here and say that this should apply to every last regulation involved in the processes of government; Parliament would be snowed under completely if that were the case. But, surely, if we are to rely at all on the good faith of a government which gave us the clause I read from Bill C-182, there must be some occasions when a matter is of such importance that it ought to come before Parliament before it is implemented.

If I were to say to the minister that every regulation or order should be anticipated by Parliament, he would probably say I was crazy, and he would be right. But I do say there are important things which should be handled in this way, and this is one of them. I would say that the Minister of Industry, Trade and Commerce, out of his desire to be known as a progressive type, should welcome the application of the principle which was written into Bill C-182 to his own legislation.

I think it was a good idea which was laid before the House this afternoon in the name of the hon. member for Edmonton West. We have had a good and useful debate, and I believe the government would be taking a correct step by accepting it.

Mr. Speaker: The House has heard the motion in the name of the hon. member for Edmonton West (Mr. Lambert). All those in favour will please say aye.

Some hon. Members: Aye.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

Mr. Lambert (Edmonton West): On division.

Motion (Mr. Lambert, Edmonton West) negatived.

Mr. Speaker: The House will now proceed to consideration of motion No. 4, in the name of the hon. member for Oshawa-Whitby (Mr. Broadbent), as follows:

That Bill C-262, an act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, be amended by adding the following immediately after line 7 at page 8:

"21. (1) The minister shall within fifteen days after the end of each month prepare a report on the amount of each grant, the levels of employment and production at the beginning and at the end of the assistance period at the plant and such report shall be

laid before Parliament forthwith upon the completion thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting."

and by renumbering clause 21 at line 8 as subclause 2 of clause 21.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I should like to deal, as is not entirely the practice in the House, rather narrowly with the specific amendment we have before us.

An hon. Member: Amazing.

Mr. Broadbent: I should like to establish that the real title or description of this bill should be not what it presently is, namely, "an act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect", but "a corporate welfare assistance act."

Mr. Knowles (Winnipeg North Centre): Carried.

An hon. Member: Will you vote against it?

Mr. Broadbent: Indeed, as will other members of the New Democratic Party. This has been made clear at every stage of the debate on this legislation.

Mr. Prud'homme: How much did you pay for your foreign car?

Mr. Broadbent: As is not infrequently the case, the hon. member's information is incorrect. I am the proud owner of a Pontiac made in this country.

Some hon. Members: Hear, hear!

Mr. Broadbent: We have here a bill, as I hope to make clear in my comments on the amendment, which will certainly not guarantee employment to Canadians. There is no such guarantee in the bill. It is the stated intention of the legislation, but there is no guarantee that we shall obtain this result. What it does guarantee is the maintenance of corporate profits to certain enterprises which will be able to apply for assistance.

At the committee stage I introduced an amendment which would at least have had the effect of curtailing some of the discretionary power given to the board by insisting that a minimum of 80 per cent of the employment level existing prior to the assistance period would be maintained. In my judgment, whatever criticisms one can make of this bill—serious criticisms can be made of this paltry sum of $80 million, but that question aside—if we had a guarantee in the bill that provided effective control over the dispensation of funds to ensure that the funds would go to maintain employment levels, then this at least would be something that the New Democratic Party could accept in principle. But such provision is entirely lacking from this bill.

The spokesmen for the government, including the minister, rejected in committee stage a proposal that would have ensured that the discretionary authority of the board would be restricted to an 80 per cent level of employment so as to ensure funds would not be given to any company simply to renovate its capital equipment at public expense and lay off many workers. However, I will come back to this point in a moment. I turn to the final clause in the bill as it now stands, which provides:

[Mr. Speaker.]

• (5:40 p.m.)

The minister shall as soon as possible after the end of each fiscal year prepare a report on the administration of this act during that fiscal year and shall cause such report to be laid before parliament forthwith upon the completion thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

What is wrong with that clause? The first thing that I say is wrong with it is that the report is to be an annual one. There is to be an annual report made on emergency legislation, legislation that dispenses millions of dollars of public funds to private corporations. I submit that such provision is not at all adequate. Parliament needs to be kept informed, as I shall illustrate in a moment, of all details on a regular basis, certainly more frequently than annually. In such case we would be able to see what is happening in terms of this legislation that the government has brought in to deal with the current economic emergency. An annual report would give us lots of time to see what went wrong afterwards, perhaps, but would give us no opportunity to assess in mid-course what is going wrong, particularly in reference to employment levels.

The second thing that is wrong with the final clause as it stands is that no reference is made to the inclusion of a list of firms who will receive this money. If the common practice of this government prevails, we will not be provided with such a list even in the annual report. I say that is wrong for this reason. Over the past few years the federal government, along with the provincial governments of this country, have provided hundreds of millions of dollars to private corporations without in any way making a serious assessment of whether the money so disbursed benefited the public. To my knowledge, no study of this kind has ever been carried out. We have had pious hopes frequently expressed by the minister, as well as good will, to the effect that public money that is spent on aiding private enterprise will somehow have a spin-off effect and we will all benefit in some wonderful way.

I would refer the minister to an article which appeared in *Canadian Forum* some two months ago dealing with a serious assessment of the province of Ontario's financial give-away program, a program dealing with what are called forgivable loans. This article points out that millions of dollars have been spent by the province of Ontario on private corporations, with little or no direct, causally related benefit in terms of employment patterns, and having a very definite effect on the encouragement of further takeover of Canadian business by foreign corporations, specifically United States corporations.

I suggest it is time that the minister's own department did a study of the effect the kind of assistance this government is providing, this kind of corporate welfare assistance, as I referred to it earlier. This is another reason why I object to clause 21 as it now stands. We need a list of the companies that are to be given grants and we need it at monthly intervals. It seems to me that if such a list were provided we would discover the following. I shall have to look at the annual report, because I do not expect that my motion will be accepted by the government, but I expect to find that most of this money will be given to foreign-

owned companies. I suggest that is a fantastic piece of irony.

This legislation has been forced on the Canadian government as a result of action taken by the United States, yet most of the funds dispensed under the legislation will go to the same U.S.-owned firms that are now causing much of the problem. As the minister well knows, a very high percentage of the 70 per cent of exports that go to the United States is in respect of intracompany exports. Now we will have the subsidiaries of U.S. firms in Canada applying for grants to subsidize their own exports to their United States parents in the U.S. A tremendous deal! I suggest this bill will be contributing in some way to the perpetuation of the very problem that in part it was set up to solve, that is to say, it will further encourage the growth of foreign-owned firms in this country. I am not saying that there is an easy way out of this problem, but I am saying that by the monthly provision of information that lists the firms in receipt of funds we will know exactly what is going on. In the committee the minister refused this proposition, and I suspect he is going to refuse it again.

I now come to my third reason for saying that this clause is inadequate. It does not give us the amount of money that is being spent, which seems to me a relevant question. Although only $80 million is being spent, how is it to be distributed? Are half a dozen firms in Canada to be given 80 per cent of that sum? Or is the money to be equitably distributed among many firms? Is it to be equitably distributed among the provinces or regions? I think it is very important to know how much money is to be given to these companies and on what basis.

My fourth criticism is that this final clause calls for no regular report on production and, above all, employment levels of the companies receiving the grants. In committee the minister made reference to the fact that he would expect some report on a sector of the economy in this respect. But that completely avoids, in a fundamental way, it seems to me, the question at hand, which is: If firm "X" is to be given a grant, the public has a very legitimate interest in knowing what are the production and employment levels of that firm—not of the whole industry—prior to and during the period of the grant.

At this point I should like to refer to the testimony given by the minister on this issue. This is to be found in Minutes of Proceedings No. 47 of the Standing Committee on Finance, Trade and Economic Affairs. When I pressed the minister about what I felt to be the real danger of this bill, namely, the discretionary authority being left so broad—I acknowledge the need for some discretionary authority if the board is to function effectively—I argued in addition that if the board is to function effectively in terms of employment levels, there should be an insistence in the regulations and in the bill upon the maintenance of what I proposed should be an 80 per cent employment level.

• (5:50 p.m.)

Let us consider an example such as I proposed in committee. A company which currently employs a thousand people may get a grant of $2 million. However, it uses the money to renew its capital equipment rather than the number of employees, even at the 80 per cent level, and decides to reduce the number by 50 per cent. It then lays off half its employees.

Mr. Pepin: Then it would not get the grant.

Mr. Broadbent: If I heard the minister correctly, he said it would not get the grant. This is a complete contradiction of what the minister said in committee, but I hope he is right. I hope the minister will get up and tell the House he has changed his mind.

Mr. Pepin: If the company does what the hon. member suggests, it will not get the grant unless there has been an agreement between the company and the board as to a specified level of employment. That is what I said in committee. The objective is really to maintain employment at the 100 per cent level.

Mr. Broadbent: If I heard the minister correctly, he has confirmed my point; he has said that the board has discretionary authority to make a grant on the conditional basis that the company maintains a certain level of employment. The point is that according to the act and regulations, we are not saying to the company that it can act only in a certain way. We are not saying to the board that it must insist that 80 per cent of the employees remain. Therefore, we reach the conclusion, which the minister admitted, that it is possible for the board to decide to give a grant even though half the employees are to be laid off.

Mr. Pepin: For good reason.

Mr. Broadbent: The minister nods his head. Apparently that is correct.

Mr. Pepin: I said, "For good reason."

Mr. Broadbent: I cannot hear the minister very well, but he can comment later. I should like him to elaborate when he replies. I think this is of fundamental importance and I cannot understand why this kind of leeway should be given the board. The history of this country is replete with examples of corporations getting money and using it for their own interests. In a commercially competitive economy, these companies are out to maximize their profits. We all understand that.

It seems to me to be highly irresponsible for this Parliament, which has an interest in the public good and in public spending, not to specify in this bill—the title of which is, in effect, an act to maintain levels of employment—certain restrictions of some sort on the discretionary authority of the board in order to ensure that the purpose of the bill is maintained. I am sure that when we receive the annual report, if we do not accept this amendment which would allow periodic statements, we will find all kinds of examples of companies which have renovated their capital equipment at public expense and have laid off a lot of people in the process.

Those are the four faults in clause 21 as I see it. There is provision for an annual statement instead of a periodic, monthly statement. It does not provide for a list of the names of companies receiving millions of dollars in public funds. It does not call for a statement of the amount of each individual grant and, most important of all, there is no insistence that we are to be publicly informed about

levels of production and employment of the firms receiving those grants.

Before I resume my seat I should like to deal with one argument presented in committee by the minister. It may be he will refer to it again and I will not have a chance to comment; therefore I will do so now. The minister suggested that if we provided all this information in detail it could affect the competitive position of the company concerned. I fail to see why this should be so.

In the amendment we are not asking for the profit picture of the company; we are not asking for pricing policies; we are not asking for a statement as to the amount of money being put into research and development. In short, we are asking a number of questions which, if fully answered and made public, could not affect the firm in terms of its competitive position in Canada and, more particularly, in terms of its competitive position in international markets. That is what we are concerned about here. We are merely asking that the government insist that the names of the companies be listed so the people of Canada will know whether a corporation is receiving public money. We are insisting that these recipient corporations make known to the people of Canada their levels of production and employment. These are the basic facts we want and, I suggest, need if Parliament is to reach any kind of sensible conclusion or estimate of the efficacy of this bill. These facts would not affect the competitive position of the firms and it is for the minister to show us in a serious way how the availability of this information would affect the position. He has not done so.

Instead of raising his normally Socratic questions and *reductio ad absurdum* arguments, as he does so genially and pleasantly—and without logical effectiveness, I might say—I hope he will define the government's position and show how to the slightest degree my amendment may be wrong and unacceptable to the government.

Mr. Speaker: It being six o'clock, I do now leave the Chair.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my remarks at this time will be extremely short in respect of the amendment of the hon. member for Oshawa-Whitby (Mr. Broadbent). I am one of the casualties of redistribution. When I occupied the chair I knew the names of all the constituencies, but as a result of redistribution that was all changed for me. The hon. member presented this amendment in committee and advanced basically the same arguments he has advanced here today. At that time, of course, it was not so much in the way of an amendment but, rather, a suggestion for consideration or what-have-you. We are not as concerned about the difficulties of procedure within the committee system as we are with the essence of the motion before us.

In matters of this kind, personally I want to see what useful purpose might be served by having such a report from the government to the public or from an individual to the government. In many instances I find it absolutely ludicrous that governments should require reports from the public. The Minister of Consumer and Corporate Affairs (Mr. Basford), for instance, in respect of the Corporations Act now makes businesses and corporations report on certain matters. He does not have the authority to collate the information and does not know what to do with it even when he has it. This is a complete waste of time.

In the same way, I find it would be a complete waste of time to require government departments to make reports of a nature such as would be required under this amendment because, frankly, I do not know of anyone who could put this information to a useful purpose. Although I do not know, I suppose it might strengthen the hand of some labour union in attempting to negotiate a contract. The hon. member who is proposing this amendment is notorious for proposing this sort of thing. He and his colleagues have used every subterfuge in an effort to obtain this information, not for themselves but for somebody down the line. I do not consider this to be a useful purpose.

In the same way, if the government jumped by 50 per cent its requirements for reporting, I do not think business would be any further ahead—because once the reports are in, no one knows how to use them; it has become a habit. It is just an extra expense to business. Therefore, without any other reason I suggest there has not been proven the value there would be in having these reports provided as requested by the hon. member. I am satisfied that the report should come to Parliament on the basis of once a year and then we could see what had happened. I am prepared to reassess my view in this regard.

I am sorry some of the other amendments were lost, but that is a decision of the House.

Mr. Pepin: That was a good performance.

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I should like to make a few comments in respect of one of the points raised by the hon. member for Oshawa-Whitby (Mr. Broadbent): The amendment he proposed has been commented upon by the hon. member for Edmonton West (Mr. Lambert). He made a valid point and one which I believe should be considered by all members. However, there are some other points which need to be made in connection with the proposed amendment.

In connection with the aspect raised by the hon. member for Oshawa-Whitby about guaranteeing certain levels of employment, this of course refers back to clauses 11 and 13 of the bill. Clause 11 refers to the likelihood of a significant reduction in employment, and clause 13 outlines conditions under which the board must take into consideration certain aspects of the levels of employment and provides:

—to the extent that in the opinion of the board was possible under the circumstances, the manufacturer has maintained the level of employment throughout the assistance period in accordance with the specifications of the board or at prescribed levels if the board did not specify any levels of employment for that manufacturer.

In other words, if the level is not specifically stated by the board, then the level specified in the bill must be followed. But there are some special circumstances that I think should be taken into consideration that could affect such a situation and I should like to draw to the hon. member's attention the possibility of seasonal factors in employment. Let us suppose that a company has been engaged in the manufacture of a seasonal commodity. One most obvious example is toys. Then let us suppose the board decides to specify some kind of employment level that would suit the particular period in question. The toy manufacturer might have a high level of employment during the summer or fall of the year, but in the spring the board would want to be able to specify a lower amount of employment which would be required under the act. This seems to me to be a reasonable flexibility which the hon. member has not taken into consideration.

• (8:10 p.m.)

There is another factor in respect of whether the board and the manufacturer should have some flexibility. I remind the hon. member of the possibility, which occurs frequently, where an industry might attempt to keep up levels of employment but be prevented from doing so because of a strike among the suppliers of raw materials. In such a case the board would want flexibility in allowing the manufacturer to adapt to such a situation.

I would also remind the hon. member that however much we may be anxious to maintain a fixed level of employment in a particular industry—and we have designed the act for that purpose—the world goes on and we cannot expect manufacturers to exist always in the status quo. It may be necessary for that manufacturer to implement technological changes in the plant. He cannot wait forever. He cannot wait perhaps for three months, six months or for a year—if the regulations were in effect that long—to make those changes. So there must be some flexibility to allow for changes in the manufacturer's world. We cannot expect him to live in yesterday's world, nor can we expect him to be efficient and productive if he has to live with yesterday's methods of manufacturing. So the board must have some opportunity to allow for that kind of flexibility.

The hon. member seems to be particularly concerned about the possibility that the manufacturer might make a profit as a result of the measures provided in this bill. It has been stated in committee and in the House, in connection with this bill, that the prime purpose is the maintenance of employment. But if in the process the manufacturer is able to maintain his profit level, this government does not shy away from that possibility.

I am sure the hon. member is well aware of elementary economics, the fact that if a manufacturer is to maintain employment in his industry he has to reinvest profits—and profits is the seed money that makes possible jobs in our society. This is particularly true of the kind of manufacturing industry with which we are concerned here. I am sure the hon. member is aware that the usual form of distribution of profits in a company is for the government to get the first 50 per cent and the second 50 per cent to be divided perhaps equally among the shareholders and for the replacement of equipment, modernization and the improvement of the employment capability of the manufacturer.

This is the pattern of capital investment that we endorse and encourage. We hope it will go on, because without it the workers about whom the hon. member is so concerned, as we are, will not have the jobs that they need. We have to look at not just today but at tomorrow and the day after. So we do not shy away from the possibility of the manufacturer making profits, even though that may not be the principal objective of this bill. The principal measure is the direct maintenance of employment right now, but if in the long run we are able to foresee and to aid the development of employment in the future as a result of the maintenance of profits, which have been all too low in the last few months among manufacturing industries, then we do not shy away from that.

Mr. Broadbent: Mr. Speaker, would the hon. member permit a question?

Mr. Howard (Okanagan Boundary): Yes, Mr. Speaker.

Mr. Broadbent: I should like to ask the hon. member how his comments bore specifically on the amendment that is currently before the House. It seems to me that he was discussing points that were raised in committee. How is the point of disclosure, which is the essence of the amendment before the House, affected in any way by the arguments the hon. member has now been advancing?

Mr. Howard (Okanagan Boundary): I was not dealing specifically with the matter of disclosure. That question will be handled in a moment by the minister.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, before I do so I should like to comment on another point which the hon. member for Oshawa-Whitby (Mr. Broadbent) made which, if I understood him correctly, would result in grants being paid only to Canadian-owned companies. I hope I am reflecting his views well: if not, I apologize and will allow my hon. friend to repeat his case.

Mr. Saltsman: He said we should know—

The Acting Speaker (Mr. Laniel): Order, please. This situation is very difficult for the Chair. The Chair was under the impression that the minister was seeking the floor to participate in the debate. The minister's participation has turned into a question directed to the hon. member for Oshawa-Whitby (Mr. Broadbent) who has already spoken in the debate and cannot speak again. The Chair allowed the hon. member for Oshawa-Whitby to direct a question to the parliamentary secretary, but at this time I think the solution might be for the minister to take part in the debate, and if the hon. member for Oshawa-Whitby has a question he may ask it of the minister.

Mr. Saltsman: I rise on a point of order, Mr. Speaker. I understand that the hon. member for Oshawa-Whitby (Mr. Broadbent) permits me to respond to that question. In that way perhaps we will avoid some of the difficulty. I listened very carefully, and with a great deal of admiration, to the speech of the hon. member for Oshawa-Whitby. What he was trying to say—and I think he said it

rather well—was that we should be aware of to whom these grants are going so that we can make decisions based on this information. I do not think that at any point in his remarks to the House has he said that one group of companies or another should be excluded from receiving grants. He did make a very strong case for disclosure and for knowledge on the part of the Canadian public and members of the House so that we could make decisions based on that knowledge.

Mr. MacInnis: Mr. Speaker, I have a point of order with respect to whether or not the hon. member for Oshawa-Whitby (Mr. Broadbent) could answer the minister's question. Clarification is needed by the House. Certainly in this case clarification is needed from the minister. It is quite permissible for the hon. member to explain his position.

The Acting Speaker (Mr. Laniel): Order, please. The Chair does not want to enter into a discussion with the hon. member, but it was up to the minister to decide whether or not he wanted the floor. The hon. member did not have the floor at that time.

Mr. Pepin: We could drop it at that. I had heard that particular point being made, but having been rudely misquoted this afternoon I would not like to do it to anyone.

The Acting Speaker (Mr. Laniel): Order, please. The Chair would like to know which hon. member wishes to participate in the debate at this time.

Mr. Pepin: We will forget that point and take it up some other day.

Mr. Saltsman: On a point of order, Mr. Speaker, and to clarify my position in this debate, as a result of my intervention as an interpreter I wonder if you would apprise me of my position. Should I continue the remarks I have commenced as part of my intervention in this debate, or can I have the floor following the minister's intervention?

• (8:20 p.m.)

The Acting Speaker (Mr. Laniel): The hon. member has a few minutes left and may use all of them, but once he sits down he automatically loses his right to participate in the debate.

Mr. Max Saltsman (Waterloo): Mr. Speaker, my colleague from Oshawa-Whitby (Mr. Broadbent) by placing this amendment before us has made an excellent suggestion. I know that the minister followed my colleague's remarks with a great deal of interest and could see the wisdom in them. I was hoping that when the minister had the floor he would endorse those remarks and indicate his acceptance of the motion, but on listening to his parliamentary secretary I lost hope that this course of action would be adopted.

Through this amendment we are really asking the government to learn something from experience. There has been a great deal of experience with similar kinds of programs and it has shown that eventually the dissemination of information assists the government in reaching a proper conclusion and serves as a policy guide. On the other hand we have had programs that have been disastrous simply because of secrecy attempted on the part of the government. As a result, it took us years to learn that we were wasting time, energy and money when we should have been moving in more worthwhile directions.

The minister does not need any further reminder of this than the latest report of the Economic Council which discussed the manpower policies of the government. It points out that through lack of statistical and other information, even to this date, after spending close to $2 billion, we do not know whether the program has been as effective as we originally hoped it would be. Surely that should be a lesson to this minister. I would also like to direct the minister's attention to our experience with the regional development program. The government started off with the same kind of nebulous approach to regional development, with criteria which did not hang together, and said, "We will change the criteria as we go along."

All we ask is that the minister give us some indication from month to month of which industries are getting the money. We do not believe this will be a danger to the competitiveness and confidentiality of the industries involved. The government's arguments in this respect are complete nonsense. Why should we have to wait for a whole year to find out whether the legislation is a disaster or not?

I listened to the speech of the hon. member for Edmonton West (Mr. Lambert). As you know, Mr. Speaker, I was very much in agreement with him on a previous amendment. There is one notable trait which that hon. member has: he is consistent. For as long as I have had the pleasure of listening to him both in the House and in committee, he has always opposed any attempt at disclosure. He opposed it on the Bank Act when we were drafting amendments to the Corporations Act and during discussion of consumers' programs. He always asks, "What do we need information for? Who is the information for?" I hesitate to say that the hon. member for Edmonton West has been proven wrong in his contention that the competitive position of industry will be hurt by disclosure. He does not object to having information placed before this House and, Mr. Speaker, when information comes before this House it is immediately available to the public. There is no evidence to show that in those areas where we have pushed for more disclosure of information, such disclosure has hurt anyone. But if anyone has been hurt as a result of the disclosure it is because he deserved to be hurt, because he was hiding something that should not have been hidden.

If the minister adopts this amendment it will go a long way to improving a bill that does not have very much to commend itself. In fact, the incorporation of this amendment might prove to the best thing in the whole of the bill. What makes the adoption of the amendment more important is the minister's statement that this action is really a permanent feature of government, that it is not a six months' deal or something like that. All the indication are that Bill C-262, when enacted, will be around for a long time.

At the moment the intention is to use this legislation to counteract some of the effects of the American 10 per cent surtax. But the implication is clear that it will be an on-going instrument of government. We are talking about legislation that calls for an initial expenditure of $80 million but which may end up with an expenditure involving

billions of dollars. Parliament and the country have a right to know how the money is being spent, rather than waiting for a year to hear the minister say, "We goofed it all up again, fellows." We can save the country a lot of money if we have access to the necessary information.

Another argument in favour of disclosure of information is that there is a great tendency to mistakes—and I say this as my leader would say it, with the greatest of kindness, thinking only of the minister and the difficulties he faces in his portfolio. Through not being compelled to keep this House informed of the actions of his department, even this energetic minister or some of those around him might turn slothful. We could save him a great deal of trouble by catching the mistakes, rather than perpetuate them until the end of the year when the whole package comes in and the evidence and the costs are before us in that particular form. The experience we have had is that disclosure has been all to the good and that everyone has benefited by having information available to him. This is a long-range program which makes disclosure even more important. Also, disclosure is one of the best methods of ensuring that government departments operate with whatever competence is available to them.

• (8:30 p.m.)

The Acting Speaker (Mr. Laniel): Order, please. The Minister of Industry, Trade and Commerce (Mr. Pepin) wishes to speak.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Just a few words, Mr. Speaker. There are two points, really, in the amendment—

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Cape Breton-East Richmond (Mr. MacInnis).

Mr. MacInnis: Mr. Speaker, I rise on a point of order, though it is one which I do not wish to press home except to remind the minister where he has gone wrong. I would call your attention to the fact that the minister has already participated in this debate. The Chair did not recognize the minister, but the fact remains that he made his remarks and then surrendered the floor to the member for Oshawa-Whitby (Mr. Broadbent), thereby confirming the fact that he had already participated in the debate. I do not wish to press the point home, but it shows that the minister has gone wrong in more ways than one.

The Acting Speaker (Mr. Laniel): Order, please. Does the minister have something to say on the point of order?

Mr. Pepin: Yes, Mr. Speaker. I should like to ask members if I can get unanimous consent to take part in this debate for the second time.

The Acting Speaker (Mr. Laniel): This might be the best way to clarify the point. It was the impression of the Chair that the minister rose and asked a long question. However, the hon. member for Cape Breton-East Richmond (Mr. MacInnis) has a point and I think it could be solved at this time by allowing the minister, if the House agrees, to speak a second time with unanimous consent.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): Would the House agree to allow the minister to speak a second time?

Some hon. Members: Yes.

Mr. Broadbent: On a point of order, Mr. Speaker, I will give my consent only on the grounds that, unlike his parliamentary secretary, the minister will deal directly with the amendment.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): The Chair is not in a position to allow hon. members to put conditions upon their consent. The hon. member either gives consent or does not, and if he does not the minister will not speak. The Minister of Industry, Trade and Commerce.

Mr. Pepin: Mr. Speaker, again I shall have to be on Caesar's side and not on Caesar's wife's side. I do so because I know how unhappy my hon. friend from Oshawa-Whitby (Mr. Broadbent) would be on the government side, and that is a fate of which I should like to deprive him for a long time to come.

The hon. member raises two aspects of clause 21 in his amendment. One deals mainly with the fact that the clause as it appears in the bill does not anticipate that there will be a report on what size grant has been given to each company. I think that is the main point that he makes. The second point that he makes deals with the fact that reporting will not take place more often than once a year.

On the first point I must grant that the information relative to the amount of assistance granted to a firm for a plant and the level of employment and production of a plant is not going to be provided. Rightly or wrongly, this is considered confidential information. I say rightly or wrongly—and of course one could argue, but this is the practice in Canada. We have a number of other bills in my department which are applied in the same way, such as bills providing for research and development support. In this case companies make the point that if their opposition knew how much they were going to spend on research and development, and if they knew the area of research and development in which the money was to be used, they might be damaged in the competitive process.

Mr. Broadbent: On a question of privilege, Mr. Speaker—

The Acting Speaker (Mr. Laniel): The hon. member for Oshawa-Whitby (Mr. Broadbent) on a question of privilege.

Mr. Broadbent: I would not want to suggest that the minister deliberately distorted my argument, but I took great care to point out to him that research and development information, for example, was one thing that was not being required. I listed many other things that should be required that might threaten the competitive position of a firm in order to point out that what I was asking for did not—

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Pepin: This afternoon, when looking at the hon. member for Edmonton West (Mr. Lambert) asking for a

special provision to be made in this particular legislation, I gathered from the smile on his face that this was intended to be one of many to come. I do not blame anybody for doing that because this is the usual progressive way of getting one's own thinking implemented in bills. I suspect—and if I am wrong I shall apologize on my knees—that my hon. friend from Oshawa-Whitby will be coming back later to suggest, and he would make a good case for it, that similar information should be given on grants for research and development also. Be that as it may, we have an unfortunate situation where the hon. member for Oshawa-Whitby takes the position that everything should be put in the report.

Mr. Broadbent: No.

Mr. Pepin: Oh, nearly everything—whatever it is he mentioned in his amendment, should be put in the report. Then the hon. member for Edmonton West says that nothing should be said—so in my usual liberal way I am compromising. Compromise is the bread and butter of politics and I have done that for a number of years now, in the sense that the information on assistance provided to particular companies is not made public under my other Industry, Trade and Commerce programs. This has generally not caused much hardship. I suggest to hon. members that in some cases I have been able to provide such information on specific requests. Of course, I have to seek permission from the company involved to release the information and have to make some assessment in respect of whether it will cause them embarrassment. I undertake to do this under the employment support program now being discussed.

I have asked on a number of occasions if it would be an embarrassment to a company if it is known that the Canadian government has provided it with subsidies of a certain amount. Some companies have said no, possibly a bit reluctantly, and I have given the information to the House. I have gone halfway trying to accommodate the very well known curiosity of my hon. friend from Oshawa-Whitby among others. In this case I have said in committee, and I repeat it now, that I would be giving information regarding levels of employment by sectors; I would take sectors and supply information on how much employment has been maintained in a sector. This is a practice which Statistics Canada follows. When it is possible to identify a particular company, they give what I referred to as sector information. So much for what is going to be in the report.

I share the argument that reporting once a year, especially in view of the temporary nature of this bill, might not be enough. If my hon. friend or anybody in the House wants to introduce an amendment to clause 21 to the effect that reporting should be on a quarterly basis, I would be delighted to accept that.

• (8:40 p.m.)

The Acting Speaker (Mr. Laniel): Is the House ready for the question?

Mr. Pepin: Mr. Speaker, could I move such an amendment myself, or is it against the rules?

The Acting Speaker (Mr. Laniel): The minister knows that according to the rules, notice must be given. The Chair cannot allow an amendment at this point, because there has not been notice. Of course, it could be done by unanimous consent.

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on a point of order, Standing Order 75(8) reads:

> When the Order of the Day for the consideration of a report stage is called, any amendment of which notice has been given in accordance with section (5) of this order shall be open to debate and amendment.

We had a case of this a few days ago. I submit that if any member who has not already taken part in the debate wishes to move an amendment to the motion before this House, that would be in order. It could be moved without notice although Your Honour would have to decide whether or not it was relevant.

The Acting Speaker (Mr. Laniel): Order, please. Speaking on the point of order raised by the hon. member, the Chair was of the impression that the minister was speaking of a new amendment to replace the one in front of us. The hon. member seems to be raising the point that the amendment in front of the House at this time could be amended. Nevertheless, it is the responsibility of the hon. member to bring in a subamendment and it would be the responsibility of the Chair afterward to decide whether the purport of the subamendment was relevant to the amendment.

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, with leave I should like to move an amendment, seconded by the hon. member for Okanagan Boundary (Mr. Howard), that clause 21 of this bill be amended so that it would read as follows:

> The minister shall as soon as possible after the end of each calendar quarter prepare a report on the administration of this act during each calendar quarter and shall cause such report to be laid before Parliament forthwith upon the completion thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on a point of order, I submit that the hon. member for Kenora-Rainy River (Mr. Reid) is now moving the kind of amendment to the bill itself which Your Honour would say can only be done by notice. If the point is reached where I can get the floor to test what the minister has said, I would be happy to move an amendment to the motion now before us. Oh, I shall not be able to do it because I seconded the main motion. My leader has offered to do what I have now asked him to do.

Mr. Baldwin: He is taking a chance.

Mr. Lewis: I know what it is.

Mr. Knowles (Winnipeg North Centre): He is prepared to go along with me.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Kenora-Rainy River (Mr. Reid) has the floor. He sought to move an amendment which has not yet reached the Chair and it is difficult for the Chair to make a decision on it. When I see the amendment, I can rule on it. After that I shall recognize another hon. member who perhaps could move another amendment.

Mr. Pepin: Mr. Speaker, may I suggest that you were right in the first place. We should have followed your lead. What has been suggested by the hon. member for Kenora-Rainy River (Mr. Reid) constitutes a new amendment and not an amendment to the amendment presented by the hon. member for Oshawa-Whitby (Mr. Broadbent). Consequently, I ought not to have made the suggestion that I made.

Mr. Baldwin: Perhaps we could adjourn for ten minutes so that the government can make up its mind.

The Acting Speaker (Mr. Laniel): Does the Chair understand that the hon. member for Kenora-Rainy River has changed his mind and does not wish the Chair to put the amendment?

Mr. Reid: It appears to me that the amendment, Mr. Speaker, is technically out of order, and I would withdraw it on those grounds.

Motion (Mr. Reid) withdrawn.

Mr. David Lewis (York South): Mr. Speaker, I do not want to make a speech. I seem to have misunderstood the minister. Perhaps it was my fault. I understood that the minister was prepared to go along with the amendment which required disclosure to be made public once a quarter, rather than once a month. If that is what he meant, that is fine by me. He did not move any amendment. If he meant that he will be prepared to make public disclosure once every three months instead of once every month, we would be prepared to accommodate him. I see he is shaking his head. In short, he does not agree to any disclosure by the companies to which he is going to make these grants. That being so, there is no sense in moving any amendment. We will just let the amendment of the hon. member for Oshawa-Whitby (Mr. Broadbent) stand.

Mr. Baldwin: Mr. Speaker, in my desire to be helpful may I suggest that if the government wants to take 15 minutes to decide what it wants to do and how to do it, I am sure the House would give them the time.

The Acting Speaker (Mr. Laniel): Order, please. The point raised by the hon. member for Peace River (Mr. Baldwin) might constitute a good suggestion for the government but it cannot influence the Chair. The Chair must abide by the rules of the House, and the House has before it a motion moved by the hon. member for Oshawa-Whitby (Mr. Broadbent). Any amendment moved must be related to the motion before the House. Although it is not the responsibility of the Chair to make suggestions, I do not think the House should bring forward a new question relating to any other kind of report.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I was intrigued by the comments of the minister in rejecting the proposed amendment which suggested, essentially, that since the government of Canada will pay out substantial amounts of money—in the neighbourhood of $80 million—the government shall be required to make available information once a month as to how the money has been spent, the amount of each grant and the levels of employment and production in companies to which money has been given.

Although the minister said he did not agree with the position taken by the hon. member for Edmonton West (Mr. Lambert) who, as he suggested, opposed any disclosure, after the minister had finished speaking he really accepted the position of the hon. member for Edmonton West, namely, that we should not make available to the public information as to how public money is to be spent.

The federal government and various provincial governments have had sad experiences in recent years with the expenditure of large amounts of money given in grants and loans at subsidized interest rates to private companies in order to provide for economic growth and employment, particularly in the have-not provinces. In light of the very large losses which have occurred to the public I would think that even the present government and the minister would have learned from experience that the best way to protect the public interest would be to provide as much information as possible as quickly as possible. I will give a couple of illustrations from past experience.

• (8:50 p.m.)

I am not now talking about the assistance which was given in the building of Canadian Pacific Railway; I am talking about the experience of the last five, six or ten years. Hundreds of millions of dollars have virtually gone down the drain because governments, federal, provincial and municipal thought they knew best. They made special deals with promoters, some of them with past experience and some without experience in industries which turned out to be of very little value. Let me mention a few illustrations to show that this has occurred in a number of provinces under different governments of different political stripes, yet all of them were marked by terrible disasters.

Let me begin with the province of Nova Scotia under a Conservative government. There is the heavy water plant in Cape Breton. I come from a have-not province so I know something about what it means when an area has large-scale unemployment and I can sympathize with any government, regardless of its political stripe, wanting to provide more employment in an area which suffers heavy unemployment. But here we are in the year 1971. The provincial government in Nova Scotia and the federal government in Ottawa have paid out in the neighbourhood of $200 million—I am speaking from memory, but I do not think I am far wrong; it was certainly substantially more than $100 million. We still do not know whether we shall have a plant which will ever produce any heavy water, and we certainly do not know whether it will produce heavy water at an economic price.

When that plant was proposed they were talking in terms of a plant costing $10 million or $15 million. I suggest to the minister that if we had had in that kind of plant the kind of disclosure we call for in this amendment, we would never have had an expense of between $100 million and $200 million because governments and the public would have demanded an accounting, an examination of the situation. An informed public would not have permitted that kind of expenditure on what may well be one of the most expensive failures this country has ever seen.

Similarly, in Nova Scotia we had the fiasco of Clairtone. The government of Nova Scotia in its desire to promote

employment and industry in the province was persuaded and encouraged to bring into the Halifax area a company which was producing television receivers. That company has lost probably $10 million or more and it looks as though it will never be in a competitive position. Again, I suggest, not that they should not have gone ahead but that had the government of Nova Scotia and had the federal government been required to give the kind of public accounting in detail and frequency which is suggested in this amendment with reference to this special legislation you would not have had the losses which have taken place.

In my own province we have a fiasco which has been criticized, not just by people in my party, not just by socialists but by as respectable a business publication as the *Financial Post*. We have Churchill Forest Industries. That has now cost the people of Manitoba and the people of Canada $100 million, and the promoters probably made several tens of millions of dollars simply because there was no requirement on the part of the government of Manitoba and no requirement on the part of the federal government that sensible, honest and open accounting practices be followed.

In the province of Saskatchewan the former Liberal government was promoting a pulp and paper mill at Meadow Lake. It may be the minister will say the federal government is not responsible for the promotion of industries in a single province, that that is done by the provincial government. The fact is that had that plant gone ahead, the federal government would have invested by way of outright grants somewhere in the neighbourhood of $15 million or $20 million because that plant would have been in a depressed area.

Aside from the fact that our experience of government involvement with pulp and paper plant has been bad, as I have already demonstrated in the Churchill Forest example, here is an industry which is now plagued with overcapacity to produce. Here is an industry where workers in long-established plants in Ontario and Quebec are being laid off. Yet the federal government was willing to make grants to a new plant which would probably have taken away sales from existing plants and led to further unemployment in existing plants. And that plant probably was not viable in the first place. If we had the kind of legislation which required regular complete disclosure of financial details from companies which are given grants or loans from governments, the kind of thing I have talked about would not have taken place.

Let me for a few minutes talk about the situation in Newfoundland. Here you have two very energetic and very smart promoters operating. You have the Doyle interests and the Sheehan interests. You have proposals for the building of an oil port at Come-By-Chance which would cost tens of millions of dollars—money which would come almost entirely from federal or provincial government sources, which means money which would be paid out by the people of Canada through the federal government and by the people of Newfoundland through the provincial government. The profits of those operations would go entirely to the promoters, who would put no money in at all. This oil complex, if it comes to pass, will be in competition with existing oil facilities which have been built up by companies which have paid the existing corporate taxes, albeit they have received generous tax concessions and write-offs.

It seems to me this is another illustration of the necessity for the kind of disclosure we call for in this amendment. It seems to me that what is involved here should not divide us on principle. I do not see that it should be rejected simply because it is a proposal made by a member of a party that has some reservations about the way the so-called free enterprise system works.

• (9:00 p.m.)

Let me say this to the minister in closing: Surely the few examples that I have given, examples that could be doubled and quadrupled if one were to take the time to document all of the enterprises in which federal and provincial governments have become involved, enterprises which have to a large extent been a failure except to the promoters, enterprises which to a large extent have been of little value to the public, should lead the minister to welcome this amendment rather than to oppose it.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I should like to say a few words in support of the amendment put before the House by the hon. member for Oshawa-Whitby (Mr. Broadbent). One of the points the minister made a while ago is a clear indication of the thinking of members on the other side of the House. He said that he would be prepared to go halfway on some of the measures contained in the hon. member's amendment. However, we know that halfway is not good enough in cases where public disclosure is needed, as it is here. It is like talking about being half-pregnant when you talk of disclosing halfway a matter which, to say the least, should be public property.

This motion makes reference to preparing a report on the levels of employment and production at the beginning and end of the assistance period. I suggest that those who are displaced from employment by the surtax imposition of the United States would like to know just where their tax dollars are going. It just is not good enough for members opposite to say that public disclosure might harm competition. We must remember that people walking the streets are being given no job opportunity even though they have put their money into the treasury through income tax deductions.

We in this party have said many times that public disclosure is the best thing that can happen in a democratic society. This evening we have heard members on the other side of the House, and the hon. member for Edmonton West (Mr. Lambert), suggesting that public disclosure is not in the interest of the public, that it is the concern of the treasuries of the various companies given assistance under this bill.

If the security of the nation is at stake we do not hesitate to prohibit public disclosure of certain matters. In this case it happens to be taxpayers' dollars that are going to companies in need of assistance, and this is why everyone in Canada should be entitled to know whether it is in the best interest of Canadians, particularly those affected directly by the surtax, to give this money to these companies.

I cannot understand the argument of the minister and his parliamentary secretary that public disclosure would

harm the competitive spirit of these companies. I am sure that all Canadians are concerned to see whether or not the money given to Canadian plants once this bill is passed is being invested in the best interests of Canadians. To talk of disclosure of this information doing harm to the competitive position of these companies is just not good enough.

The amendment that my colleague has moved clearly spells out those areas in which there should be public disclosure. In our opinion it is not good enough to tell the unemployed that their money is being spent for the benefit of a company in some other country. Neither is it good enough to state that the branch plant economy that we have is entitled to receive assistance when not one job opportunity will be created.

Surely the minister could find his way clear to accepting this amendment. It is not so far-reaching as to harm the position of companies in the event of public disclosure. My colleague has made it clear that he is not going to ask for the world; all he wants is public disclosure of employment levels at the beginning and end of the assistance period. Level of employment is something that we in this House should be concerned about. Clearly, the United States is hell bent on a program of keeping everything within their own boundary. Our obligation is to protect employment in Canada and investments made by taxpayers in various corporations.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I did not intend to speak on this amendment this evening.

Some hon. Members: Oh, oh!

Mr. Baldwin: We will let you know whether you should have spoken later.

Mr. Rose: Earlier in the evening I was invited by the ranks of the government backbenches to review a scholarly publication known as "Fuddle-duddle", and while over there perusing this magazine, which I think is volume 1, No. 2—

Mr. Alexander: Is No. 2 out now?

Mr. Rose: It is out now—I noticed some consternation among the ranks of government members who were calling for the House leader, the fire department and every other facility that might assist them, since they seemed to feel at that time that the extent of this debate on the amendment before the House was more than they had anticipated.

Mr. Baldwin: They should know better by now.

Mr. Rose: I am afraid I did not hear what the hon. member said.

Mr. Baldwin: I said, they should know better by now.

Mr. Rose: Let me say to the hon. member for Peace River (Mr. Baldwin) who said, "They should know better by now", in case the *Hansard* reporter did not write it down, that they have a learning block. Unfortunately, under the kind of system that we have, which is the adversary system that we have inherited from our progenitors, the British, only the government have men of enlightenment. I see the Gallic minister of Industry, Trade and Commerce (Mr. Pepin) looking at me at the mention of the British.

Mr. Pepin: Do I have a choice?

Mr. Rose: Although I did not hear what he said either, the smiling minister has a favourite phrase which is, "It takes two to tangle". I would invite him to tangle now. If he would like me to repeat what I said earlier, I will be pleased to oblige and then he could repeat what he said.

Mr. Pepin: That would be a pleasure. The hon. member said I was looking at him, to which I said that I did not have a choice because he had the floor.

Mr. Rose: The minister says he has no choice but to look at me. But when my deskmate, my old buddy from Moose Jaw (Mr. Skoberg), was speaking a minute ago, the minister did have a choice. However, in complete defiance of the policies of his colleague the Minister of National Health and Welfare (Mr. Munro), I saw the minister out in the hallway having a cigarette. He was not looking at anybody but the hon. member for New Westminster (Mr. Hogarth).

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Rose: In spite of the fact that the hon. member for New Westminster—

The Acting Speaker (Mr. Laniel): Order, please. The Chair hesitates to allow the hon. member to pursue his remarks, but it is very difficult to relate the last few sentences to the motion now before the House. The hon. member should try to get back to the motion before the House, which is to amend clause 21 of the bill.

Some hon. Members: Hear, hear!

Mr. Rose: I sympathize with Your Honour in trying to thread your way through the excursions and intricacies of this debate. I had a similar problem a little earlier and was deflected somewhat by the question of the minister. It would seem to me the minister should try to "home in" on the real essence—the nub, if you like—of the argument, instead of being distracted and diverted by every kind of irrelevancy and frivolity. In any event, I will do my best to get back to the point.

• (9:10 p.m.)

My colleague, the hon. member for Oshawa-Whitby (Mr. Broadbent), who is looking very unhappy at the moment, put forward a sincere amendment. His amendment called upon the government, which is spending public funds, hopefully in the interests of the Canadian worker, to disclose the recipients of these funds on a monthly basis. It is very important that any recipient of public funds, whether they be corporations, municipalities or unions, should disclose the source of these public funds and show what has been done with them. They should be willing and eager to do so. This is only sensible, and I have no objection to the suggestion. We must decide whether we are living and operating in a closed or an open society. Hopefully, in an open society all things are placed on the table and nothing is too private to be revealed to a public which is charged with paying the shot for all of us.

Mr. Saltsman: Keep the state out of the bedroom.

Mr. Rose: The hon. member for Waterloo (Mr. Saltsman) made a suggestion, frivolous I am sure, about keeping the state out of the bedroom. I agree with him, but I do not think it is germane to the point I was making.

The hon. member for Kenora-Rainy River (Mr. Reid) proposed an amendment. I do not know whether he was in contact with the Minister of Industry, Trade and Commerce, but apparently he was not. He suggested, as sort of a halfway measure, that rather than supporting an amendment calling for a disclosure every month it should be quarterly. That might have some merit. But when I was on the other side of the House the minister shook his head, indicating this suggestion was not acceptable. An hon. member of his own caucus proposed the amendment, and I am distressed by its reception because there is one thing I can say for the hon. member for Kenora-Rainy River—he may be a Liberal but he is also Labour. If you look him up in the "Parliamentary Guide," that publication frivolously termed "the stud book" in parliamentary language, you will find he is known as the Liberal-Labour member. I think he has the best interests of labour at heart. Of course, his party tends to be historical, and often hysterical, but that member represents a constituency that has returned to this House since 1926 Members of Parliament who are not only Liberal but also Labour. His amendment was rejected and held in complete contempt by that smiling minister. He smiles even when he is unhappy, and I am sure he is unhappy about the length of the debate tonight.

I think the hon. member's best intentions were put forward in the form of this amendment, but he was repudiated by the government. In any event, the Minister of Industry, Trade and Commerce seems to be willing to bulldoze this bill through no matter whether the taxpayer's money is protected.

Mr. Lessard (LaSalle): Oh, no.

Mr. Rose: I hear the chairman of the transport committee, that hon. member from Montreal. He is one of my—

Mr. Alexander: —"dear friends."

Mr. Rose: Yes, "dear friends."

Mr. Alexander: And highly respectable.

Mr. Rose: I am very fond of that particular chairman.

Mr. Alexander: But!

Mr Rose: That hon. member and I have an association in common. Once upon a time I played trumpet in a night club. I was very surprised to learn that once upon a time that hon. member owned a night club. So we really do have something in common. Regardless of his interjection, the public has the right to know where its money is going.

The hon. member for Oshawa-Whitby (Mr. Broadbent) made four essential points. He asked for a declaration of the name of the recipient of each grant. What is wrong with that? I do not see why it is not important for the public to know who receives these grants. The hon. member wants to know whether there is a preponderance of U.S.-owned firms involved. To the average guy working at GM in Oshawa, or at RCA or GE in Montreal, who is about to lose his job because of the recent imposition of the U.S. surcharge, I do not think this matters a bit. It may make a big difference to the long-term benefit of Canadian society and our economy, but in terms of these grants I do not think it is too important who owns the firm. The point is that we should know who gets the money, and I think that is fair enough. I think the amount of each grant should be clearly identified.

As the hon. member for Winnipeg North (Mr. Orlikow) suggested, we have already witnessed what can only be regarded as a frivolous waste of money by the Department of Regional Economic Expansion. People and firms which really do not need the money, receive it. Companies with all kinds of finances were lured into particular areas and given government largesse they really did not need. The government of Canada, as the donor of the grants, did not have any share in these firms in proportion to the grants given. In my opinion this is wrong. If a private firm received a grant, at least the people should obtain a kind of equity share for the amount given.

My colleague also asked for an indication of the production level at the beginning of the grant period and at the end of the crisis peak. He also asked for a statistical indication of the employment level at the beginning of the grant period as well as at the end. There would then be some indication of whether the $80 million to be given to industry had an effect, or whether it was frivolously wasted in propping up some industries that were not going to amount to a great deal in terms of continuing employment.

In conclusion—this is usually where the applause comes—my colleague said there was a good reason for being rather careful about the disclosure if it should involve the security of the state. He agreed that in certain instances there was a need to be very circumspect about the disclosure if the security of the country was threatened. There is no security of the state, in the sense we usually think of it, involved in this amendment. The well-being of the state in the interests of all is thoroughly documented in Charles Wright's recent book "The Greening of America". We can excuse all kinds of inadequacies and injustices on the basis of the best interests of all, but there should be other safeguards.

In closing this part of the debate—at least I assume I am—I suggest to the minister, through you, Mr. Speaker, that we in this party are not calling upon him to be responsible for everything in terms of where these grants go. I do not mean the minister personally but, rather, the government. But I think nothing could be lost and a great deal of confidence could be gained on the part of the general public if the minister were prepared to accept the amendment proposed by the hon. member for Kenora-Rainy River, because I believe there is enough evidence to suggest from past practices of the government that government funds are not always used to the best advantage. Every Canadian, rich, poor or impoverished would have no real chance of benefiting from these grants although they contribute equally if not in terms of the amount paid, certainly in respect of the proportion of their income.

So there is really nothing wrong with this amendment and I appeal to the minister's smiling and Liberal conscience to stand up before us and say this is not a bad idea. If he cannot accept the amendment of my hon.

friend from Oshawa-Whitby, at least he could accept something along the lines suggested by the hon. member for Kenora-Rainy River.

• (9:20 p.m.)

I do not know whether the minister was pointing with his thumb to the hon. member for Kenora-Rainy River, whether he was hitch-hiking to Banff or whether he wanted to go the men's restroom; but whatever it is, I wish he would stand up and tell us that something along the line we have suggested has penetrated to him and that he really is in sympathy with us.

The Acting Speaker (Mr. Laniel): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Laniel): The question is on amendment No. 4 in the name of the hon. member for Oshawa-Whitby (Mr. Broadbent). All those in favour of the motion will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

The House divided on motion No. 4 (Mr. Broadbent) which was negatived on the following division:

• (9:30 p.m.)

Division

YEAS

Messrs:

Barnett
Benjamin
Broadbent
Burton
Gauthier
Gleave
Godin
Howard (Skeena)
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Latulippe
Lewis
MacInnis (Mrs.)
Orlikow
Rodrigue
Rose
Rowland
Saltsman
Skoberg
Thomson (Battleford-Kindersley)—20.

NAYS

Messrs:

Aiken
Alexander
Allmand
Andras
Asselin
Badanai
Baldwin
Barrett
Béchard
Blouin
Borrie
Boulanger
Breau
Cafik
Clermont
Cobbe
Corriveau
Côté (Richelieu)
Crouse
Cullen
Cyr
Danforth
Danson
Davis
Deachman
Dupras
Duquet
Fairweather
Faulkner
Forget
Foster
Francis
Gendron
Gillespie
Gray
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Gundlock
Hales
Harkness
Hogarth
Hopkins
Howard (Okanagan Boundary)
Isabelle
Jamieson
Jerome
Kaplan
Knowles (Norfolk Haldimand)
Lachance
Laing (Vancouver South)
Lajoie
Lambert (Edmonton West)
Lang (Saskatoon-Humboldt)
Langlois
Laniel
La Salle
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
Lundrigan
MacDonald (Egmont)
MacGuigan
MacInnis (Cape Breton-East Richmond)
Mackasey
MacKay
MacLean
McBride
McGrath
McKinley
McNulty
McQuaid
Mahoney
Marchand (Kamloops-Cariboo)
Marshall
Mazankowski
Morison
Nesbitt
Noble
Noël
Nowlan
O'Connell
Olson
Peddle
Pelletier
Pepin
Perrault
Prud'homme
Reid
Ritchie
Rochon
Roy (Timmins)
Scott
Serré
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Southam
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Marquette)
St. Pierre
Sulatycky
Thomas (Maisonneuve-Rosemont)
Thompson (Red Deer)
Trudeau
Trudel
Turner (London East)
Wahn
Watson
Whelan
Woolliams—114.

• (9:50 p.m.)

Mr. Deputy Speaker: I declare the amendment lost.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce) moved that Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion agreed to.

Mr. Deputy Speaker: When shall the said bill be read the third time? By leave, now?

Some hon. Members: Next sitting.

Mr. Deputy Speaker: At the next sitting of this House.

Proceedings on Adjournment Motion

BUSINESS OF THE HOUSE

Mr. Baldwin: Mr. Speaker, I would ask the acting House leader what designs he has on the time of the House for tomorrow.

Mr. Jerome: Mr. Speaker, I do not presume to be the acting House leader, but I can speak on his behalf and say that we propose to commence tomorrow with third reading of this measure.

Mr. Baldwin: If that is finished, what will follow?

Mr. Jerome: We will go to the tax bill, Mr. Speaker.

Mr. Deputy Speaker: Order, please. It being two minutes before ten o'clock would it be the wish of hon. members that we call it ten o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

[*Translation*]

FINANCE—QUEBEC—ALLEGED UNFAIR TREATMENT WITH REGARD TO STUDENT LOANS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, the Canada Student Loans Act was given effect on July 26, 1964 and designed to provide eligible students with financial assistance to enable them to pursue postsecondary studies on a full-time basis.

Under this plan, the Canadian government guarantees grants made to students by designated banks and caisses populaires.

The Canada Student Loans Act calls for the payment of a compensation to any province which administers its own student loans plan.

Since education falls within provincial jurisdiction and that in many cases Quebec is a province unlike others, it did not participate in the federal student loans plan. On the other hand, Quebec contributes to the federal treasury, as do all the other provinces. It is therefore asbolutely normal that it should benefit from compensation that is proportionate to its needs and population. I should like to know whether consultations have been held between federal civil servants and their Quebec counterparts with a view to setting up compensation that is as fair as possible, and to developing administrative criteria to favour the students of Quebec as much as those of other provinces.

Many students in Quebec have financial difficulties trying to complete their studies, and it seems some of them have a hard time getting loans under the act. Is that why Quebec ranks fourth among the provinces that avail themselves of the Canada Student Loans Act while it ranks second by population?

So as to invite this government to correct this situation, may I suggest that a review of the entitlement criteria be made in order that Quebec gets its rightful share of these loans. So, the question that I had put to this House, on June 2, 1971, referred to this matter. I would ask the Minister of Finance (Mr. Benson) to give an answer as clear as possible on this point, so that we may be well informed and that we can, if required, give the required information to those who claim that Quebec is often the victim of injustices in this field.

[Mr. Deputy Speaker.]

[*English*]

• (10:00 p.m.)

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the hon. member seems to be almost completely misinformed about the situation prevailing with regard to the Canada Student Loans plan and its application in the province of Quebec. The Canada Student Loans plan provides for government-guaranteed loans to students who require assistance in their post-secondary education. The program has been in effect since 1964, during which time 656,535 loans aggregating $398.6 million have been approved in the nine provinces and two territories of Canada that participate.

In addition to guaranteeing the loans, the federal government pays the interest charges while the borrower is engaged in full time studies and for six months thereafter. The borrower then assumes repayment of principal and interest over a period of up to 9½ years. The interest rate is established by a formula agreed between the federal government and the banks which provides for a maximum rate of 1 per cent over the current average yield of government of Canada securities maturing in five to ten years. The cost of the program in the nine participating provinces and territories is, firstly, the interest in course and for six months therafter and, secondly, claims paid in respect of defaults pursuant to the guarantees.

Quebec does not participate in the plan but it does operate its own program and receives from the federal government a share of the cost of interest payments and loss claims. The formula is established by section 12 of the Canada Student Loans Act and is based on the relationship that the population in Quebec between 18 and 25 bears to the same age group in other provinces. In the loan period of July 1, 1970, to June 30, 1971, Quebec was paid $9,106,197 under this arrangement. This amount is not to be compared with the amount of loans guaranteed in other provinces but, rather, with the interest and default costs borne by the federal government in respect of those loans.

POLLUTION—THREAT FROM SUNKEN IRVING WHALE AND IRVING LAKE—REQUEST FOR PROGRESS REPORT ON REMOVAL

Mr. David MacDonald (Egmont): Mr. Speaker, in rising to speak during the adjournment debate this evening I want to say I am disappointed and alarmed because of the lack of interest the government has shown regarding the serious threat posed by the *Irving Whale* which is still rusting on the bottom off the north coast of Prince Edward Island. I am becoming increasingly disturbed because not more than seven or eight minutes ago the Minister of Transport (Mr. Jamieson) was in the House; he was here for the vote which was called just before ten o'clock and he has now left the chamber and I assume

that he has left the task of responding to my question to his parliamentary secretary.

An hon. Member: That is right.

Mr. MacDonald (Egmont): In no way do I want to cast aspersions on the parliamentary secretary, yet it is well known that it is the minister who speaks for the department and who, hopefully, knows what is going on with respect to this serious problem. Our inability over the last few months to obtain satisfactory answers as to what action the government will take with respect to the *Irving Whale* has disturbed extremely not only members of this House but the people of Prince Edward Island and of nearby areas who are still threatened by the persistent danger posed by the *Irving Whale*. I hope the parliamentary secretary, who is here to answer this evening, will be more informative than he was a week ago during the "late show" when he answered a similar question asked by my colleague the hon. member for Hillsborough (Mr. Macquarrie).

Hon. members will recall that back, I think it was, on the first day of this part of the session, when Parliament reconvened on September 7, I asked the Minister of Transport whether in view of the policy announcement by the government they were going to raise the *Irving Whale* and remove the pollution danger of the oil that was on board. I asked him also what progress report he could make with respect to the raising of the *Irving Lake*, which I understand has been a threat to the coast of New Brunswick for some eight years.

In answering me, the minister said there had been a meeting held five days earlier, in Montreal, on September 2, of potential tenderers for the job of either lifting the vessel or removing the oil from it. He said there had been an on-site inspection arranged for all tenderers so that they would be able to see all the circumstances at first-hand. After that was done, he said, the department would get their proposals but no decision would be made either to remove the *Whale* or to take the oil from it until it was absolutely certain that the maximum amount of protection was provided.

That answer leads to only one conclusion, namely, that the government seemed suddenly to become aware in the latter weeks of the summer that there was a problem. I am wondering what they have been doing and thinking. I know what they have been saying, but I wonder what they have been thinking and doing over the last 12 months. The *Whale* did not sink in June, July or August of this year, it sank more than a year ago, last September.

I wrote a letter during the summer, on July 30, to the minister. In response I received a letter which came after the answer in the House, on September 8 or 9, I believe, in which the minister confirmed pretty much the information that was provided by way of answering the question, telling me that preliminary conversations had been held, that there was no firm indication of the problems which might exist with respect to raising the barge, that there was to be an on-site inspection either directly there or through the use of cameras, and then they would be able to draw up sufficient tender forms so that prospective contractors might submit bids.

It is high time the government gave a clear answer to the people of Prince Edward Island and adjacent areas as to what they have been doing for the past 12 months—not only that, but to begin to give some clear answers as to what steps they intend to take to clear up this serious pollution threat.

I have asked repeatedly since receiving this communication from the minister what the department has been up to during the past 12 months. Is it that they have suffered some form of amnesia and forgotten the problem has existed, in the hope it will go away? Is it that they really do not care, that while they can make speeches which give the impression that they are increasingly concerned about pollution, when they have direct responsibility, as in this case, they really do not want to take decisive action? Or are there areas in this department which really are not competent to deal with the problem? Surely, at least they were reminded by local officials in the province. At least we were given assurances from time to time by provincial ministers that the problem would be dealt with at an early date this spring.

I am wondering on what basis these ministers spoke. On what ground did they continue to feel the federal minister and officials would take decisive action while the weather and climatic conditions were suitable? This evening we need some firm answers and, hopefully, the parliamentary secretary will be able to provide them. I repeat, I am disappointed that the minister has not seen fit to be present to answer the question I have raised tonight and I hope by not being here he is not conveying by his absence a lack of interest, a lack of concern, a lack of willingness to tackle this important problem.

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it is a fact that the minister was here a while ago and is out of the House now. But that is not because he does not know what is going on in connection with the *Irving Whale*. The minister knows perfectly well what is the situation concerning the *Irving Whale*, and the only answer I can give the hon. member is in conformity with the facts.

• (10:10 p.m.)

In so far as the portion of the question dealing with the *Irving Whale* is concerned, this matter was dealt with by myself last Monday night at this hour in responding to the hon. member's colleague, the hon. member for Hillsborough (Mr. Macquarrie).

Briefly, in the limited time which is available, the situation on the *Irving Whale* is as follows. Over the past months every effort has been made by the Department of Transport to gather all useful information about the vessel, its structure, its position on the ocean bottom, temperature factors and data about her which will be imperative in preparation for a successful salvage operation. Pre-tender meetings are now over and an on site inspection has been completed. Tenders are presently being sought from the salvage companies and a final decision to begin the salvage operation will be made only after every consideration is given to the safety factor as well as the timing factor in view of the very uncertain weather conditions on the east coast at this time of year.

The *Whale* or her cargo will be removed as soon as the circumstances permit.

The hon. member also referred to the *Irving Lake*—a vessel lodged on the shore line off northern New Brunswick. This wreck had some oil remaining in her tanks. A work crew has been on the scene over the past few weeks and the oil is being removed by burning it. Much of the work is now finished. The remaining tanks will be burned out in the next few days when there are prevailing offshore winds and when there is absolute assurance that no damage to anything else can result.

TAXATION—ESTATE AND GIFT TAX PROPOSALS—RESPONSE TO PROVINCIAL REQUESTS FOR DELAY

Mr. Doug Rowland (Selkirk): Mr. Speaker, on September 15, as reported at page 7835 of *Hansard,* I asked the following question of the Prime Minister (Mr. Trudeau) and received the following answers. I asked the Prime Minister:

Has he yet replied to the letter which he received from the first ministers of the provinces in which they asked for a deferral of one year on the estate and gift tax proposals now before the House? If he has replied, what is the nature of the reply?

The Prime Minister replied:

Mr. Speaker, no substantial reply was sent as far as I know.

I then asked:

Does the government intend to send a substantial reply to the first ministers?

The Prime Minister's answer was:

Mr. Speaker, the best reply would be the position the government takes in the House when the bill is passed. We cannot reply to the hypothetical situation as to what will happen if the bill is delayed past January 1, the date that the premiers mentioned in their letter to me.

The answer which the Prime Minister gave me is misleading in the extreme since the text of the letter from the Premiers read, in part, as follows. They requested that—

—the present system of estate and gift taxation be continued for at least a year from January 1, 1972 to give the provinces concerned time to assess with the federal government the implications involved in the federal proposal.

The statement refers to the proposal now before the House in Bill C-259 for the federal government to quit the estate and gift tax field and to leave it entirely open to the provinces. In referring, as the Prime Minister did, to "a hypothetical situation as to what will happen if the bill is delayed past January 1," the Prime Minister either completely misunderstood or was completely misrepresenting the contents of the letter. The request which I have read is most precise. The letter from the provincial Premiers was drafted at, and mailed from, their conference in Victoria on August 6. Eight Premiers signed the letter. The Premier of Alberta did not because he had to leave early in order to deal with an election, and the Premier of Newfoundland did not sign because he never attends the conferences.

Eight provincial Premiers have made this request. I see none of the confusion that the Minister of Finance (Mr. Benson) pretended to see when he answered questions on September 8. Moreover, it is beyond belief to me that

[Mr. Duquet.]

neither the Prime Minister nor the Minister of Finance has had the courtesy to reply to the letter.

I would be the last to say that the federal government should automatically agree to everything suggested by the provinces, but surely when the Premiers of eight provinces, representing every political stripe in this country, make a united appeal for a certain course of action on the part of the federal government, the request is worthy of reply. It is worthy of reply if only because the event is virtually without precedent. That statement leaves aside the merit of the provincial Premiers' case.

I would argue that the abandonment of estate and gift taxes by the federal government represents an abandonment of considerations of equity in the tax structure, and I believe I would be right in so doing. However, the provinces have not gone nearly that far. They have simply asked for the delay of one year in implementing that part of the act for some entirely practical and unassailable reasons.

Firstly, the provinces argue that federal abandonment of estate and gift taxes should be delayed for a year because they need time to meet and determine a common policy on the question. If they do not have the opportunity to do so, a tax jungle will be created in the field of estate and gift taxes to the disadvantage of the whole nation. Secondly, the provinces moved to make the request because under the current timetable they would not have time to draft legislation and to assemble their legislatures to deal with legislation concerning estate and gift taxes.

These arguments simply cannot be refuted; their logic is irrefutable. In failing to accede to the provinces' request, the federal government is being irresponsible to the extreme. Not that I am startled by the fact the federal government has acted irresponsibly, but its decision to abandon estate taxes was in itself more irresponsible than its decision not to reply to the provincial Premiers.

If I had time I would read in defence of that statement the arguments for federal presence in estate and gift taxes put forward by this government at pages 32 to 36 of its publication "The Taxing Powers and the Constitution of Canada". In that publication this government under the same Prime Minister (Mr. Trudeau) placed before the provinces and the people of Canada six strong arguments for federal estate and gift taxes and concluded with this sentence:

For these several reasons the government of Canada does not think it would be in the interest of either Canada or of the provinces for Parliament to forgo its power to impose estate taxes.

I wish, Mr. Speaker, that time permitted me to deal with the substantial arguments against federal government abandonment of estate and gift taxes and with the government's specious argument that the capital gains tax is a substitute. Time, however, does not permit this. Thus, I would in conclusion, express the hope that the federal government will see fit to grant the Premiers' request to delay the implementation of the proposals affecting estate and gift taxes contained in Bill C-259.

Mr. Barnett J. Danson (Parliamentary Secretary to Prime Minister): Mr. Speaker, I am pleased to inform the hon. member that the Prime Minister (Mr. Trudeau) responded this weekend by Telex to Premier Bennett. Premier Bennett contacted the Prime Minister about this question on

behalf of the other Premiers. A copy of this communication has been forwarded to every Premier but it is not known at this time whether they have all been received, nor has there been an opportunity for response. It would be inappropriate for me at this time to indicate the contents of that letter, but a response has been sent not only to Premier Bennett but to the other Premiers on whose behalf he wrote.

Motion agreed to and the House adjourned at 10.20 p.m.

HOUSE OF COMMONS

Tuesday, September 28, 1971

The House met at 2 p.m.

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF SECRETARY GENERAL OF NATO, MR. MANLIO BROSIO

Mr. Speaker: Order. May I bring to the attention of the House the presence in the Speaker's gallery of a distinguished guest of the Canadian Parliament, whose presence here today honours us, Mr. Manlio Brosio, Secretary General of NATO.

Some hon. Members: Hear, hear.

[*Translation*]

On behalf of my colleagues, I extend the most cordial welcome to you, Mr. Secretary General.

[*English*]

The Secretary General is in Ottawa on the occasion of the seventeenth annual meeting of the North Atlantic Assembly. I am sure hon. members would want me on their behalf to extend a very warm welcome not only to the Secretary General, but also to the President of the Assembly, Mr. Romain Fandel, and to all the eminent parliamentarians who represent with such dignity the national assemblies of the NATO community.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. LEWIS—WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—FURTHER DEVELOPMENTS

Mr. David Lewis (York South): Mr. Speaker, I rise on a question of privilege which affects all Members of Parliament. I appreciate that the issue to which I want to refer has been before this House on a number of occasions previously. I refer to the failure of the government to make payments under the Temporary Wheat Reserves Act. I appreciate, as I have said, that the matter has been before this House on many previous occasions. There was a question of privilege raised by my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), on September 13. There was a debate under Standing Order 26 on September 16. I know also that the hon. member for Peace River (Mr. Baldwin) tried to bring forward a motion dealing with the impeachment of the relevant ministers of the Crown on September 21, and that there was an opposition day, a debate and a vote on September 23, as well as a number of motions under Standing Order 43 and numerous questions from members of the Official Opposition as well as from members of the party which I have the honour to lead.

However, Mr. Speaker, my point of privilege arises out of new things that have occurred in the last number of hours. Yesterday during the question period the Prime Minister (Mr. Trudeau), in answer to a question, stated:

> Mr. Speaker, those payments have not been made—

Then, according to press reports, outside the House of Commons he said, and this is reported in quotation marks:

> "We admit that the government is in default and we don't want to stay in default much longer," Prime Minister Pierre Trudeau said outside the Commons yesterday.
>
> He warned that the government would pull its new legislation back within "a matter of weeks or days" if it does not get through Parliament.
>
> "If the farmers through their Conservative members say they want $60 million instead of $100 million, then fine."

• (2:10 p.m.)

That is what the Prime Minister is reported to have said outside Parliament yesterday, in addition to which the minister responsible for the Wheat Board is out in the west allegedly speaking to farmers on the Prairies and asking them to decide whether payments under the Temporary Wheat Reserves Act are to be made by the government or whether they want to support Bill C-244. The statements by the Prime Minister and by the minister in charge of the Wheat Board in my respectful submission create a new situation which deserves your attention, Mr. Speaker, and the attention of Parliament. What all this adds up to I say to you, Mr. Speaker, to the members of this House and to the people of Canada, is a deliberate and scandalous contempt for the law by this government. The law is being scorned by the government and Parliament is being scoffed at by the government.

The Prime Minister and the minister in charge of the Wheat Board are saying to the people of Canada and Members of Parliament, "we know we are breaking the law; we know we are in default and we intend to continue to be in default until such time as the bill, which we think is a good bill, is passed by this Parliament or until such time as we withdraw that bill for some reason or other and then must obey the law now on the statute books". I suggest to you, Mr. Speaker, it is the duty of the government, as it is of every citizen of Canada, to obey the law as it is, and to obey it not conditionally but to obey it as the law requires.

I also suggest to you that the Prime Minister, the minister in charge of the Wheat Board and the government are distorting the facts to the people of Canada in statements which they are making. The question at issue is no longer whether people are being paid under one act or another act. The question at issue is whether the people of Canada and this Parliament will permit the government to break

the law and to continue breaking it at its will with impunity; whether this government will be permitted by this Parliament, because apparently we are hamstrung and have no way out, to continue in its breach of the law without protest and without an accounting through a careful investigation of the situation by an appropriate committee of Parliament.

I appreciate that there are some legal problems about this kind of issue being an issue of privilege. I appreciate that it is Your Honour's duty to deal with these procedural matters, but there are times in the development of the law, as every student of the law knows, when existing precedents and existing legal strait jackets have to be ignored in order that justice may be done instead of the mere dry form of the law being applied. I suggest to you, as a student of the law, that it is simply beyond acceptance for us to decide that this Parliament cannot send a matter like this to the relevant committee of this House to be studied, that we are helpless, without remedy and that the government, merely because it has a majority in the House of Commons, can use its majority to railroad through a breach of the law with impunity.

Some hon. Members: Oh, oh!

Mr. Lewis: I therefore suggest to you, Mr. Speaker, that as a result of the statements made by the Prime Minister and the minister in charge of the Wheat Board, there is a new situation which requires new thought and that it would be a great contribution to Parliament, to the parliamentary process and to the notion of democracy and law in this country, if Your Honour found ways, as I think there are if precedents are ignored, to permit the following motion which I would move:

That the admitted default of the government in violation of the Temporary Wheat Reserves Act be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: The hon. member for York South (Mr. Lewis) has given the Chair the required notice of his intention to raise this matter by way of a question of privilege. This, as usual, has given me the occasion to think again about the very important issues which lie behind the matter raised by the hon. member for York South. It is not the first time that this matter has been raised for the consideration of the Chair. The hon. member for York South himself has referred to the many instances during the last two weeks or so, indeed since the opening of this session, when the matter has been brought before me for consideration through questions which were raised on the first day by a number of hon. members, in motions which were made subsequently, in an adjournment motion, in a submission that the matter should be considered by way of breach of parliamentary privilege, and a request for the impeachment of certain members of the government. All these, of course, have given the Chair several opportunities to reflect on all aspects of this very serious matter.

With respect I suggest to the hon. member that it is very difficult for the Speaker, who is required to interpret and administer the rules and procedures of this House, the Standing Orders of the House and the precedents by which it must function, to say that the situation now exists where the Chair must disregard or disobey those rules. I forget the exact words of the hon. member, but his suggestion is that the time has come for the Chair to ignore our procedural precedents. I suggest that the hon. member is asking a great deal of the Chair.

It seems to me that when this matter was raised originally by way of a question of privilege, I indicated to hon. members what the precedents were and under what conditions the matter might be brought for consideration by a committee under the guise of a question of privilege. If I remember well, I quoted the well known precedent going back to the days of Mr. Speaker Michener when a similar matter was brought before the House and the rule was set down by the then Speaker as to what procedure was to be followed to have the conduct of a minister or ministers impugned and considered by a committee.

I suggest that this has not been done by the motion now proposed by the hon. member for York South for consideration by the House. His contention is that statements which have been made outside the House since yesterday or during the past few hours change the situation, that such ought to be taken into account by the Chair in ruling that there is a prima facie breach of parliamentary privilege. I understood that this was the essence of the argument of the hon. member for York South, and indeed that was the way his notice was given to the Chair. The hon. member in his notice said that he wanted to raise a question of privilege related to statements made in and out of the House yesterday concerning the government's attitude toward the requirements of the Temporary Wheat Reserves Act. I do not see how I can take into account the precedents to base a prima facie case of privilege on statements made outside the House of Commons.

There are many precedents on this account. Hon. members may well remember an interesting precedent which goes back to June 10, 1964, when a similar matter was raised by the hon. member for Yukon who suggested that the Chair could not found a prima facie case of privilege, could not ask for the withdrawal of certain words, because such statements had been made outside the House of Commons. This is reported at page 4139 of *Hansard* of June 10, 1964 and is based on a number of precedents. The hon. member for Yukon at that time, among other references, quoted Beauchesne's Fourth Edition at page 57 where the following citation is found:

The Speaker's jurisdiction does not extend to words outside the House.

• (2:20 p.m.)

I would not think that in the circumstances, in view of this additional precedent, that it is incumbent upon the Chair to follow the advice of the hon. member to ignore the legal precedents, to ignore the rules, and to say that we ought to consider the matter he has raised by way of breach of parliamentary privilege.

I have thought about the matter very seriously, and as objectively and as fairly as I could when the matter was raised originally, I believe by the hon. member for Peace River (Mr. Baldwin), by way of a question of privilege, but I cannot see that the additional factors brought to light by the hon. member for York South in support of his proposed motion should change the decision I reached on the previous occasion.

Mr. James A. McGrath (St. John's East): Mr. Speaker, in view of the persistence of the government in not upholding the law and carrying out the provisions of the Temporary Wheat Reserves Act, I consider it inappropriate that this House should consider any further business and I therefore move, seconded by the hon. member for Peace River (Mr. Baldwin):

That under the provisions of Standing Order 25 this House do now adjourn.

Mr. Speaker: Perhaps I should point out that the hon. member did not have the floor for the purpose of proposing a motion, but that might be cutting things a bit fine. If I were to interpret the parliamentary rules very strictly, I would say it is not customary for a member, on a point of order, to move a dilatory motion, which is what is being done now. But this would not help very much because I am sure that within the next five minutes a motion would be placed before the House by a member who had the floor, not on a point of order, and so I see no purpose in not putting the motion at this time.

Mr. Jerome: On a point of order, Mr. Speaker, it may be that Your Honour is anticipating what will happen when we do move to motions, but nevertheless there could be announcements made at that time. I know the Minister of Agriculture (Mr. Olson) proposes to make an announcement on motions concerning the business of the House for the rest of this week, and that might very well have an influence on your decision.

Mr. Speaker: I do not think that I can take this kind of suggestion into consideration. I cannot foretell that perhaps on motions later today, or at five o'clock this afternoon, or at the time of adjournment this evening, some announcement might be made which could cast a different light on the situation. I have to rule that the motion has been made by the hon. member for St. John's East (Mr. McGrath) and I see no reason why it should not be put now.

Mr. Jerome: With the greatest respect, Your Honour, you said that we were not now on motions and that this motion is contrary to the rules.

Mr. Speaker: That is not what I said. The Standing Order provides that the motion can be made at any time, and it is not necessary that it be made on motions. It is moved by the hon. member for St. John's East (Mr. McGrath), seconded by the hon. member for Peace River (Mr. Baldwin), that this House do now adjourn. Is it the pleasure of the House to adopt the said motion? All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. McGrath) which was negatived on the following division:

Division

YEAS

Messrs:

Aiken
Alexander
Asselin
Baldwin
Barnett
Benjamin
Blackburn
Broadbent
Burton
Cadieu
Carter
Crouse
Danforth
Dinsdale
Douglas
Downey
Fairweather
Gleave
Grills
Gundlock
Hales
Harding
Harkness
Howard (Skeena)
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Edmonton West)
Lewis
Lundrigan
MacDonald (Egmont)
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacKay
MacLean
Macquarrie
MacRae
McCleave
McGrath
McIntosh
McKinley
McQuaid
Marshall
Mather
Mazankowski
Monteith
Nesbitt
Orlikow
Peddle
Peters
Ricard
Ritchie
Rose
Rowland
Rynard
Saltsman
Scott
Skoberg
Southam
Stanfield
Stewart (Marquette)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Valade
Woolliams—65.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Barrett
Béchard
Beer
Blouin
Borrie
Boulanger
Buchanan
Caccia
Cafik
Caouette
Chappell
Chrétien
Clermont
Cobbe
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Cullen
Cyr
Danson
Davis
Deachman
Deakon
Dionne
Drury
Dubé
Dupras
Duquet
Émard
Éthier
Forget
Foster
Francis
Gauthier
Gendron
Gervais
Gillespie
Godin
Goyer
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Jerome
Kierans
Lachance
Laing (Vancouver South)
Lajoie
Lambert (Bellechasse)
Langlois
Laniel
La Salle

Division

Messrs:

Latulippe	Rock
Leblanc (Laurier)	Rodrigue
Legault	Rondeau
Lessard (LaSalle)	Roy (Timmins)
Lessard (Lac-Saint-Jean)	Roy (Laval)
L'Heureux	Serré
Macdonald (Rosedale)	Smerchanski
MacGuigan	Smith (Northumberland-Miramichi)
McNulty	Smith (Saint-Jean)
Mahoney	Stafford
Major	Stanbury
Marceau	Stewart (Cochrane)
Marchand (Kamloops-Cariboo)	St. Pierre
Matte	Sulatycky
Murphy	Sullivan
Noël	Thomas (Maisonneuve-Rosemont)
Olson	Tolmie
Osler	Trudeau
Otto	Trudel
Penner	Turner (London East)
Pepin	Wahn
Perrault	Whelan
Portelance	Whicher
Pringle	Whiting
Prud'homme	Yanakis—116.
Reid	
Richardson	
Rochon	

• (2:40 p.m.)

Mr. Speaker: I declare the motion lost.

ROUTINE PROCEEDINGS

BUSINESS OF THE HOUSE

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, as acting House leader I would like to advise Your Honour and the House that we will be calling Bill C-262. When third reading is completed it will be followed by Bill C-259. That procedure will be followed except on Thursday which will be an opposition day.

[*Translation*]

MOTION TO ADJOURN UNDER S.O. 26

AGRICULTURE

POTATOES—ESTABLISHMENT OF SUPPORT PRICE

Mr. Roch La Salle (Joliette): Mr. Speaker, under Standing Order 26, I should like to move, seconded by the hon. member for Charlevoix (Mr. Asselin), the adjournment of the House in order that Parliament may discuss the establishment of price support for potato growers in view of the hardship they are now undergoing.

[Mr. Speaker.]

Mr. Speaker: The hon. member for Joliette has filed with the Chair the notice required by Standing Order 26. Careful consideration has been given to all factors to be taken into account before determining whether a matter should receive priority treatment. Specifically, the Chair has given detailed consideration to conditions prescribed in paragraph 16 of Standing Order 26. Although the matter raised by the hon. member for Joliette is one of great importance and undoubtedly of public interest, I have not been able to arrive at the conclusion that business on the agenda for today should be set aside in order to discuss the hon. member's motion.

I therefore regret that I cannot put the motion at this time.

[*English*]

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNEMPLOYMENT—FEDERAL PROGRAM TO PROVIDE EMPLOYMENT THIS WINTER

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. As the proposed meeting with the provinces is now being suggested for December, some 10 weeks away and apparently at a time that would not be useful for discussing any shared-cost programs to be effective this winter, is the government preparing a federally financed program to provide jobs or opportunities for work to be announced prior to that time?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have always made it clear that the federal government was studying plans and projects which might be announced in due course. I believe I have always made it clear as well that these would be done, in so far as they were under federal jurisdiction, without waiting for a federal-provincial conference. It was in response to opposition requests that I said a federal-provincial conference was being convened by me. I am sorry the Leader of the Opposition found it necessary to say that I was dishonest in using the federal-provincial conference date as a way of getting out of our task of fighting unemployment. I wonder if he regrets using that word.

Some hon. Members: Oh, oh!

Mr. Stanfield: Mr. Speaker, the Prime Minister is confused.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Stanfield: It was another statement of my right hon. friend that I characterized as dishonest.

Mr. Baldwin: It is nice to have a choice.

Mr. Stanfield: A supplementary question. I am not writing off the usefulness of the proposed meeting because it might be a suitable time to discuss appropriate programs for next summer. I should like to ask the Prime Minister what he hopes to achieve from this meeting in December with regard to jobs for this winter?

Mr. Trudeau: Mr. Speaker, I have a transcript of the remarks of the Leader of the Opposition. He said and I quote his words—

Some hon. Members: Order!

Mr. Speaker: Order, please. I am wondering whether the Prime Minister is rising on a point of order or a question of privilege. I was prepared to recognize the hon. member for Charlevoix on a supplementary question. The hon. member for Charlevoix.

Mr. Stanfield: A supplementary question. I am sure the Prime Minister is anxious to answer the question I asked about what he hopes to achieve from this meeting with regard to jobs this winter.

Mr. Speaker: The Chair has already recognized the hon. member for Charlevoix. Perhaps the Prime Minister might reply to both questions at the same time.

* * *

• (2:50 p.m.)

[*Translation*]

INDUSTRY

TROIS-RIVIÈRES—MEASURES TO AVOID LAY-OFF OF EMPLOYEES BY DOMTAR

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to put to the Minister of Industry, Trade and Commerce a question similar to that asked by the Leader of the Opposition.

Since the Domtar Co. in Trois-Rivières intends to dismiss 650 employees as a result of the unpegging of the Canadian dollar, is the government ready to grant a subsidy to enable the Domtar newsprint plant to continue its operation and to prevent layoffs? If so, what kind of assistance is the government ready to grant?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the Minister of Finance has already announced in his budget speech various measures, some of which are of a general nature and others more especially concerned with the said industry.

The House is now considering Bill C-262, which is also likely to help. The province of Quebec has already announced reductions on wood cutting fees, which will also help. We are considering other alternatives. A number of ministers and representatives of this industry have scheduled an early meeting.

Mr. Asselin: Mr. Speaker, I should like to put a supplementary question—

Mr. Speaker: I regret to interrupt the hon. member for Charlevoix (Mr. Asselin), but I am under the impression that the question that he asked was not exactly supplementary to that of the Leader of the Opposition. I think that the latter himself would like to put a supplementary question. I shall recognize the hon. member for Charlevoix (Mr. Asselin) in a moment.

* * *

[*English*]

THE CANADIAN ECONOMY

UNEMPLOYMENT—STUDY OF LATEST FIGURES—ACTION TO CREATE JOBS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I return to my question and ask the Prime Minister what he hopes to achieve from the December meeting with the provinces regarding jobs this winter?

Mr. Speaker: The hon. member for York South.

Mr. Stanfield: A further supplementary question, Mr. Speaker.

Mr. Speaker: Is the Leader of the Opposition rising on a point of order?

Mr. Stanfield: No, Mr. Speaker.

Mr. Speaker: I appreciate that he has asked the question twice and has received no answer. As he knows, that is the privilege of the minister being questioned.

Mr. Stanfield: I am not rising on a point of order, Mr. Speaker. I do not want to trespass on your good nature, but it is usual to give the Leader of the Opposition the opportunity to ask a couple of supplementary questions and I trust I shall have that opportunity.

Mr. Speaker: The Leader of the Opposition never trespasses on my good nature; that is why I recognized him again. What I am suggesting to him is that he has asked the same supplementary twice. He has the right to ask a supplementary, but no answer having been given to his supplementary question I have no alternative, unless he has a different supplementary question, but to go to another questioner.

An hon. Member: Make it a good one this time.

Mr. Stanfield: I hope hon. members on that side will not get too excited. I should like to ask the Prime Minister whether the study that the Prime Minister indicated nearly two weeks ago he would be making following the release of the latest figures on unemployment by Statistics Canada has been completed, and when may we expect the job-creating action that the Prime Minister indicated?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Leader of the Opposition will recall that I mentioned a study and analysis in relation to the rate of participation of young people in the labour force. I must say that I regret that the Leader of the Opposition said I was dishonest in talking about this. He should understand that the participation rate of young people in the labour force is not the same thing as the rate of entry of young people into the labour force. It is the participation rate of those who are of labour force age that I was studying. Here

again, I am sure the Leader of the Opposition would like to regret that he used the word «dishonest» when it is obvious that he did not understand the problem in the first place—

Mr. Stanfield: I understood it.

Mr. Trudeau: —and he still does not understand it.

Mr. Speaker: Order, please. The hon. member for York South.

[*Translation*]

Is the hon. member for Charlevoix rising on a point of order?

Hon. Martial Asselin (Charlevoix): Yes, Mr. Speaker.

You stated a moment ago that my question was not related to the one asked by the Leader of the Opposition. Information was wanted on the government's intentions with regard to new jobs and to the measures taken to fight unemployment. That is why I wish to ask the minister a supplementary question.

Mr. Speaker: I told the hon. member that, in my opinion, the supplementary question was not directly related to that of the Leader of the Opposition. I feel that, before coming back to the hon. member, in order to allow him to ask all the supplementaries he wishes, I should recognize the hon. member for York South who has a supplementary. Immediately after that, I will recognize the hon. member for Charlevoix.

[*English*]

UNEMPLOYMENT—SUGGESTED ADVANCEMENT OF DATE OF FEDERAL-PROVINCIAL CONFERENCE FROM DECEMBER 6

Mr. David Lewis (York South): Mr. Speaker. I should like to ask the Prime Minister the following question. In view of the fact that the rate of unemployment expected this winter will unfortunately be very considerable, and in view of the fact that works by the provinces and municipalities will also be needed in order to reduce unemployment to any considerable extent, would the Prime Minister reconsider advancing the date of the federal-provincial conference, which according to reports is now scheduled for December 6, to the end of October or early November in order that plans may be made by the municipalities and provinces as well as by federal authorities?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it seems to me I did make it clear to the House that, as far as this government was concerned, it has been making every effort it could to find an early date for the conference—not that we have used the lack of such a date as an excuse for not acting but that we did realize the anxiety of the House and everyone in the country to have this date set as soon as possible. This is why the government proposed an early date. When the leader of the New Democratic Party suggested a date late in October, he was obviously assuming that one week after the Ontario election there could be a federal-provincial meeting of some significance. I assume he is presuming that the Conservative leader will be re-elected.

[Mr. Trudeau.]

Some hon. Members: Hear, hear!

Mr. Trudeau: We on the government benches are not so certain. We rather think that there may be a change toward a Liberal administration.

Some hon. Members: Hear, hear!

Mr. Trudeau: Therefore we cannot share the view of the leader of the New Democratic Party and Premier Schreyer that Mr. Davis will again be premier of Ontario.

Mr. Baldwin: A point of order, Mr. Speaker.

Mr. Speaker: The hon. member for Peace River on a point of order.

Mr. Baldwin: I think Your Honour has held that we are not entitled to ask questions that call for an opinion. Equally the Prime Minister cannot give an opinion, especially when it is an unsound one.

Mr. Speaker: Order. The hon. member for York South.

Mr. Lewis: Mr. Speaker, I am going to try again despite the fact that the Prime Minister is playing games with a question as important as unemployment.

Some hon. Members: Oh, oh!

Mr. Lewis: May I tell hon. members opposite that yesterday the Prime Minister said that some of us were playing politics. If the Prime Minister's answer was not that, what was it?

Mr. Speaker: Order, please. It seems to me that we are not progressing very effectively this afternoon. Perhaps we might return to the question period with the hope that both questions and answers will be short and to the point.

Mr. Lewis: Mr. Speaker, may I ask the Prime Minister whether he is ready to reconsider moving the date of the meeting, now set for December 6, to an earlier date than December 6, if possible at the end of October or some time in the first part of November? If the end of October is not possible, would he consider some time in the early half of November so there would still be some time to make plans for winter employment? May I also say that the Prime Minister should not answer in the light way that he did—

Some hon. Members: Order!

Mr. Speaker: Order, please.

Mr. Trudeau: Mr. Speaker, I did make it quite clear to the House, and indeed I made it quite clear in my letter yesterday to Premier Schreyer, that I would welcome a much earlier date if one could be found. If the leader of the NDP can arrange with the provinces for an earlier date, that would be perfectly satisfactory to us. This involves a matter of finding a date on which 11 heads of government agree, and that is not always an easy task. That is why I began last July to suggest dates to all the premiers. That is why we proceeded as in the past in good faith by inviting the provinces to state whether or not they could come on the dates I suggested and, if not, what later dates they preferred.

• (3:00 p.m.)

The reason I say we should not play politics in that regard is that this practice has always worked well in the past. I am sorry that a certain premier is using this information, which up to now has been held confidential, as political ploy.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lewis: Mr. Speaker, I rise on a point of order.

Some hon. Members: Oh, oh!

Mr. Lewis: Mr. Speaker, when you are able to restore order I should like to put my point.

An hon. Member: Say something, David.

Mr. Lewis: Mr. Speaker, I suggest to you that it is not conducive to the dignity of Parliament—

Some hon. Members: Oh, oh!

Mr. Lewis: —for the federal Prime Minister to make the kind of statement he has about a premier of a province.

Some hon. Members: Oh, oh!

Mr. Lewis: I suggest to Your Honour and to the right hon. gentleman that the premier of that province is as anxious about the unemployment situation as the Prime Minister has been and that in view of the actions of the government the premier is probably a great deal more concerned.

Some hon. Members: Oh, oh!

Mr. Trudeau: On the same point of order, Mr. Speaker—

Mr. Speaker: Order, please. I note that the right hon. Prime Minister wishes to rise on the same point of order. It seems to me we have been dealing with the same point of order since the first question was asked this afternoon. I really do not think we have achieved very much by these exchanges. I would suggest to hon. members that perhaps we might try to go to a subject other than the one we have been debating for the last ten minutes, that is, whether a certain meeting should be held on a certain date or should not be held on that date. Questions have been asked and answers have been given, but it does not seem to me that the questions or the answers this afternoon have been conducive to settling the matter. Perhaps hon. members will be in a better mood tomorrow and we might then make a little better headway. If we continue in this tone I really do not think we will achieve anything.

I still have not had the opportunity to recognize the hon. member for Témiscamingue for the purpose of asking a question, and the hon. member for Charlevoix, in a spirit of co-operation with the Chair, gave up his opportunity to ask a supplementary question. I hope that eventually we can give other hon. members who want to ask questions on other subjects an opportunity to do so and forget for the moment at least the point of order.

[*Translation*]

I think that, in all fairness, I should allow the hon. member for Charlevoix to put his supplementary. After that, I shall give the floor to the hon. member for Témiscamingue.

* * *

INDUSTRY

PULP AND PAPER—MEASURES TO ALLEVIATE DIFFICULTIES

Hon. Martial Asselin (Charlevoix): I thank you, Mr. Speaker. I should like to put a supplementary to the Minister of Industry, Trade and Commerce.

A while ago he said the Minister of Finance had announced, in the budget, measures designed to remedy the situation I described.

As those measures did not have the expected results and Domtar is going to lay off 650 employees, could the minister tell us whether the government will soon announce another program to give the required help to save those industries, especially the Quebec pulp and paper industry?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the hon. member seems to think that the dollar reevaluation is the sole reason for these difficulties. It is one among several others. I indicated that certain steps had been taken and that a meeting between government officials and the industry was scheduled. Obviously I welcome suggestions from the hon. member. Usually in this House hon. members suggest that I should close our door to imports and subsidize exports. This is rather difficult in view of our commercial interests and our commitments under GATT and other agreements.

Mr. Asselin: On a point of order, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member for Charlevoix is rising on a point of order. After dealing with that point of order, I will recognize the hon. member for Témiscamingue.

Mr. Asselin: Mr. Speaker, oftentimes in this House when opposition members ask government members what programs they have in mind to correct a situation, they ask us what we would suggest. I should point out to the hon. minister who has just given me this answer that the Canadian people elected this government so that it could take decisions and govern.

Mr. Speaker: That is not a point of order. The hon. member for Témiscamingue.

* * *

FINANCE

POSSIBLE INCREASE IN PRICE OF GOLD

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to ask a supplementary of the Minister of Industry, Trade and Commerce.

In view of the difficult economic situation now existing in Canada, is the hon. minister or the government consid-

ering the possibility of increasing the price of gold in Canada? In fact, a spokesman for the Group of Ten has advocated the revaluation of the gold standard, which would, I think, greatly spur the economy. Is the minister now studying this solution?

Mr. Pepin: I read in newspapers that very important meetings were being held within the framework of certain international programs. I think the Minister of Finance, on his return, will want to report on these meetings.

* * *

[*English*]

INDUSTRY

PULP AND PAPER AND AUTOMOBILES—EXPEDITING OF REGIONAL ECONOMIC EXPANSION PROGRAMS TO CREATE JOBS THIS WINTER

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the substantial lay-offs in the pulp and paper industry across the country and the lay-offs in the automotive industry, generally contributing to the over-all critical unemployment situation, does the government propose to revise its policies under regional economic expansion and use these programs in an expedited way to create jobs this winter? Has this matter been discussed or will it be discussed with the provincial premiers?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this matter has received attention from the federal government and we believe that not only one of the objects but one of the effects of the department is the creation of more jobs in that type of region in Canada. If in our discussions with the provinces they can suggest a more effective way of using these programs we will certainly be glad to discuss them, but we will not wait for this conference to take place to improve our methods if we find ways to improve them.

Mr. McGrath: Mr. Speaker, in view of the lay-offs at Domtar, the anticipated lay-offs at Bowaters and the lay-offs in the automotive industry, what immediate steps does the government propose to take to alleviate this critical situation?

Mr. Trudeau: There is a measure before the House that has reached the third reading stage which is one of the very effective measures we hope to take to counteract some of the reasons for these lay-offs.

PULP AND PAPER—REASON FOR DOMTAR LAY-OFFS

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I have a supplementary question for the Prime Minister which is prompted by his last remark when he referred to the reasons for these lay-offs. I should like to ask what action he proposes to take or what priority is to be given, considering that the Domtar officials have not pointed a finger at the actions of the United States government but have singled out the action of this government as the reason for these lay-offs?

[Mr. Caouette.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if I am correctly informed, one of the reasons they have pointed out was the fact that the Canadian dollar was floating and that the rate of exchange went up. The House knows as well as I why this action was taken a year and a half ago to float the dollar. I think the House realizes also that had we not done that we would now be in a much less tenable position vis-à-vis the United States to hold the discussions we are carrying on with them at this time.

Mr. MacInnis: Mr. Speaker, what priority is the government going to give Canadian industries' complaints that actions by the government have had detrimental effects throughout the nation?

Mr. Trudeau: Mr. Speaker, the hon. member would have to tell us what actions he has reference to. I am sure there have been a host of accusations from the other side and I should like to answer his question as precisely as possible.

Mr. Speaker: Order, please.

Mr. MacInnis: On a point of order, Mr. Speaker—

Mr. Speaker: Order, please. We will be running short of time very soon, but the hon. member has the right to rise on a point of order.

Mr. MacInnis: Mr. Speaker, I rise on a point of order with regard to the remarks of the Minister of Industry, Trade and Commerce and the last remark of the Prime Minister. The House does not permit members of the treasury benches to ask questions of backbenchers.

Mr. Speaker: Order, please. I recognize the hon. member for Skeena.

Mr. MacInnis: I will see you outside and you can give me the answers.

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THE CANADIAN ECONOMY

UNEMPLOYMENT—SUGGESTED EARLY ANNOUNCEMENT OF MUNICIPAL WINTER WORKS PROGRAM

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. In view of the fact that the municipal winter works program was most valuable and helpful in the past to municipalities, and knowing of the need of municipalities, especially the smaller ones, to make plans beforehand in respect of such projects, is he prepared to make an announcement as early as possible, certainly prior to the expected December 6 federal-provincial meeting, about a municipal winter works program in order that the provinces and municipalities which may want to take advantage of it can do so before winter sets in?

• (3:10 p.m.)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, any announcement which would be on a subject within federal jurisdiction and which we decided to make would be made well in advance of the federal-provincial conference. I believe the purpose of the conference is to discuss methods under joint jurisdiction or methods by which in

co-operation we can help alleviate the economic difficulties of the country, but I repeat again this is not to say that any measures we want to take in the meantime will not be taken because of the late date of the conference.

Mr. Howard (Skeena): Mr. Speaker, inasmuch as the previous municipal winter works program which was very valuable, as everyone knows, was discontinued without reference to a federal-provincial conference, would the Prime Minister consider reinstituting it and making an announcement about it within the next few days?

Mr. Trudeau: I do not believe the assessment made by the hon. member that the previous program was very valuable is shared by everyone in this country, least of all by the municipalities themselves. They found that very often it was a wasteful program and asked the federal government to bring in better measures, which we did, and we have the manpower retraining program.

[*Translation*]

SUGGESTED ABOLITION OF EXCISE TAX AS STIMULANT

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a supplementary question to the Prime Minister.

Does the government intend to remove the 12 per cent excise tax in order to boost the Canadian economy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member suggests it, we will consider it.

[*English*]

UNEMPLOYMENT—INQUIRY AS TO PREPARATION OF WINTER WORKS PROGRAM BY GOVERNMENT DEPARTMENTS

Mr. John Lundrigan (Gander-Twillingate): I have a supplementary, Mr. Speaker. May I ask the Prime Minister whether he has asked a number of government departments, specifically Public Works and Regional Economic Development, to prepare a winter works program? If so, could he give us an understanding of the expectations he has set for the departments in question?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there may be some misunderstanding about the use of the words "winter works". I take it that when this phrase is used reference is made to a previous program which existed in this country for a period of years. When I say that this particular program is one which was discontinued by the government, this does not mean that some program for work in winter will not be envisaged by the government. But I want to make it clear to the hon. member that the winter works program of which he seems to be speaking is not necessarily a program for work in the winter which of course is one we would envisage.

Mr. Lundrigan: Mr. Speaker, may I ask the question in clearer terms. Has the Prime Minister asked any government department to prepare any specific programs for this winter aimed at alleviating unemployment? If so, can the House be apprised of the expectations.

Mr. Trudeau: Yes; I believe a fortnight ago I informed the House that I had consulted several ministers responsible for economic matters in the country and asked them to give their immediate and deep attention to the problem of providing more work during the winter months. As I said, if an announcement has to be made as a result of their decisions it will be made in the House.

Mr. Lundrigan: A further supplementary, Mr. Speaker—

Mr. Speaker: Order, please. The hon. member wishes to ask a third supplementary. I will recognize him but perhaps he will allow the Chair to go to the next question thereafter. There are about ten minutes left before the end of the question period.

Mr. Lundrigan: Mr. Speaker, when the Prime Minister is investigating the increase in the Canadian population which he announced a few weeks ago, would he also investigate the reason for the decrease from 840,000 to 648,000 in placements by the manpower department between 1966 and 1971 even though the budget increased by 50 per cent during those years?

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[*Translation*]

AGRICULTURE

ASSISTANCE TO POTATO GROWERS—DISCUSSION BETWEEN FEDERAL AND CERTAIN PROVINCIAL MINISTERS—QUEBEC PARTICIPATION

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to put a question to the hon. Minister of Agriculture.

Referring to his statement of last Friday that he was to meet the agriculture ministers of Prince Edward Island and Nova Scotia regarding the difficulties which are facing potato producers, I would like to ask the minister whether the meeting was held and, if not, whether the provinces interested in that kind of production will be invited to discuss and find a solution to the problems of the producers.

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Yes, Mr. Speaker. The meeting started at five minutes to eight this morning. There were a number of alternative suggestions made, some of which cause us some difficulty in our international trade which they are now aware of. However, the officials of the provincial Departments of Agriculture and my department will continue to try to find an acceptable solution to alleviate this problem.

[*Translation*]

Mr. La Salle: I have a supplementary, Mr. Speaker.

I would like to ask the minister whether representatives from Quebec were present at that meeting. If not, did Quebec make representations asking for federal assistance, considering the nature of the problems involved?

[*English*]

Mr. Olson: Mr. Speaker, I think I ought to explain to the hon. member that this meeting was held this morning at the request of the two provincial Ministers of Agriculture who wished to come to Ottawa to have a meeting with me.

Inquiries of the Ministry

POTATOES—ASSURANCE TO PRODUCERS RESPECTING SEED EXPORT MARKET

Mr. David MacDonald (Egmont): Mr. Speaker, could the minister now give an indication, following the meeting with the Ministers of Agriculture for Prince Edward Island and New Brunswick, as to what assurance the potato producers in these provinces will have with regard to the very vital seed export market to the United States which has been very much in jeopardy because of the appreciation in the value of the Canadian dollar and the recently invoked 10 per cent import surtax in the United States?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I think there is a measure of assurance contained in the speech I made to the House about two and a half weeks ago.

Mr. MacDonald (Egmont): Mr. Speaker, since I believe it was obvious from the minister's speech that these two provincial ministers wanted to meet him in order to obtain some specific assurance that the very important seed exports to the United States from their provinces which have already been jeopardized to some degree will not further deteriorate, is the minister not able to offer some indication to the many producers in these two provinces as to the extent of any assurance?

Mr. Olson: Mr. Speaker, in that speech I dealt with the differences in how processed and non-processed products would be handled. I do not think I could add anything that would be useful because it was such a clear speech that I think it should be understandable.

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OIL

POSSIBLE PIPELINE THROUGH CANADA TO TRANSPORT ALASKAN OIL—DISCUSSIONS BETWEEN CANADIAN AND UNITED STATES GOVERNMENTS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of the statement made by the Secretary of the Interior of the United States indicating that delay in the planning of the Alaska route may result in a decision to build a pipeline from Prudhoe Bay through Canadian territory to the United States. I wish to ask the right hon. gentleman whether there have been any discussions between the Canadian government and the government of the United States regarding such a pipeline in recent weeks or months and, if so, by whom have these discussions been conducted?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of any discussions which have been held in recent weeks or even in the last few months. I am not aware of any discussions having taken place since that which was last mentioned in the House, and I believe that was late in the spring or early in the summer.

[Mr. Olson.]

POSSIBLE PIPELINE THROUGH CANADA TO TRANSPORT ALASKAN OIL—PROVISION OF DATA AND STUDIES TO U.S. TASK FORCE

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask a supplementary of the Minister of Indian Affairs and Northern Development. Has the Canadian government provided any data or studies or any access to Canadian soil to the United States government for the gathering of data for their pipeline task force headed by Mr. Jack Horton?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I do not know whether there have been some official exchanges between the Canadian and American governments in that connection. I know that some studies are now being made by the Canadian government and private enterprise.

As for the American decision, we are not better informed than other members; we know that President Nixon has made a statement and that the Secretary of the Interior, Mr. Morton, came out with two apparently contradictory declarations. We are considering the situation and we will be reporting to the House, if necessary.

• (3:20 p.m.)

POSSIBLE PIPELINE THROUGH CANADA TO TRANSPORT ALASKAN OIL—NOTICE OF MODIFICATION OF UNITED STATES POSITION

Mr. David Anderson (Esquimalt-Saanich): I wonder whether the Minister of Indian Affairs and Northern Development could indicate whether he was given any advance notice by Mr. Rogers Morton, United States Secretary of the Interior, of his announcement three days ago that he was changing his position and for the first time would consider a Canadian route as an alternative to the Prudhoe to Valdez route?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): No, Mr. Speaker.

[*English*]

Mr. Speaker: Again I bring to the attention of hon. members that we are rapidly running short of time. The Chair will recognize the hon. member for Fraser Valley West for one last supplementary question on the subject.

POSSIBLE PIPELINE THROUGH CANADA TO TRANSPORT ALASKAN OIL—ASSESSMENT OF ECOLOGICAL STUDIES BEFORE APPROVAL

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, perhaps I can combine my two supplementary questions into one. I should like to ask the Minister of Indian Affairs and Northern Development whether he can assure the House that before the Mackenzie Valley route is approved, all ecological studies and their implications will be thoroughly assessed? Further, when does the minister think he will be in a position to give a definitive answer, yes or no, to the Mackenzie route based on independent Canadian investigation?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we cannot at this time say whether we would accede to a request for the construction of a pipeline for oil and another for gas. We are studying the situation and, when applications have been received with regard to this, the government will make a decision. We cannot do so at the present time.

* * *

[*English*]

YOUTH

INVESTIGATION OF OPPORTUNITIES FOR YOUTH PROGRAM IN ORDER TO MAKE IMPROVEMENTS

Hon. W. G. Dinsdale (Brandon-Souris): My question is for the right hon. Prime Minister. In light of the statement of the Secretary of State to the annual conference of the Social Development Council of Canada that the privileged classes received greater benefits from the Opportunities for Youth program than did the people who needed it most, is the Prime Minister now going to initiate an inquiry into specifically who benefited from the $67 million in student employment funds this summer so that programs designed to meet the real areas of need may be devised?

Right Hon. P. E. Trudeau (Prime Minister): I have not seen the statement, but it is obvious that if the Secretary of State mentioned this it was because he had in mind looking for ways of improving the program. As the House knows, the Secretary of State has asked that a report be made on the success or otherwise of this summer's program. I am sure that as soon as possible he will be coming to the House with a report on that and, hopefully, we will be looking at ways in which we can spend the taxpayers' money even better in the future.

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HOUSING

LAVAL, QUEBEC—REQUEST FOR REPORT ON INVESTIGATION OF PROJECT

Hon. Marcel Lambert (Edmonton West): My question is to the Minister of State for Urban Affairs. Last week I asked him a question concerning the situation governing a condominium development called Les Abeilles. At that time the minister indicated that he would be making a study and would report to the House. At what stage is that study, and can he give us any factual information regarding the protection of the buyers, and also as to what efforts are being made to fix the responsibility for this ungodly mess?

Hon. Robert K. Andras (Minister of State for Urban Affairs): Without accepting the premise of the final comment of the hon. member, I think I did indicate in reply to him the other day that we had taken steps through CMHC to protect the buyers of houses in that project. We have indicated to them that CMHC, which has now assumed ownership through an arrangement for the benefit of creditors, will complete the homes and repair them where necessary up to the standards set forth in the terms of the loan approval.

Second, we have indicated to the purchasers on record in that project that if they are in any way dissatisfied with the arrangement we will agree to get CMHC to repurchase the homes at any time during a period up to 18 months from now at the price they paid and allow them some consideration for expenses incurred if they wish to move.

As to the continuation of the review that is under way now, I have not received any final report. There are two prongs to that. One is within CMHC itself and, in addition, there is the commissioning of an independent technical report from a highly qualified and reputable firm of engineers—

Mr. Speaker: Order, please. I suggest to the minister that if he wishes to complete his answer it must be done by way of a statement on motions because we are running short of time.

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[*Translation*]

TRADE

MEASURES TO ALLEVIATE WORLD MARKET COMPETITION

Mr. Henry Latulippe (Compton): Mr. Speaker, I have a question for the hon. Minister of Industry, Trade and Commerce.

What policy does the government plan to implement in view of the re-organization of trade blocks in the world, and how will the Canadian economy subsist in the next few years if it tolerates cost increases such as those we experienced in the last few years while being able to meet the competition on world markets?

Mr. Speaker: I suggest to the hon. member that his important question is so general that the hon. minister should normally answer by a statement on motions.

* * *

[*English*]

FINANCE

PRESSURE FROM INTERNATIONAL MONETARY FUND TO REPEG CANADIAN DOLLAR

Mr. Eldon M. Woolliams (Calgary North): I should like to ask the Prime Minister whether the government and he as head of the government are receiving any pressure from the International Monetary Fund regarding the repegging of the Canadian dollar which at present appears to be rising and will rise above the value of the American dollar, making it even more difficult for Canada to be competitive in trade?

Right Hon. P. E. Trudeau (Prime Minister): As I told the hon. member yesterday or the day before, I know of no such pressure. I did say that the idea was being put forth from various sources. Everyone would like to see the other country do something about its currency in the hope that it itself would not have to take any hard decisions. There have been representations from the International

Monetary Fund for Canada to peg its dollar or, alternatively, to revalue it higher, but I know of no pressure in the sense of very strong official representations from any particular source or country to that effect.

Hon. Robert L. Stanfield (Leader of the Opposition): Has the suggestion referred to by the Prime Minister come from the United States, among other countries, that the Canadian dollar should move up to a higher level in relation to the U.S. dollar?

Mr. Trudeau: To my knowledge such pressure has not come from the United States, but I would have to verify the discussions which took place at all levels.

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VETERANS AFFAIRS

TRANSFER OF LANCASTER HOSPITAL TO PROVINCIAL AUTHORITIES—PROTECTION OF EMPLOYEES' CONDITIONS OF SERVICE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Veterans Affairs. In view of indications that there may shortly be a transfer of Lancaster Hospital in Saint John to the provincial authorities, can the minister give the assurance that public service employees who are involved will be given the same protection as to their conditions of service that applied in the case of other hospital transfers?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Negotiations are going on at present between the government of Canada and the government of New Brunswick with reference to the Lancaster Hospital transfer. As a matter of fact, there was an agreement between both governments as far back as 1968. The negotiations are not completed, but I wish to assure the hon. member that all possible consideration is being given to employment conditions and to other conditions of our employees presently at Lancaster Hospital.

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PUBLIC SERVICE

STATUS OF ARBITRATION OF NURSES' SALARIES

Mr. R. Gordon L. Fairweather (Fundy-Royal): I have a supplementary and related question, Mr. Speaker, which I wish to direct to the President of the Treasury Board. It affects Lancaster Hospital and other hospitals. What is the status of the arbitration of salaries of nurses employed by the government of Canada?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I am grateful for the notice of intention to ask the question. I should advise the hon. gentleman that arbitration hearings at the request of both parties were held in the early part of August, the third and fourth, I believe, and the arbitrator has undertaken to render a decision in not more than six weeks from that date.

INDIAN AFFAIRS

WITHDRAWAL OF CHILDREN FROM SCHOOL BY PARENTS BECAUSE OF ALLEGED LACK OF FACILITIES

Mr. Don Mazankowski (Vegreville): My question is for the Minister of Indian Affairs and Northern Development. As a result of the meetings he has held with officials of the Indian Association of Alberta respecting the developments on several reserves in northeastern Alberta regarding the boycott by Indian schoolchildren, can the minister inform the House what steps are now being taken to resolve this dispute?

[Translation]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, following the two meetings I had on Thursday and Friday with the President of the Indian Association of Alberta, we agreed that Mr. Ross Moses, my special assistant, will go tomorrow to the Cold Lake area to investigate the matter and report immediately. We also asked the Indians to exercise pressures on the local band in order that the children be sent back to school as soon as possible, because it is not good that the children's education should be used to push demands with the government.

• (3:30 p.m.)

[English]

Mr. Mazankowski: Mr. Speaker, can the minister advise the House whether any firm proposals will be put forth by his officials to the representatives of the Indian bands which would work toward a solution of the problem that has arisen there?

[Translation]

Mr. Chrétien: First of all, Mr. Speaker, the demands had to do with education. Then the questions of economic development and drinking water were raised. This is really an intricate situation and we are not in a position to offer any solution to these problems. My special assistant will report to me this week and if we can make any recommendations, we will certainly do so.

[English]

Mr. Mazankowski: May I ask—

Mr. Speaker: Order, please. The hon. member has already had a supplementary. We have just about reached the end of the question period. Perhaps the hon. member might allow the Chair to recognize the hon. member for Waterloo now and we might continue this subject tomorrow.

Mr. Mazankowski: Mr. Speaker—

Mr. Speaker: Order, please. I have to bring to the attention of the hon. member for Vegreville that when he was recognized in the first instance the question period had already expired. I think he should be satisfied that he had the opportunity to ask a question and a supplementary while other members were still awaiting an opportunity to ask questions. I would suggest to him, as respectfully and as kindly as I can, that I will make every effort to give him an opportunity to ask his further supplementary question tomorrow.

FINANCE

LEVEL OF CANADIAN DOLLAR IN RELATION TO UNITED STATES DOLLAR

Mr. Max Saltsman (Waterloo): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. It is in connection with the level of the Canadian dollar vis-à-vis the United States dollar. Has the government made an appraisal of where it thinks the Canadian dollar should be vis-à-vis the American dollar and, if so, is it planning any action to maintain it at that particular level?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, when we freed the Canadian dollar a year and a half ago we decided it should be left to the market forces to establish the rate, and we have not interfered significantly in the operation of those market forces.

Mr. Saltsman: May I take it from the right hon. gentleman's answer that the policy of the Canadian government is to let the dollar go to whatever level the market dictates even if that means a level of $1.05 in U.S. currency?

Mr. Speaker: Order, please. It seems to me that the supplementary is not in order. It is debate. The Chair will recognize the hon. member for South Shore and then call orders of the day.

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FISHERIES

REQUEST FOR STATEMENT ON MEETING OF ATLANTIC FISHERIES TECHNOLOGICAL CONFERENCE—ACTION ON RECOMMENDATIONS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. In view of the serious depletion of our fisheries resources off the coast of Atlantic Canada, will the minister be making a report to the House on the discussions and conclusions reached at the sixteenth Atlantic Fisheries Technological Conference presently being held in Dartmouth, Nova Scotia, and which concludes its hearings on September 29? Will he be taking action on any of the recommendations made by this conference?

Hon. Jack Davis (Minister of Fisheries): No, Mr. Speaker, but I should be in a position to make a report to the House after October 8 when representatives of the fishing industry and the fishermen will be here in Ottawa to discuss this problem of consideration on the Atlantic Coast.

Mr. Speaker: Orders of the day.

Mr. Nowlan: Mr. Speaker, I waited until the end of the question period before raising this point of order. Some may think it is somewhat frivolous, but it arises out of the exchange between the right hon. Prime Minister and the hon. member for York South when there was a new exhibition of Prime Ministerial pantomime in the House. I should like to know whether the Prime Minister was serious in inviting the hon. member for York South to try to convene a federal-provincial meeting before December 6.

I ask this question because we had one of these gratuitous and facetious invitations from the Prime Minister earlier this session, in May, when the hon. member for St. John's East tried to have a report of the Atlantic Development Council tabled in the House. At that time the Prime Minister told him, "If you have a copy, table it." The hon. member for St. John's East then stood and tried to table the report. There was a hassle, and Your Honour had to point out that, despite the Prime Minister's generosity for which he is known worldwide, it was not possible for the hon. member to table the document. The only reason I am raising this point now is that I want to know whether the hon. member for York South, if he seriously accepts the invitation of the Prime Minister, will be allowed to make a statement on motions on his attempts to convene a meeting?

Mr. Speaker: Order, please. I was under the impression that the hon. member had completed his point. I am prepared to make a ruling, but if he has not completed his statement I would not want to interrupt him and would allow him to finish his remarks.

Mr. Nowlan: The only concluding remark I want to make is that throughout these question periods it has become increasingly evident that the Prime Minister is abdicating responsibility, and many people in the country are wondering whether he wants to run a government or a holiday magazine.

Mr. Speaker: Orders of the day.

• (3:40 p.m.)

GOVERNMENT ORDERS

EMPLOYMENT SUPPORT BILL

MEASURE TO MITIGATE EFFECT ON CANADIAN INDUSTRY OF IMPOSITION OF FOREIGN IMPORT SURTAXES

Hon. H. A. Olson (for the Minister of Industry, Trade and Commerce) moved that Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, be read the third time and do pass.

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, as we go into third reading on this bill, I would like to clarify some of the points that have been made in the House and in the committee so that we may be aware of the problems that have been raised. It is very obvious that the bill itself is not designed to solve all of the problems of unemployment in Canada, or all of the problems of industry. It is designed specifically to mitigate the problems that have arisen as a result of the imposition of a surtax by the United States on Canadian exports to that country. It is designed also to provide a vehicle to cope with similar problems that might arise at another time as a result of

such action by other countries. Hon. members should view the legislation in that light, and in that light only.

During the course of our debate, both in the committee and in the House, from time to time a question was raised on the possibility of countervailing action being taken by the United States against exports from Canada that might benefit from this measure. In the standing committee the minister stated that, in theory, any form of government assistance, direct or indirect, visible or invisible, given to exports could attract some kind of U.S. countervailing action.

In the past U.S. actions along this line have not been very consistent, and so it is difficult to ascertain what the U.S. might do in this instance. There have been instances where the United States applied countervailing measures against some countries, and totally ignored the possibility of applying them against other countries. A long time ago they used countervailing action against countries which sold them raw materials at prices which the Americans thought were too high. Presumably they might again use countervailing action in that way, but the most interesting use of countervailing action by the Americans has been in instances where other countries applied import surcharges against their products. I am sure in applying countervail, the United States will be cognizant of action that they themselves have taken in the past.

In the context of the employment support program we believe, and sincerely believe, that United States countervailing action would not be warranted. The whole purpose of this bill is to avoid serious employment dislocation in Canada. It is not an export subsidy. There is no obligation on the part of a company receiving assistance to maintain any export level. The assistance provided by this program is provided mainly to tide over affected companies until the surtax is removed or until such time as they can make adjustments which may be necessary in their products. A company is free to do so by developing new product lines, introducing new products, developing new markets or in fact anything other than production as long as it maintains an agreed level of employment. That is the key factor, an agreed level of employment. The program will not give Canadian firms an unfair competitive advantage in export markets. May I remind hon. members that assistance will be given only to the extent needed to maintain employment levels; no more and no less.

The assistance under the program will be available to firms of all sizes. This point was discussed in committee and I want to make that clear, assistance will be available to firms of all sizes, large or small. The point that is important is the degree of unemployment in a particular plant. The program makes no distinction based on the size of the applicant and, of course, assistance will be provided on a plant basis.

During the course of debate yesterday an amendment was proposed by the hon. member for Edmonton West (Mr. Lambert) and I should like to refer to an argument raised by the hon. member for Winnipeg North Centre (Mr. Knowles) in that regard. The hon. member said that it would be possible to debate the matter, that is a new set of regulations, if the matter were deemed important enough. What is an important matter, Mr. Speaker? I submit to you that what is important to one member of this House may not be the least bit important to the majority of other members. If a price support program were announced for the apple growers of Okanagan Boundary riding, I would think it the most important program to come before this House and if the amendment suggested was passed, I would believe that to be such an important item that it would have to be referred to the House. To another member from Alberta or Saskatchewan, if the National Energy Board were to decides to change the regulations to include a new pipeline across Canada, that would be of undoubted importance and those members would want to refer it to the House.

[Mr. Howard (Okanagan Boundary).]

There are many other examples of this type of situation and we could end up by referring every matter to the House of Commons, spending day after day, seven hours of debate after seven hours of debate after seven hours of debate—we would never come to the end, in order to deal with the matters that some member of this House considered of vital importance.

Finally, Mr. Speaker, I should like to mention that the government intends to put this program into operation just as soon as it can be approved so that assistance can be provided immediately to the companies and the employees needing it. We want to forestall the possibility of employment disruption and we want to do that as quickly as possible. I should like to thank hon. members on both sides of the House and in committee for their assistance in processing this bill so quickly. I think all members have recognized the importance of it and we have had a great deal of co-operation.

Before resuming my seat, Mr. Speaker, I should like to add one point concerning the debate yesterday. We had some discussion at one point and a little confusion on the motion of the hon. member for Oshawa-Whitby (Mr. Broadbent) concerning the possibility of changes in the reporting procedure contained in clause 21 of the bill. While we did not succeed in coming to an agreement on changes in the reporting procedure that would satisfy the hon. member and his party, the minister has agreed, and I can assure the House on his behalf, that he is prepared to submit quarterly reports to the House rather than annual reports. If this will make it possible to give hon. members on the other side more access to information, we are prepared to accommodate them. We say quarterly because we feel this would be more practical than monthly and would be often enough to overcome the difficulties discussed in yesterday's debate. The minister is also prepared to provide additional information if it can be done without infringing upon the private business interests of the firms concerned in the program.

I wish to thank hon. members for their assistance in the speedy passage of this important legislation to which business and labour in Canada are looking forward eagerly.

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I should like to speak on third reading of this measure to indicate is that I intend to support it but that I am rather reluctant and uneasy in doing so. In the next few moments, I should like to point out some of my doubts in the hope that when the regulations are drawn up it may yet be possible for the government to make provisions that will help many individual companies which I feel cannot qualify under the provisions outlined to us in this measure and before the committee.

One of the reasons for my uneasiness is that this bill is explicit; it is an act in support of employment. In other words, it is just another adjunct to the whole program of unemployment insurance and is not, as we pictured it, a bold and determined effort to sustain our industry when faced with the problem of the surcharge. I am concerned, Mr. Speaker, because this seems to be the main government thrust in protecting our industry from the obvious economic dangers involved. Coming as I do from a province where industry is vastly important, I believe I have reason to express some doubts that this measure will serve the purpose for which it was so hastily designed.

Testimony before the committee and following on the statement made by the minister in the House, make it quite obvious that the actual aid to industry in Canada is going to be limited by the very regulations that are proposed to be drawn up to make this bill operative. If my memory serves me correctly, when this measure was introduced in this House the minister said that in his opinion a survey would show that perhaps 160 industries would be directly involved. This figure, 160, does not mean very much unless you compare it with some other figure. The figure I should like to use is taken from a compilation by Statistics Canada which indicates that in 12 months 5,600 new industries were formed in the province of Ontario alone, if my memory serves me correctly. Yet, here, the minister has spoken of helping 160 industries in Canada. I was interested to learn that 2,300 or 2,400 of the 5,600 new industries I have mentioned will employ less than five people and that only 67 of that entire group will employ over 100 people. This indicates that there will be a tremendous number of companies which, although affected directly or indirectly by the surcharge, will have no hope of being "resuscitated" by the measure before us.

• (3:50 p.m.)

To illustrate my point, may I indicate that in the committee hearings the most striking phrase used by government spokesmen and witnesses regarding the application of this measure was, and this was repeated time and again, that this measure would be employed when there was a severe disruption of employment. They spoke of disruption of a regional nature. It will be difficult to assess whether a small industry employing, say, 20 or 25 people which loses 20 per cent of its business and has to discharge five or six people will suffer from a major disruption in employment. Actually, the parliamentary secretary explained, and I think he was justified in so doing, that disruptions of this nature might constitute problems connected more with employment agencies or unemployment insurance than with any problems as to whether such industries might qualify for assistance under this measure. That is where the government and I part company. It seems that this measure is specifically designed to help large corporate entities and a tremendous number of small businesses cannot hope to qualify.

Under the provisions of the bill there could be a 90-day delay in payments, even after the qualifications of the company involved have been ascertained. Mr. Speaker, that 90-day delay could be a matter of life or death to some of the industries affected. It is all very well to say that a company must lose 20 per cent, 30 per cent, or any other figure that one cares to use, of its export business before it can qualify. The point is that there are many industries which are definitely and directly affected by the surcharge which do not, by themselves, export a single item. The production of many such small companies consists of component parts which are furnished to major industries. Those industries assemble the component parts and export them to the United States and other countries. It is difficult to anticipate how any company, so affected indirectly and employing a small number of workers, could ever hope to retrieve any portion of its business losses through this measure.

I feel that many hundreds of businesses across the country could be hurt by those actions from which we are trying to protect our businesses. The major business concerns of this country, which by their nature are big, will be in the position to claim some of these moneys. I do not think we fully realize the tremendous intrusion in the normal flow of business that measures such as we are discussing can effect. There are in the corporate empires many learned men who have foresight and drive enough to take advantage of a government measure such as this. I am very much alarmed about the way in which this bill will be applied.

During the committee proceedings, it was illustrated to us that a department of a corporation or a subsidiary of a corporation could put itself in the position of qualifying for assistance under this measure. I believe the parliamentary secretary indicated that there would be no strings on the money, provided the level of employment is kept up. The money could be used to develop major research, to develop new products, to develop new production levels and machinery, to develop a new sales force in lieu of a production force—in other words, to change the entire characteristics of the business. This is all very well if you consider it from a philosophical or ideal approach. Practically, however, you must consider the power of the labour unions in directing whether a man or men may be shifted to another part of the operation or whether a man can be taken off a lathe and sent to paint a fence in the back. All this makes me think that this measure, in certain situations, will have no application whatever.

Added to that is the general feeling abroad that the actions of the country to the south are temporary only. They may last for 90 days, three months, six months, 12 months or even two years. What bothers me is this: many large corporations in the business world with tremendous production facilities can take advantage of these grants to sustain employment and production levels by doing nothing else but stockpiling thousands and thousands of units. Nothing in this measure prevents a company from taking such action. After all, they would be maintaining employment; they would be creating employment that the government is so seriously concerned about. Consequently they will stockpile units, knowing full well, Mr. Speaker, that the surcharge will end eventually. Think of the beautifully competitive position such a company will be in when it has a tremendous stockpile of units, two-thirds paid for by government grants. It will be able to ship the units overseas to any country it pleases. I say this is a major weakness in the bill. The tremendous volume of

units or goods so stored will create tremendous pressures on local markets.

Mr. McCleave: We shall see a postponed glut.

Mr. Danforth: As my hon. friend says, we shall see a postponed glut. We are deliberately asking for more trouble because of direct government intervention in the affairs of the business community.

The business community is aware of something else. They know that under any program run by any government department, the assistance you obtain is not always the result of direct need or the fact that you are completely qualified for assistance. Too often it is a question of "Do you have the right person in the right department to catch the right ear at the right time?". I am afraid that under the regulations proposed for this particular measure, a tremendous opportunity will develop for the very companies which need it the least to make available to their subsidiaries the greatest amount of government money, whether these subsidiaries are Canadian owned or directed from outside the country.

• (4:00 p.m.)

There is one other factor which we should very seriously consider. We are bandying about this estimate of $80 million. It was brought out in committee that the $80 million is just a figment of someone's imagination. It was picked out of the air. It is an estimation of what might be expended if this measure is operative for six months. It could be $80 million, but if this program runs for 12 months the figure could be $160 million, $200 million or $250 million. No one has any idea of the amount of money involved. What we are doing is handing a piece of legislation to the government which they say will be of a permanent nature and will take care of any contingency that is now taking place or will take place in the foreseeable future. Parliament is granting the government a blank cheque. It can spend as much, wherever and whenever it wishes on whatever corporation meets its fancy at a particular time. This is what disturbs me. We are talking about $80 million. Will that $80 million be for the relief of industry or will $25 million be for the out-of-pocket payments to the bureau which will be set up to administer it and $45 million for industrial payments? These are the questions I wanted to bring before Your Honour. I am uneasy about this aspect of such a bill.

To recap, I do not feel that this measure is going to be the prime solution to this problem. From its very concept, the haste and manner in which the regulations will be drafted and the way the program is being set up, I do not think this measure can possibly perform the function which this government is relying upon it to perform. The $80 million, $150 million or $200 million which we are talking about will not be spent on exports. In other words, we will not be accomplishing anything. We will not be increasing the gross national product, but we will be deliberately creating a glut. Is it not conceivable that either through a spinoff or in conjunction with these tremendous sums of money, we should develop an export outlet which could determine what markets we can service, even under this particular difficulty? We should not only be concerned about maintaining the present output of our industry, but increasing this output by export sales.

Other countries, such as Japan, West Germany and industrial countries whose production is the envy of the world, are not taking measures which will gradually encircle the country and cut down their industrial potential, but are exerting pressure to break out of the shell and increase their industries.

I have grave doubts about this measure. We always seem to take a negative attitude in the face of adversity, regardless of the direction from which it comes. The only exception in this case is the government has recognized that industry is facing a problem and it is trying to do something about it. Too often in the past we have seen the same thing happen and the government almost seemed oblivious to the problem. An agricultural section of Canada has faced a severe drought and almost complete crop loss. The catches are no longer there for our fishermen. As far as their business is concerned, they almost face extinction. I could cite many other examples in the past few years when nothing has been done. We talk about $80 million. If one of our major purchasers of grain were delinquent in paying for 100 million or 200 million bushels of grain, as has happened in the past, the economic impact on the people is far greater than that of this surcharge, yet we would not be able to move.

My one great disappointment in connection with this bill is that the government in its wisdom has determined to completely eradicate any opportunity for the primary producers of this country to take advantage of its provisions. I refer to agriculture, fishing, the pulp and paper industry, the mineral industry, all those which produce primary products. According to the definition section of this bill, they are not eligible. We desperately tried to convince this government that they should be included, but the government determined they should not. This is very unfortunate. There is going to be a good deal of hardship. We must accept this measure because the government has offered no alternative. It may help 2,000 or 3,000 Canadians to maintain their employment, but as a solution to the problem before us I do not have any confidence in it whatsoever.

Mr. John Burton (Regina East): Mr. Speaker, I want to take note of the offers made by the Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Howard) on behalf of the minister to make more information available to members and the public with regard to the operations of this bill once it has been enacted into law. I welcome this concession. It is in the interests of all from two points of view to take every possible step to make more information available on this piece of legislation.

First, we in Parliament are being asked to give what amounts to a blank cheque to the government. Without getting into the argument that took place on this subject yesterday, when legislation which provides for a wide area of discretion to the government is passed there is some obligation placed on the government to make as much information available to members as possible. Second, any steps that can be taken to make further information available to members of this House and the public will be in the government's own interest in terms of its negotiating position with other countries. This will strengthen the government's hand in terms of making it

clear to other countries which might be concerned about this legislation that we do not have anything to hide. It will show that the government is laying its cards on the table, making information available and that we are not attempting to hide our operations in any way.

It is in the government's own interest to make information available to the public, certainly in terms of the government's negotiating position with other countries in the very difficult international situation that exists at the present time. All members of this House will want to do everything possible to ensure that Canada's interests are presented in a way which will result in a suitable and satisfactory solution for Canada to the problem which now exists.

With regard to the bill now before us for third reading, I have to again raise one of the points discussed during the second reading debate. I refer to the fact there is no real policy framework within which this bill has been devised and formulated. It has become abundantly clear from the minister's statements, lack of answers in some respects and lack of specific information on how this bill is going to operate that there is a large vacuum, an absence of policy on the part of the government. In fact, in many respects the government has no answers. It has never provided answers on where Canada is headed in the present difficult situation. I would acknowledge that the government had to do something in the present situation. In the absence of any alternative they had to adopt some emergency measures. It is quite clear that the actions taken by the United States in particular will have some impact on the Canadian economy. It is also clear that those actions are going to hurt various sectors of our economy.

• (4:10 p.m.)

I think it will be recognized within Canada that it is only natural and right that there should be some response by the Canadian government. I think that other governments in the world, particularly the United States government, recognize as well that they have to expect some counteraction by other countries such as Canada in response to the unilateral action announced by President Nixon on August 15.

I hope this bill will be of some assistance in the present difficult economic situation. For our own part, we are doubtful that it will be of any real benefit, that it will accomplish anything in terms of whatever objectives the government is trying to achieve. We have already made our points regarding why we feel these objectives, whatever they may be, will not be accomplished. If the bill is passed, receives royal assent and goes into operation, then we will have to wait and see what transpires. We hope that on the basis of the discretionary authority that the bill gives the government some useful programs will be developed. It seems to me very difficult to evolve any sort of meaningful program, whether in terms of this bill or any other possible measure, unless we have adequately defined national objectives and have determined just where Canada is going. Some change in the direction our policies are taking would seem to be indicated at this time.

Most members on this House would want to see steps taken by Canada to ensure that trade barriers are lowered in the world. Looking at the other side of the coin, they also want to see that as few barriers as possible are erected. I am sure the government would have the support of all members in the House in any steps it took to ensure that trade barriers are lowered and kept lowered in the future.

It seems to me that the government has to consider the course of its policies regarding development in Canada. It must consider what direction this development policy is going to take. Are we going to adopt policies that will result in giving us a greater degree of control over our own affairs and destiny? Are we simply going to be subject to the whims of fortune—whatever they may be—on the economic national scene? What we have to keep in mind, whatever course of action we decide to take, is that the basic purpose of economic policy and developmental strategy is the building of a society within which we place a certain value on the welfare and wellbeing of human beings, a society to which Canadians are proud to belong, a society that has concern for others both within the context of the structure of the nation and within the context of the international community.

I should like to stress this last point for a moment because, in spite of our natural consideration for the national wellbeing of Canadians and the future of Canada, we have to keep in mind that Canadians live in an international community and that, by the very nature of our history, our wellbeing is tied up with international economic affairs. We must recognize that in effect this planet is becoming smaller, that we have to live with our neighbours in all parts of the world, and that the international community is becoming more closely linked together. In that context, we want to do everything possible on the international economic scene to reduce the power that is presently in the hands of very few nations, power that influences in a very fundamental way the course of affairs of many nations in the world. As is painfully obvious at the present time, many countries have very little ability to control their own economic and social destinies in face of action taken by other countries.

Since we gave this bill second reading, there have been further developments in the world economic scene. It is perfectly clear that the surcharge announced by President Nixon on August 15 is not temporary, that is it is going to be in effect for some time. We will have to decide just how to deal with that situation, and must recognize that there will not be an early lifting of this import surcharge, contrary to what was said earlier by some United States officials. It is also clear that we will have to have a realignment of world currencies. This has become particularly obvious during the last few days. In addition, it is becoming obvious that, given the present situation, there will have to be some upward revaluation of the Canadian dollar. We must examine the implications of this, how it is going to affect various sectors of our economy and determine who is going to be hurt as a result.

We must also take note of the consequences of the economic policy which the government has been following over the last number of years. The fact is that the government's economic and tax policies, as we have known them in recent years, have been geared to the development of industries which primarily are engaged in the production of raw materials for export. This production requires large capital investment, which means there

are large inflows of capital into Canada. Even though this capital produces many goods for export, all too often it produces very little in the form of gainful employment for Canadians.

We now have a very severe upward pressure on the Canadian dollar occasioned by the large outflow of exports of raw materials. The government now finds itself face to face with the consequences of its own economic policies of recent years, and this pressure is one more indictment of the very bad policies the government has been following. As a result of the policies that the government has been following over the past 15 to 20 years, many Canadian industries have been placed in a very difficult financial position. We must also recognize that unless we find an early solution to some of the problems facing Canada and other nations, it is possible that a trade war will develop. We must do everything to ensure that such a war is avoided. At the same time, Canada must take a very firm stand on some of the problems facing us and see that Canada's interests are protected in international negotiations.

During the second reading debate, I suggested there were two major points that should be noted by members of the House. The first was that the economic policy which the government has been following is now in a shambles. The fact is that one of the basic assumptions upon which the government's economic policy was based has now been shown to be false. The assumption was that in late 1971 and early 1972 there would be a significant upturn in the United States economy, and that there would be such an overflow of benefits that the government ought to take them into account in considering a policy for Canada. This has now been shown to be completely false.

• (4:20 p.m.)

Certainly, the United States has taken action to gear up and step up its economy, but those actions have not been in Canada's interest and are not going to be to Canada's benefit. Certainly, it is just the opposite. This indicates that the government was on a faulty course, and it shows the government was not thinking of Canadians first, as it should have been. I think it was a false assumption and one for which this government stands to be severely condemned.

Second, we have also had demonstrated to us the heavy dependence of Canada on the United States economy and the fact that we have a high degree of foreign control over our own economy. This locks us in, in many respects, not only in terms of corporate operation by government policy. If the government attempts now to tamper with the export of raw materials, which I think it certainly will have to consider, this will affect Canada's relations with the United States. We have put ourselves into this box. The government's faulty course of action has led this country into a trap by allowing our economy to become so heavily dependent on the U.S.

I note that we now have the Liberal party climbing on the bandwagon of Canadian nationalism, as it is sometimes called. However, I think some of the statements made in recent days by the Prime Minister (Mr. Trudeau), and other spokesmen on behalf of the government, are going to sound rather hollow to many Canadian people. It seems to me that Canadians are not going to be easily fooled by the statements of the Prime Minister and others that we now have to do something to gain control over our economy and to make sure we are the masters of our own destiny. How can they say this honestly, in a forthright manner, in face of the policy vacuum which existed in recent years? The government has held off for months and even years producing this policy statement on foreign ownership. Certainly, I do not think these late-in-the-day statements from the Prime Minister are going to go down very well with the Canadian public.

There are a number of policy steps which could be taken by the government that would be of very real benefit to Canadians in present circumstances. Let me briefly mention some of the points I feel should be considered by this government. One of the first, and the most important, is to take all possible action to lower interest rates in Canada. The government has maintained in recent days that it has taken action to lower interest rates in this country, and I cannot argue with that. At the same time, however, it will have to be recognized by the government that it is still following a tight money policy. Certainly, the current level of bank and interest rates in this country have been acknowledged by the Minister of Finance (Mr. Benson) and other government spokesmen, to represent a tight money policy. This fact has to be recognized by the government. The government will have to take further action to bring about a lowering of interest rates in Canada with the consequences which will flow from such action. The government must also take steps to slow down capital movements into Canada. This is certainly one of the things that does create imbalances in our exchange rates and our balance of payments situation.

Third, the government urgently needs to adopt expansionary fiscal and monetary policies to a greater extent than it has up to the present time. The answers of the Prime Minister in the House during the past few days were very disappointing in that he failed to indicate in any way that the government was prepared to take any real initiative in dealing with the unemployment situation in Canada. He seems to be more interested in shadowboxing than in taking any concrete measures.

Fourth, we must have more monitoring of foreign-owned subsidiaries in Canada. This is something which has been advocated on many occasions. Many questions have been asked in the House, and the government has had special studies commissioned by some well-known experts who came up with the recommendation that an agency should be established to monitor foreign-owned subsidiaries in this country.

Fifth, we must give consideration to levying a selective export tax on our raw materials. I hope the minister will note the manner in which I phrased that suggestion: we should give consideration to this. I recognize that when dealing with different commodities there are various pros and cons which have to be taken into account, but certainly this is one of the possibilities that should be mentioned in the negotiations the government will be conducting.

Sixth, I suggest that some definite steps should be taken to assist both agriculture and fisheries under present circumstances. Such provisions are absent from the present legislation, and I will come back to that in a few moments, Mr. Speaker.

Seventh, the government should give serious consideration to embarking upon a real selling effort for Canada and a policy which would result in new trade patterns and alignments with other countries in the world. We should not look at just the dark side of this picture, we should look at the bright side as well. While the immediate situation Canada is facing is very serious and has very serious consequences, the other side of the coin does present Canada with an opportunity to bring about the type of re-alignment of its trade patterns which has been advocated by many people in Canada for many years, but in respect of which the government has done very little.

Thus, I think the general view of the NDP on the bill is that it is inadequate, but we will have to wait to see what results will be obtained. We feel it really does not represent an answer to the problems facing Canadians at the present time. The manner in which the bill has been drafted might cause one to say that the proper title should be the corporate welfare assistance act rather than the Employment Support Act. That would be a much more suitable title for this bill.

We have already expressed our disappointment that this bill is going to apply only to manufacturing industries. We recognize there are very real problems facing some manufacturing industries in Canada, and in particular many of the people who are employed in these industries, but we feel there are other problem areas in Canada. This is why I want to return to a discussion of the position and the problems of agriculture and fishing. We moved a motion during the report stage which would have adopted the principle of including agriculture and fishing within the framework of this legislation in so far as that might do any good, but this was ruled out of order. At this moment I am not taking issue with the ruling, but this was the purpose we had in mind. We wanted to see some action taken to help the farmers and fishermen under present circumstances.

When we look at this matter, we have to keep in mind what is happening to farmers and fishermen in this situation. The government's own analysis provides some information on this aspect. This analysis, which was published some time ago, shows that animal and vegetable products, as one of the group of exports to the United States, are more affected by the measures announced by President Nixon than any other sector of the Canadian economy. Some 63.5 per cent of exports of animal and vegetable products to the United States, using 1970 as a basis, are subject to the import surcharge. This compares to 24.8 per cent of the over-all exports from Canada to the United States. This 63.5 per cent is higher than the figure for any other sector outlined by the government. There are some individual or groups of commodities in respect of which there is a higher figure, but in terms of a sector analysis, animal and vegetable products, which include both agriculture and fisheries products, are more severely affected than any other group of products.

What has the government's response been to this? When the Minister of Agriculture (Mr. Olson) spoke during the debate on second reading he said the government was going to use the Agriculture Stabilization Act; they were going to conduct a commodity by commodity review and then take action wherever it was needed. What action have we seen from the government? All we have had from the government has been some inane answers in which the government suggests it is still looking at the situation and trying to decide what to do. In fact, one of the most recent questions was asked by my colleague, the hon. member for Saskatoon-Biggar (Mr. Gleave), last Friday. He asked the Minister of Agriculture (Mr. Olson) the following question:

> In view of the statement to the House by the Minister of Agriculture that the effect of the surcharge on agriculture would be handled commodity by commodity, is there under way a study commodity by commodity of how the surcharge is affecting Canadian agricultural production, and may we be advised very soon in the House of what the policy will be and how these specific instances will be taken care of.

• (4:30 p.m.)

Then, the Minister of Agriculture answered:

> Yes to the first part of the question, and as soon as possible to the second part.

That seems to be the old refrain we hear from Liberal cabinet ministers whenever it comes to doing anything about agriculture or the problems of the farmers. When it comes to the problems of some other industries in Canada, where admittedly problems do exist, they come up with policies, however inadequate they may be. When it comes to farming or fishing, however, all they can say is that they are conducting a commodity by commodity review and that they will come up with a policy as soon as possible. That is the old refrain the farmers have been hearing and they are becoming tired of it. I am sure that even the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) may be beginning to understand that some people in western Canada are getting cynical when they continue to receive this answer week after week and month after month. A great deal of concern has been expressed on this matter by farmers and also by the fishermen.

One example of the concern is expressed in a letter addressed to the Prime Minister (Mr. Trudeau) by Mr. E. K. Turner, President of the Saskatchewan Wheat Pool. This letter was sent to the Prime Minister on or about September 9, and in it Mr. Turner stated that Canadian farmers deserved financial compensation for injury resulting from recent United States economic policies.

In his letter to the Prime Minister the President of the Saskatchewan Wheat Pool also noted that Parliament has under consideration legislation to take care of the expected build-up in the numbers of unemployed in Canada as a result of international developments. Then, he pointed out the fact that animal and vegetable products which comprise some 15 per cent of exports from Canada to the United States, using the 1970 figure again, would be subject to the United States import surcharge. He stated that the amount involved is some $422 million which is 15 per cent of the total value of our exports. Therefore he suggested, on the basis of the government making $80 million available as compensation for the adverse affects on Canadian industry of the import surcharge imposed by the United States, that certainly there was a case for ensuring that some $12 million or 15 per cent of the $80 million be made available to farmers and fishermen to compensate them for the added difficulty they face in an already difficult situation.

Then, Mr. Turner pointed out another very important matter, namely that the structure of farming and fishing in most instances is different from that which we encounter in dealing with other industries in Canada. In his letter to the Prime Minister he said:

> . . . but the net effect of under-employment of labour and under-utilization of other production resources because of the surtax could have a severe effect on the individual producer of certain commodities.

Then, he pointed out further that farmers are self-employed, as are many fishermen, and therefore are in a different position from those in some other industries. Mr. Turner went on to point out he was happy to note that at least the government was prepared to accept the principle that the government has an obligation to help industry in Canada when it faces problems such as are being faced at the present time. Certainly, if that principle is to be accepted, then the case for helping agricultural producers and fishermen is as good or better than that for helping any other sector of the Canadian economy. I think it must also be noted that Canadian farmers already face a very difficult situation. They have suffered very severe declines in income and they are suffering as a result of the competition they have to face from the treasuries of other countries. They have been left to face this competition with very little help from the federal government. This, I believe, is a factor which should be taken into account.

Some of the concerns of western Canada have also been pointed out by the *Western Producer* in an editorial dated September 23. The editorial reads:

> Practically every farm leader in Canada has publicly protested the Canadian government's apparent lack of concern for farmers, who, just as in the case of other industries, are bound to feel the adverse effects of recently-adopted U.S. economic policies. As we noted in this space last week, the government, on the very first day of the new session, announced its plans for assistance to industry.

The reference to industry was, of course, to western agriculture. Then, later the editorial continues:

> It seems to us, and to a good many others, that the government was caught flat-footed without a clue as to what should be done to provide farmers with some measure of assistance that would at least partially soften the blow of falling prices and shrunken markets which are bound to be the result of the U.S. protectionist program. Other than some vague suggestion that existing price support legislation might be used, there was nothing to indicate in government answers to opposition questions that any serious thought had been given to crisis faced by the farmers.

Then, again later on the editorial points out:

> But the keynote of federal government agricultural policy to date is that everything has been too little and too late, and on occasion, anything but effective.
>
> Mr. Turner's plea for equal consideration of farmers with other segments of industry in this matter is particularly appropriate at this time. He seeks, not special privileges, but an equitable share of a fund set up by the government, ostensibly to assist all industry affected by the new U.S. policy. The government's response to Mr. Turner's request will be enlightening in many ways.

Mr. Turner made other comments to the effect that businessmen and others across the country are worried about the squeeze and that there are 400,000 individual farmers in this country facing a very severe squeeze as well. What does the government intend to do about the situation? We have heard nothing but noncommittal answers from both the Prime Minister and the Minister of Agriculture.

[Mr. Burton.]

I think it should be emphasized today that we face a very serious farm income situation in Canada and that farmers faced a crisis long before the current situation developed. The fact is that farm income has been dropping severely in recent years. When one compares the different sectors of the Canadian economy, possibly even the minister may be impressed by the problems faced by the agricultural sector of our economy. We could point out the various categories of income in Canada. I have before me a table released by Statistics Canada, an agency which comes under the jurisdiction of the minister. I presume he has received a copy and I hope he has given it some very close study because it notes that interest, dividends, and miscellaneous investment income of persons between 1969 and 1970 increased from $4,169,000,000 to $5,400,000,000. That is an increase of some $440 million, 9 per cent or 10 per cent. For non-farm, unincorporated business the net income rose from $4,410 million to $4,551 million, not much of a rise but certainly some increase as well. Wages, salaries and supplementary labour income, which also includes the salaries of all highly paid executives and other people, rose from $43 billion to $47 billion, which is a healthy increase. With respect to agriculture, however, the net income received by farm operators from farm production dropped from $1,644 million in 1969 to $1,162 million in 1970. That is a drop of almost $500 million in one year, a drop of one third in one year. It seems to me that this is a crisis of the first magnitude in Canada, and one which should receive top priority from the federal government.

• (4:40 p.m.)

But what do we hear from the government? They are conducting a commodity by commodity review. They will announce their policy as soon as possible. For years their policy has been to do as little as possible and to do nothing whenever it is possible. I think we have also seen within the past year a number of indications that the government is committed to a policy of doing as little as possible for the farmers of this country, as little as it can get away with. I do not intend to debate some other measures which are and have been before this House, but I think they do need to be drawn to the attention of the House within the context of this debate. We have had before the House for debate, as hon. members know, the government's proposed grain stabilization plan. The government is trying, through this piece of legislation, to limit its commitment in terms of dollars to assist agriculture in Canada. It is trying to find some ceiling on the amount of money that it will make available to grain producers in western Canada. Regardless of what the minister says or what the government says, this is the reality and the impact of this piece of legislation.

Then, we can also take a look at what the government did when the Canadian dollar was freed over a year ago. The minister and the House know that members of the NDP supported this measure in principle. But we also recognized that, because of the very diverse type of economy we have in Canada, there would be some adverse effects as well. We recognized and pressed on the government the adoption of the principle that help should be given to any industries which were adversely affected by the freeing of the Canadian dollar a year ago. The minis-

ter, later on in answer to a question said "oh yes, we help various manufacturing industries and some other large firms in coping with the problems they face". But what did they do for agriculture? Absolutely nothing. The minister knows very well that there are various sectors of farming and fishing in Canada which are very dependent upon export markets.

Let me give one specific example. Wheat producers had to take the brunt of an immediate 6 cents per bushel drop in the price of wheat. The government allowed them to take it; they allowed this to go on without any interference or any assistance in any way. This is indicative of the government's attitude and approach to agricultural matters. Now, we have the new situation which I have been describing in which the government is just adopting a stand pat policy in dealing with agricultural problems which have arisen as a result of recent economic developments. I cannot stress too much the importance of this question. I feel this is one of the fundamental questions which we are facing in Canada at present. Are we going to see a rural society in this country in the future or is the government going to follow a course of action and a set of policies which will allow our rural society to be destroyed, to simply wither away, or possibly even a set of policies which will help it to be destroyed? I think we need some answers from the minister and from the government, not in any vague terms or in terms of any fairy stories about the situation being under review. I think we need some concrete answers from the government as to what it will do to help agriculture in the present situation. We have had nothing up to the present time and I think that results in a very serious lack of confidence in the government.

Because I feel this matter is so important and one that needs to be given further consideration within the context of this debate, I propose to move a motion which relates to clause 11 of Bill C-262. As members know, this is the clause of the bill which provides for the payment of grants to assist manufacturing industries in particular. Hon. members will also be familiar with the motion which I attempted to introduce yesterday in the House at the report stage and which it was not possible to introduce at that time. This would have provided for the inclusion of agriculture and fishing within the terms of that section. I cannot move an amendment which would make specific reference to the additions that I would like to see made to clause 11 of the bill, but I think I can make my intent quite clear in moving the amendment which I now place before you. I move, seconded by my colleague, the hon. member for Saskatoon-Biggar (Mr. Gleave):

That Bill C-262 be not now read a third time, but that it be referred back to the Standing Committee on Finance, Trade and Economic Affairs for the purpose of reconsidering clause 11 thereof.

I commend this amendment to the consideration of the House.

Mr. Deputy Speaker: The Chair has a copy of the proposed amendment that was just read by the hon. member for Regina East (Mr. Burton). My impression is that the amendment is in order and I will rule that way unless hon. members want to advise the Chair to the contrary. The Chair is prepared to put the motion.

• (4:50 p.m.)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, in view of the remarks made by the leader of our party, the hon. member for Témiscamingue (Mr. Caouette) and by my colleagues, the hon. members for Bellechasse (Mr. Lambert) and Compton (Mr. Latulippe) on motion for third reading of the bill, I would like to inform the House that we are more strongly opposed to this measure after it has been referred to the Committee on Finance, Trade and Economic Affairs. We have voted against referring this bill to the committee and we will oppose its passage to the end, because it aims at protecting millionnaires rather than workers by favouring the piling up of surpluses which will not be exported to the United States, thus damaging consumption in Canada.

Mr. Pepin: What a broad viewpoint.

Mr. Gauthier: I know what I am talking about since I am a member of the Committee on Finance, Trade and Economic Affairs where I had the opportunity of hearing various submissions. I have also received letters and telegrams pointing out the dangers of this bill.

The Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Howard) stated this afternoon that this bill was meant to clarify certain matters raised before the committee rather than to provide subsidies to support employment, although this measure provided subsidies to this effect. This is not the kind of statement that would shed light on the various ways in which the bill can be interpreted.

I do not intend to repeat the effective and realistic proposals which my colleagues have submitted to the government, although I would be tempted to do so following the statements I heard from several hon. members on the government benches saying: Let us have better suggestions than those contained in this bill.

This proves once more than none are so deaf as those who will not hear. I shall therefore endeavour to impress upon hon. members on the government benches to use reason instead of blindly following their leader, as they are accustomed to do, or again, I will point out to the people who are conversant with federal matters, the erroneous meaning of the bill.

If we pause to consider the objective of the bill, we read the following in clause 3:

The purpose of this Act is to provide a means to support levels of employment in Canadian industry when other countries impose temporary import surtaxes—

In my opinion this is more a pretext than a goal to achieve for the government which will certainly not miss such a splendid opportunity to create a new commission whose function will be to protect those who protect it. In fact, you have noted that as soon as the government has a small problem they create commissions so as to act finally as they please but which they use as a protective screen against all-too-often justified criticism.

For an industrial corporation to become qualified for federal help, the production factor will not be taken into account. Besides this was stated by a government official before the Committee on Finance, Trade and Economic

Affairs. It will be merely a question of maintaining employment at a normal level.

But how to maintain employment level when the manufacturer can limit production? Will the workers have to remain on the payroll without working or will the old winter work program have to be revived for our industries so as to make it possible for them to amortize two-thirds of the losses they have sustained because of the 10 per cent surtax?

A witness even suggested that the company could have other work done by workers affected by a production slowdown. On the whole, according to arguments put forward before the committee, if a manufacturer lays off workers, he will not get the assistance provided under Bill C-262 and if there are no lay offs, no guarantee is given that the manufacturer will be able to make out his case before the board.

Each case will therefore be thoroughly considered and should the board still have doubts after all those safety measures, clause 15, which to me is but a proof of patronage, will lend assistance to the board members. That clause reads as follows:

> Where a manufacturer who makes an application under this Act for a grant is unable to comply with any regulations applicable in his case and the Board is of the opinion that a grant to the manufacturer would not be outside the purposes of this Act, as described in section 3, the Board may, having regard to the purposes of this Act, recommend to the Governor in Council that a grant be authorized under this Act for that manufacturer.

In brief, we have just been told that the minister concerned can decide whether any manufacturer who does not meet all the industrial standards at least meets the political standards making him eligible for grants.

Then, why should a commission be established, since, in the end, the minister himself will decide? However, we are not at all surprised, because we can see therein the methods usually used by this government. You are for us or against us, the master-minds of the government seem to say. But woe unto opponents, for the ministers keep an eye on them and the powerful party organizers—some of whom have acceded to the Senate—will find out whether they are deserving contributors to the election fund.

That is one of the true aspects of the bill now before the House. Besides introducing this bill under a misleading title, this government does not tell the whole truth to the public, making it believe that the measure will cost only $80 million in grants, and $350,000 in administration costs. I wish to call the attention of the House to the fact that these amounts apply only to the balance of this fiscal year. This means that before the end of this fiscal year, the minister must ask the House to vote supplementary credits. It is always the same old method. The House is asked to consider a bill said to be of a provisional nature and which involves little expenditure in order to sweeten the pill. Later on, the people have to face the sad fact of a bill of a permanent nature costing workers millions of dollars in terms of taxes and designed for the benefit of foreign companies. It always boils down to fleecing the little fellow for the benefit of the big financier.

Indeed, according to a testimony heard in committee, this bill will cost at least $250 million solely for assistance, to which must be added approximately half a million dollars to cover commissioners' fees and administration expenses. Such is the truth.

Mr. Pepin: How awful!

Mr. Gauthier: Let us stop deluding the population and let us be honest. We will thus avoid deceiving the Canadian people.

A casual look at the industries affected by the 10 per cent American surtax, shows that the capital of practically all of them is American in a proportion of 80 per cent. Thus, President Nixon hits Canada in two ways since he compels American subsidiaries to turn over to him 10 per cent on products manufactured in Canada and since he grants a 10 per cent assistance to American industries which will promote production at home.

• (5:00 p.m.)

And we good Canadians fall headlong into the trap, calling upon our small taxpayers to supply the United States with over $250 million to protect American capital in Canada. Instead of making this anti-Canadian gesture, the government should have had the courage to stand up to the Nixon administration and use those hundreds of millions to be granted under the present bill to promote production of our secondary and tertiary industries, so that we stop sponging on the United States and produce more of our own consumer goods.

In fact, we produce barely 40 per cent of our requirements in Canada, while we are the United States' number one source of raw materials. That shows the absurdity of our position and the irresponsibility of a government which brings forward such a solution to the American surcharge. The most logical course would have been the one pointed out by my colleagues, i.e. outright abolition of the 12 per cent excise tax which, like all the others, was a temporary tax at first but which we have been paying for many years now.

What was Mr. Nixon's intention in putting this 10 per cent surcharge on all imports of countries dealing with him? He just wanted to make up for the United States' balance of payments deficit. How typical of a country feeling more powerful than all others. The president of the United States thought maybe that this would compel the countries of the Group of Ten to revalue their currencies upwards. In any case, the American government can see that the reaction came quickly. In fact, on page 10 of *La Presse* of September 8, one could read:

> The Nixon plan is attacked by GATT
>
> —The U.S. protectionist measures were unanimously censured by the great commercial countries as well as by the Latin American countries at a meeting of the GATT special task force, according to reliable sources.
>
> The group met to study the trade decisions taken by President Nixon, and particularly the 10 per cent surtax on imports. The representatives of Japan, Great Britain, the European community, Canada and Latin-American countries judged the measures illegal under GATT and most inappropriate. The task force studied a document it received Monday from the International Monetary Fund on the United States balance of payments. The conclusions of the IMF have not yet been published, but the same source indicates that the American deficit is due mostly to capital outflows from the U.S.A.

Mr. Speaker, that is what international organizations think of the situation.

In reply to those protests, a few days later, on September 14, one could read the following in a Montreal paper:

The Six request that Nixon remove the surcharge.

The Six have agreed to consider a realignment of monetary parities on the international level only if the United States remove the 10 per cent surcharge on imports.

That decision was taken by the Council of ministers of finance for the Six last night, after an agreement had been reached on the position to be fought for in reforming the international monetary system. The text adopted by the Council states that the Six pointed out the seriousness of the American decision to levy a 10 per cent surtax and grant fiscal concessions in favour of domestic investments and exports.

These steps interfere with the making up of realistic rates of exchange. They impede the realignment of parities. Furthermore, they could well cause serious disruptions in international trade.

Consequently, the European Community is solemnly asking for the removal of the Washington measures.

Well, maybe there is some good in all this because when the Six met, it was even proposed that the international monetary system be revamped. I feel that Social Credit is coming anyway, not only at the national level as stated by the hon. member for Duvernay (Mr. Kierans), the former maverick Communications Minister—who asked that the Bank of Canada be used to issue new funds as the only way to boost the Canadian economy—but even at the international level, since the Six unanimously requested a reform in the international monetary system. Incidentally, *Le Devoir* of September 9, 1971 had an article entitled: The Six Agree on Common Goal, and I quote:

The international monetary system, born of the Bretton Woods agreements, must be reformed: failing a common position to solve the crisis created by the United States on August 16, the Six of the Common Market have at least managed, after four weeks, to agree on a common goal.

That goal is the complete reform of the international monetary system. In the light of those events, what did the government do? It missed its only chance to back track by helping directly our fully owned Canadian industries without being accused of provoking dumping into the United States, or directly violating the GATT agreements. May I point out to the House another article published in *La Presse* on September 8, 1971 and entitled: Direct Violation of GATT Agreements. I shall read only a few excerpts because the article is too long. I quote:

The emergency plan which has just been launched by the Trudeau government to assist industries most seriously affected by the 10 per cent surcharge established on August 15 by President Nixon is a direct violation of GATT and may have repercussions in the United States as well as abroad.

Indeed, even if the federal Minister of Industry, Trade and Commerce, Mr. Jean-Luc Pepin, suggests that the $80 million allotted for that emergency plan are meant to lessen the impact of American measures on labour, they amount to export grants none the less. Now, such practices have been denounced by the General Assembly of GATT as "non-tariff walls".

As for Canadian government authorities, always ready to copy the United States, I wonder why they did not imitate Mr. Nixon when he decided to give 10 per cent to his domestic industries to encourage them to produce more goods for American consumers. Thus not only would they have maintained the employment level, but they would surely have contributed to reduce the unemployment rate and help Canadian consumers.

We blame this government for imposing to the people in the lower income brackets this despicable tax which has but one purpose, protecting our pro-American millionaires.

If we wish for the suppression of unemployment and the growth of our economy, these will certainly not be achieved through the imposition of new taxes, but by abolishing those taxes which hinder our Canadian industries' survival and favour the American companies.

That is the reason why all our industries one after the other are falling into American hands. The people mainly responsible for this type of emigration are those presently sitting on the government's side.

This is why, Mr. Speaker, we are against the bill before us at the present time.

The Acting Speaker (Mr. Laniel): Order. Before recognizing the hon. minister, I should like to inform the House regarding matters which will be raised tonight at the time of adjournment.

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Compton (Mr. Latulippe)—Finance—Government attitude on negative tax formula; the hon. member for Fraser Valley West (Mr. Rose)—Fruit—Request by British Columbia growers for export assistance—legislation to protect against dumping of agricultural products.

[*Translation*]

GOVERNMENT ORDERS

EMPLOYMENT SUPPORT BILL

MEASURE TO MITIGATE EFFECT ON CANADIAN INDUSTRY OF IMPOSITION OF FOREIGN IMPORT SURTAXES

The House resumed consideration of the motion of Hon. Mr. Olson (for Mr. Pepin) that Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, be read the third time and do pass, and the amendment thereto of Mr. Burton.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I apologize for speaking at this time. I would have preferred to wait for the end of the debate, but, unfortunately or fortunately, I must leave for Houston, Texas, in a few minutes, so that I will not be here tonight when this bill is approved with great enthusiasm.

Mr. Speaker, I have listened to the hon. member for Regina East (Mr. Burton) and I thank him for his long lecture on international trade and other matters. And, listening to him, Mr. Speaker, I said to myself: Professors never do change. Is this not so? At every opportunity they give a lecture and I hear the oh's in *Hansard.*

Mr. Speaker, the main argument of the hon. member for Regina East is that this bill is not perfect and this I am willing to admit. It will cure neither a cold in the head nor corns; it is not a comprehensive industrial policy. It does not propose an agricultural or a monetary policy, and neither does it create an internation corporation. In short, there are lots and lots of things which it does not do. But, this bill is not meant to do everything the hon. member would like it to do. It did not please the hon. member for Regina East simply because it is not perfect. And therefore, I imagine that the hon. member and his party as well as the Créditistes are going to vote against it because it is not perfect.

• (5:10 p.m.)

Mr. Speaker, I point out that the decision of the two parties concerned expresses a low-standard evangelism. It would be a great help to the government if the whole House voted for the bill to show Americans in particular that public opinion in Canada is not insensitive to American measures.

I shall attempt with perseverance to find, both in the speech of the hon. member for Regina East and in that of the hon. member for Roberval (Mr. Gauthier), a few sentences saying that in fact the two parties concerned were in agreement with the legislation. But it will not be an easy task and once again, I hope that in a few minutes the two parties, being aware of their responsibilities and having made all provisos and necessary precisions, will none the less vote for Bill C-262 in order to make it publicly known in Canada, in the whole world and specially in the United States, what stuff Canada is made of.

Mr. Speaker, some say that this bill will not cope with all the problems that this surtax will create in Canada. I agree with that. At the present time, just the uncertainties brought about by the American decisions will disturb Canada-U.S. trade relations and will occasion, in a great many cases, the loss of contracts as well as certain difficulties for some Canadian firms. In a word, I mean that this bill attempts to save the house, the Canadian industrial structure which has been set up at the cost of many efforts over the years by industrialists as well as workers and governments. We are trying to save the house; we may lose a few pieces of furniture, but the commendable efforts of the government at this time should be acknowledged by all.

The hon. member for Regina East (Mr. Burton) seeks through his amendment to refer the bill to a committee for consideration of clause 11. I suppose his main purpose would be to submit to the committee the amendment he moved yesterday and which has been ruled out of order by the Chair.

The hon. member's interest is essentially the protection of farmers and fishermen. That would be his motivation.

[*English*]

If the hon. member had read beyond the figures he cited for animal and vegetable products affected by the surcharge he would have discovered that about 85 per cent are processed and therefore covered by the bill. This includes the $175 million applying to whiskey and $200 million applying to fish. I am not saying that all this whiskey will be protected. I am not saying that at all, because all the whiskey producers might not need the support of the government in this instance. I am saying that the 85 per cent of products subject to the surcharge are covered by this bill. Therefore, the hon. member is delaying action. He wants to send the bill back to committee just for that 15 per cent left out of the bill. I recognize that the 15 per cent is important to those people who are in that 15 per cent category. But then the Minister of Agriculture (Mr. Olson) has already said that he will bring about ways and means of helping those people. I think the Minister of Agriculture has a splendid record for responsibility. As a matter of fact, I know that my colleagues in the cabinet committee at this time are discussing just that matter. So, I suggest the hon. member is being very theoretical, very professorial—if I of all people may use that expression—in trying to delay the bill. He is trying to satisfy his own sense of responsibility which, in this case, is very misplaced.

Mr. Speaker, I shall not attempt to reply to the hon. member for Roberval because that would take too long but I shall see, or rather I shall try to see that the people are made aware of the remarks he made this afternoon. His statement that only Canadian firms should be protected by the legislation will, I believe, create quite a lot of dissatisfaction particularly among Quebec workers who work for such companies. I feel the hon. member, if he is sincere, should hold a press conference immediately to say that he is most anxious that workers in Quebec and throughout Canada, employed by firms with foreign origins, should not be protected by the legislation. I think at that time he will not get a very hearty reception.

Mr. Fortin: They will not be protected anyway.

Mr. Pepin: The hon. member has to make up his mind one way or another. At first he said that this measure is only for the rich, especially rich Americans, and now he says that workers employed in factories with predominantly American capital will not be protected. I know very well that logical thinking is not the strong point of Social Credit but there are nevertheless circumstances where it is possible that abuses—

Mr. Loiselle: They never have understood anything and they never will understand anything.

Mr. Pepin: Mr. Speaker, abortion and death sentences are at present the big topics within Social Credit. This indicates perhaps that an abortion or the death sentence is in sight for that party.

• (5:20 p.m.)

Mr. Speaker, I would like to be more serious when I answer the hon. member for Kent-Essex (Mr. Danforth). I think that his remarks this afternoon are quite serious and that he is truly concerned about the effects this legislation might have in certain cases.

[*English*]

I consider him to be a very experienced member and a very responsible one, so I think I should spend some time

trying to answer the points he made. If I understood him well, and I hope that I am quoting him correctly, since I resented it very much yesterday, and *Hansard* proved me right, when the hon. member's leader misquoted me considerably last night and I should not like to do the same thing to him today. He said that he thought only 150 companies would stand to benefit from this bill. That is not right. I think my hon. friend was impressed by what I said in my first speech on the subject, as reported in *Hansard* at page 7558. I said:

The survey conducted by my department also indicates that there are some 150 companies which would have difficulty surviving if the surcharge lasted up to a year,—

That was an assessment of potential damage and not an assessment of how many companies would stand to benefit from the bill. This is a very important distinction. As a matter of fact, we questioned 1,700-odd companies, as mentioned at page 7558 of *Hansard*. The opinion of my department at this time is that about 300 of that number are exporting more than the 20 per cent of their production which they need to export in order to qualify for assistance under the bill. That means that about 300 plants will stand to benefit from this bill. I emphasize again that clause 15 covers hardship cases. It may well be that some companies exporting 12 per cent, 13 per cent or 15 per cent will still have their cases judged in the light of that clause. So much for that point.

The hon. member is also worried that small companies might not benefit from this bill as much as bigger ones would. I want to repeat what was said in committee. I know that there was a bit of "wobbling"—that is the only word which comes to my mind at this time. The final undertaking in committee is very clear. There is no distinction as to the size of the plants. The only factor is that employment in the plant must be "significantly" affected by the surcharge. This may involve a labour force of 2,000 or a labour force of 10. Two or three employees out of 10 could mean "significantly" affected. The size of the company is not a relative factor in the implementation of this bill. It is certainly not to be considered in the way the member thought it might.

• (5:20 p.m.)

The hon. member made a good point. He said he was afraid that unions might create some difficulty. I am sure that the member supports me in the hope that unions will also show some flexibility in these matters. If everyone is going to stand on his rights, on the conventions and practices of former years, of course there will be added difficulties. However, I hope that company officials and union leaders will show intelligence in helping to implement this bill.

The hon. member also stated that companies might use this assistance to stockpile. I already indicated, and I repeat, that this is one of the five, six or seven possibilities offered by this bill. A moment ago my parliamentary secretary stated very strongly that continuation of exports is but one of seven or eight different possibilities and that stockpiling or adding to inventories is one of those. The member was wrong when he said the government was favouring that direction. I do not think it was just eloquence when he said that under this bill the government might be paying "two thirds of the cost of units". That is not the case. The assistance which will be provided will be two thirds of the surtax applicable to goods exported to the United States in 1970. I am not going to go into detail. It will be two thirds of the surtax that would have been paid, not two thirds of the cost of units. If the government had decided on that, it would indeed have meant fantastic support. I presume that the member inadvertently made that suggestion.

I think I have covered most of what I intended to deal with, Mr. Speaker. I hope I will have the pleasure of receiving a telephone call from you tonight in Houston, Texas, Mr. Speaker, or from someone on the government side, informing me that the bill has been passed and that the two reluctant parties, the New Democratic Party and the Ralliement des Créditistes, have surprised everyone by showing intelligence, flexibility, goodwill by voting in favour of this bill, thus giving occasional—I do not mind if it is occasional—support to the government when a question of national importance arises.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I was very impressed with the minister's speech. I am extremely sorry he has to leave us now in order to go to Houston. I have been there, so I am sure he will have a marvellous time. I am not trying to be facetious, as I know that this is impossible, but perhaps the minister can drop in on Washington to let them know about the unknown country. The minister stated that if we pass this bill, it will show how we are going to deal with two specific problems, the loss of contracts and the economic difficulty which Canadians and Canadian industry will face as the result of the 10 per cent surtax.

I wish to point out to the minister that I am quite aware of what the Americans are doing. We cannot really fault them. They are attempting to bring some economic stability to their own country. At the same time, however, I wonder whether they know who we are. The minister has an opportunity of going to the United States. Perhaps he can add another paragraph to the speech that has been prepared, and I do not fault that, and give some information about this country which even President Nixon does not know. I refer the minister to a press release relating to a presidential press conference issued by the United States Information Services datelined Washington, September 16. In this the president gives some indication as to who his friends are, who are the important trading partners and what importance he places upon these respective parties. On Saturday, September 25, 1971, the *Globe and Mail* picked up this theme. I quote from the report of the press conference:

This is a time for our friends around the world—and they are all competitors—to build a new system with which we can live so that we don't have another crisis in a year. With regard to the Japanese, incidentally, I think I can best summarize our dilemma in this way: After the Japanese were here I found that, both from the information they gave and the information we had ourselves, that Japan is our biggest customer in the world and we are their biggest customer in the world.

That is the part with which I find some fault, Mr. Speaker. I can give the minister a copy of the *Globe and Mail* lead editorial of Saturday, September 25, 1971, in which they took issue with that statement. I quote from the editorial:

The New York Times, which is respected for its paper-of-record

approach to both domestic and foreign news, rated Canada's importance in the upheaval as worth only five inches of space at the bottom of page 42. Shows the dimension of the Canadian fact as it exists in the United States.

If any punctuation was lacking, President Nixon added it in a press conference on Sept. 16 when he said,—

I just alluded to this, but I will continue with the reading of the quote. I think this editorial speaks on behalf of a lot of Canadians.

—"After the Japanese were here I found that, both from the information they gave and the information we had ourselves, that Japan is our biggest customer in the world and we are their biggest customer in the world."

That statement didn't happen to be true on either count. In the first six months of 1971 the United States exported $2.1-billion worth of goods to Japan and $5.2-billion to Canada. In the same six months the United States imported $5.9-billion worth of goods from Japan, and $6.01-billion from Canada. Even on combined export-import dealings the U.S.-Canada package is far greater than the U.S.-Japan package:—

I am trying to tell the minister that something is wrong. Unless the President is misquoted in the statement that he believes Japan is their greatest trading partner, I think this editorial is true. This is the unknown country. The government should work hard through this minister who is going to the United States this evening to create an impression on the President of the United States, one which will be heard by the United States.

Members on this side have questioned the Prime Minister (Mr. Trudeau) as to why he does not pick up the phone. Perhaps in my ignorance, not knowing the protocol in this matter, I thought the telephone was a means of prime communication. In view of the disastrous effects of the United States' attempt to satisfy their own demands, I suggest that the Prime Minister of Canada—I do not know whether he has ever talked to the President of the United States; I suggest he must have—should find the situation important enough to pick up the telephone and say to the President that in view of our extended boundary, unguarded, and the action we took in unpegging the dollar, which does not call for retaliatory methods against us which may bring us to the point of disaster. "As a result of our common language and trading patterns, Mr. President, what are you doing to us? We understand you must help your country, but what are you doing to us?"

• (5:30 p.m.)

That is all the opposition is asking, and for the life of me I cannot understand why the Prime Minister does not take this step. Perhaps I am uninformed and do not appreciate the protocol involved in this matter, or perhaps the Prime Minister may think that he is above and beyond picking up the telephone to call the President of the United States; I do not know.

Mr. O'Connell: Has the Leader of the Opposition (Mr. Stanfield) done that?

Mr. Alexander: He is not in a position to pick up the telephone and call the President of the United States. This government continues in its arrogant way, with its complacent attitude and its apathy. But I must not digress because hon. members are eating up my time. It is nice to see members on the other side getting involved in this debate. Sometimes we get such asinine comments from them that I wonder whether they send their copies of *Hansard* home or burn them in shame.

Mr. Muir: Especially the buffoon from Calgary South (Mr. Mahoney).

Mr. Alexander: I did not say that.

Mr. Muir: I am saying it.

Mr. Speaker: Order. As the hon. member for Hamilton West (Mr. Alexander) says, his time is limited. Perhaps we should give him a chance to continue his remarks.

Mr. Alexander: Thank you, Mr. Speaker. But how can one become unexcited and be impassionate with interruptions of that calibre? In the cut and thrust of debate, when you are challenged you must reply.

I do not pretend to be an expert on this bill, as those on the government side do, but I want to put before the government a few of the concerns that have been expressed in this House. With the mandate that we have collectively on this side of the House, we have every right to bring them to your attention, Mr. Speaker. There is no desire on our part to hold up the bill; we just want to point out its inequities.

The title of this bill is "An act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect". I think it should be extended to read "and as a result of inefficient government fiscal and monetary policy". That has been underplayed, or left out, but in fact how can one criticize the bill to any great extent? Obviously, we are in a position where it is necessary to give some relief. But what we are talking about here are the consequences which flow from U.S. policies that affect our daily life; no reference is made to the fiscal and monetary policies of this government that have left industry in an awful mess.

I have watched the legislation go through this House and it seems to me that the free enterprise system no longer means anything. Perhaps to some hon. members it does, but in view of what the government has done in restricting the means and methods whereby we can reach high production, and therefore in the long run have full employment, whatever that may mean—perhaps 3 per cent unemployment—I wonder where we are going.

I appreciate the concern of the hon. member for Kent-Essex (Mr. Danforth). I know the minister attempted to allay his fears, but from my first reading of the bill I get the impression that it is similar to providing corporate welfare, and perhaps it should be administered under the direction and leadership of the Minister of National Health and Welfare (Mr. Munro).

It seems to me that the giants of industry certainly will need help and deserve help, and that is one thing. On the other hand, there are countless industries in Hamilton that feed these giants and do not export, and they will be directly affected by this surtax. After all, we are only providing assistance up to about two-thirds of the surtax that would be paid, which in the long run means that somebody is going to be short. As a result, companies are going to lose contracts, their workers are going to be faced with unemployment, which in turn means that those

firms that feed these bigger companies are going to be left high and dry. The minister was not too clear on that. We have hundreds of companies in Hamilton that are extremely concerned. They do not export their products but, rather, manufacture products to feed these bigger companies. What is going to happen to them?

I am not sure what clause 15 of the bill means. It refers to a "special case" and perhaps it is a catch-all phrase. It is a complex clause that no one has explained to me. It provides:

> Where a manufacturer who makes an application under this act for a grant is unable to comply with any regulations applicable in his case and the board is of the opinion that a grant to the manufacturer would not be outside the purposes of this act, as described in section 3—

Section 3 says that the purpose of the act is to provide a means of supporting levels of employment; that is the gist of it. Are we going to bring in under the legislation all companies as a result of the following words, "the board may, having regard to the purposes of this act, recommend to the Governor in Council that a grant be authorized under this act for that manufacturer"? Does that mean that even though a manufacturer does not export, that he is not affected by the import surtax, he can make an application and, in accordance with the principle of the bill, be given assistance?

Mr. Knowles (Winnipeg North Centre): It is a pretty blank cheque.

Mr. Alexander: Yes, it is a sort of blank cheque. So the first concern I have with this bill is, what is going to happen to these smaller industries? That is why the Leader of the Opposition (Mr. Stanfield), in an admirable speech the other day, made so many points. I do not want to go over them, but he talked about the long-term economic policies of this government. This bill is a sort of patchwork solution to this emergency, but we are still faced with the awful problem created by the economic policies of the government as they affect Canadian productivity and employment.

We are used to hearing the President of the United States go to the people and make various points in his state of the nation speech. I asked the Prime Minister whether he would like to do this in order to bring the people of Canada up to date. I am not saying anyone has been dishonest in respect of the state of our economy, but what has been done has been patchwork and ad hoc. One minister says one thing and another minister says something else.

I should like the Prime Minister to tell the country exactly what we are doing, where we are now, where we are going and what our plans are to offset what everyone has concluded will be a disastrous winter. The people are entitled to such a statement. The Prime Minister says, "Leave it to the Minister of Finance". The Minister of Finance (Mr. Benson) lost his credibility months ago. Nobody believes him any more. Every prognosis he has made has been wrong.

• (5:40 p.m.)

Mr. Baldwin: His economic slip is showing.

Mr. Alexander: Why should the Minister of Finance make the statement? Let the Prime Minister be wrong for a change, perhaps even more so than he has been in the past. All I am asking for is such a statement.

On August 15, 1971, President Nixon inaugurated a series of economic reforms based on this statement:

> The time has come for a new economic policy for the United States. Its targets are unemployment, inflation and international speculation.

These reforms affect not only ourselves but all industrialized nations whose economies are linked with the United States. As I said before, this affects Canada and what we are doing in this situation is important. This surcharge hits manufacturing in two ways. Companies in now buoyant industries will have trouble increasing their sales in vital U.S. markets so they will delay hiring more workers. Companies in lagging industries could lose sales if the surcharge continues for long. They may end up laying off workers and creating further structural unemployment.

The points to consider are that our manufacturers cannot raise prices, while those of United States competitors are frozen, without losing ground both at home and abroad. Wages for Canadian labour will not be frozen as they are in the United States. Canadian producers will face yet another squeeze on their profit margin, with the result that still less domestic capital will be available for investment. An added problem is that the industries affected by the surcharge are also those which have been weakened by the 6 per cent rise in the exchange rate since June, 1970. If the surcharge continues for several months, in my respectful submission these industries could be seriously damaged.

Another point of concern to me is the effect of the DISC program. What is the government doing about this? That legislation could be disastrous to the economic solidarity and viability of Canada. The Domestic International Sales Corporation would provide tax deferral on earnings from export sales, and it is likely that the legislation will be in effect by January 1, 1972. This measure would provide a substantial stimulus to United States producers to increase their export sales, with a resulting favourable effect on the United States balance of payments.

The Canadian Export Association fears that the export promotion scheme applied to American companies through DISC may, if successful—and there is no reason to believe it will not be—present a serious problem for Canadian exporters competing for the same markets. This problem is in addition to what we are talking about when discussing this bill. The federal government last year estimated that the DISC proposal would give United States exporters a 6 per cent advantage in competition with Canadian manufacturers, although the effect would vary from industry to industry. It is anticipated that United States companies would be permitted to borrow from DISC for the purpose of retraining employees and changing plants to meet competition from imports. As a result, the competitiveness of U.S. goods would be increased, applying pressure to both Canadian exports to third country markets and the United States and to domestic sales by Canadian manufacturers. I want to know what the government has to say about that matter

because it is part and parcel of the problems we are dealing with in this bill.

Have representations been made to the United States about these questions and the disastrous, unwarranted and unacceptable effects this program will have on Canadian exporters? Do we have any liaison or dialogue with the United States in this regard? Has anyone picked up the phone to discuss this matter with American officials? These proposals will come into effect on January 1, 1972, which is just around the corner.

An hon. Member: It is not passed yet.

Mr. Alexander: I heard a voice in the wilderness saying the legislation is not passed yet. Is he saying that the government intends to wait until it is passed and then go to the United States and ask them to withdraw it? Is that the way they do business on the other side of the House? I hope that is not the situation. Perhaps we should send a couple of these expert parliamentary secretaries to Washington. Sometimes I have more faith in them than I have in the minister, because they want to get ahead.

Some hon. Members: Hear, hear!

Mr. Ricard: They applaud themselves.

An hon. Member: That was worth hanging around to hear.

Mr. Alexander: I could say something about a couple of them over there, but I will not do so because I would probably get mean and I do not want to do that. Let me return to what I was saying about the DISC program. The major, long-term impact of the DISC legislation involves parent-subsidiary relations of multinational corporations, both U.S. parents with Canadian subsidiaries and Canadian parents with U.S. subsidiaries. The bill would create a tax incentive to supply foreign markets from United States-based manufacturing operations rather than from Canadian plants. Has this question been explored, and is there any way out of it? These are several questions to which we cannot get answers.

Associated with this incentive would be a significant effect on the investment decisions of multinational corporations as to where plants would be located and which plants would be expanded in the future. The tax deferral incentive would result in a tendency for corporations to expand or locate in the United States. Let me refer to the steel industry which is primarily located in Hamilton, Ontario. I think we should show concern in this area. This industry is the backbone of our nation. In some areas certain types of manufactured steel goods will be covered but, generally speaking, the major Canadian steel companies have been surveying customers in the United States and Canada to determine the effect of the surcharge on the demand for steel products. Flat rolled product sales will be most affected because they bear the greatest percentage increase under the surcharge, while structural steel rails and fastenings are subject to a lower tariff and are less vulnerable.

An official of the Steel Company of Canada estimates that if the surcharge is continued for the remaining months of 1971, $5 million, or 10 per cent of the company's average annual sales to the United States, might be lost and that over a year the loss in sales could be $9 million. It is not only important to Hamilton, it is important to the nation to know what is happening to this industry.

When we realize that the steel companies will be compensated to the extent of two-thirds of the surcharge, we are pleased. But it does not matter what the figures are, somebody else will suffer. I have in mind all the companies directly involved with the steel industry. As a result of United States economic policies they will be placed in a position where they will be no longer productive and no longer able to maintain or further employment. They are not directly covered by this bill, unless clause 15 includes them. In any event, if you do not export you cannot take advantage of this bill, and if you cannot export then somebody will be a loser.

I will not take up any more time but I should like to say this is a proper step. No one in his right mind would say it is not, no matter on which side of the House he sits. There are things missing from the bill about which the government should be concerned. This legislation is only a partial answer. One must remember the complexities and conflicts which will beset this country as a result of the government's fiscal and monetary policies. In my opinion these problems are not being met. We do not know when they will be met, because every day we ask the Prime Minister questions about his immediate plans vis-à-vis provincial meetings and do not receive satisfactory answers. Let us hope the government realizes the difficulty they are in. I understand that even their backbenchers realize it, because the latest report in the Toronto *Star* indicates that they have a revolution in caucus concerning the incompetency of their ministers. These are not my words; they are what I read. It is reported that there is a revolution in the Liberal caucus because of the incompetency of their ministers and lack of viable, acceptable policies for the economic development of Canada.

• (5:50 p.m.)

In conclusion, I hope our suggestions sink in, because we on this side have been telling them since God knows when in the past two years that they are moving in the wrong direction. I hope that when this debate is finished—

An hon. Member: Do you mean you are going to let the bill go to a vote?

Mr. Alexander: —within a short space of time the words of wisdom which have come from this side will not have fallen on deaf ears.

Mr. Speaker: Is the hon. member rising on a point of order?

Mr. Jerome: Mr. Speaker, I do not wish to interrupt any speaker who may follow, but I seek consent of the House to revert to motions for a moment because, further to Your Honour's suggestion of some time ago in respect of Bill C-259, the House leaders met and a form of motion has been agreed upon by the various parties. If the House would consent to revert to motions, I would propose a motion, seconded by the hon. member for Vancouver Quadra (Mr. Deachman).

Mr. Speaker: Is there unanimous consent to revert to motions for the purpose of moving the motion to which the hon. member has referred?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

INCOME TAX ACT

MOTION TO CORRECT PROCEDURAL DEFECTS IN RELATION TO BILL C-259

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I would move the following motion, seconded by the hon. member for Vancouver Quadra (Mr. Deachman):

That, notwithstanding the terms of the ways and means motion upon which Bill C-259 was introduced, this House deems that the said bill was properly introduced within the terms of Standing Order 60, provided that the form of the said ways and means motion shall not be accepted as a precedent in any future case;

And that it shall be an instruction to the committee of the whole on the said bill that the admissibility of any proposed amendments thereto shall be governed by the bill as read a second time and shall not be limited by the said ways and means motion although all other procedures relating to financial or tax measures shall apply.

Mr. Stanfield: We are a generous opposition.

Mr. Baldwin: Mr. Speaker, the House leaders met and we have overcome the difficulty which Your Honour properly pointed out. We accept the proposal. There is one condition which I believe should be placed on the record. It is our understanding that the proposal contained in the motion will mean that the government will not be permitted to introduce further amendments of substance affecting ways and means or extending beyond the terms of the bill without, of course, a proper resolution or notice being given. I think that is the plan but I thought I should make definite that this is our interpretation of the effect of the motion.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, when this point of order was—

Mr. Speaker: Order, please. I am not sure we are on a point of order. My understanding is that we are now on motions. I interrupted the hon. member for Winnipeg North Centre (Mr. Knowles) because I understand the hon. member for Bellechasse (Mr. Lambert) is rising on a point of order.

[*Translation*]

Is the hon. member for Bellechasse raising a point of order?

Mr. Adrien Lambert (Bellechasse): Yes, Mr. Speaker.

I would like to draw the Chair's attention to the fact that since the interpreter could not catch the statement of the Parliamentary Secretary to the President of the Privy Council (Mr. Jerome), I cannot give my consent because I did not hear exactly what he said.

Mr. Speaker: I will try to remedy this problem by reading the motion as slowly as possible:

[*English*]

This may be cured by the Chair reading the motion:

That, notwithstanding the terms of the ways and means motion upon which Bill C-259 was introduced, this House deems that the said bill was properly introduced within the terms of Standing Order 60, provided that the form of the said ways and means motion shall not be accepted as a precedent in any future case;

And that it shall be an instruction to the committee of the whole on the said bill that the admissibility of any proposed amendments thereto shall be governed by the bill as read a second time and shall not be limited by the said ways and means motion although all other procedures relating to financial or tax measures shall apply.

Perhaps the House would allow me to return to the hon. member for Winnipeg North Centre.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, when the point of order that is the subject of this motion was raised, perhaps I went too far in admitting that the House leaders had agreed to the form of the resolution which led to the difficulty. At any rate, honesty is a good policy. Your Honour then suggested that the House leaders who got us into the trouble should get us out of it. That is what we have tried to do. I hope we have succeeded.

Our understanding is that the terms in which Bill C-259 was printed and presented to this House on second reading are now to constitute the form of the resolution. In other words, from here on we are not limited by what was in the draft, but we are limited by what is in the wording of the bill itself; that is, Bill C-259 as printed becomes, for the purpose of this debate, the resolution rather than the draft bill that was first given to us. We accept that, but because it is rather novel we want to underline the wording in the motion that this practice is not to be taken as a precedent. I realize the difficulty in respect of precedents which are not to be taken as precedents; they often are quoted later as precedents.

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

Some hon. Members: Agreed.

Motion agreed to.

Mr. Speaker: It being six o'clock, I do now leave the chair. The House will resume at eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

EMPLOYMENT SUPPORT BILL

MEASURE TO MITIGATE EFFECT ON CANADIAN INDUSTRY OF IMPOSITION OF FOREIGN IMPORT SURTAXES

The House resumed consideration of the motion of Mr. Olson (for the Minister of Industry, Trade and Commerce) that Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, be read the third time and do pass, and the amendment thereto of Mr. Burton.

Mr. Norman A. Cafik (Ontario): Mr. Speaker, the preceding speaker on Bill C-262, the hon. member for Hamilton West (Mr. Alexander), made a couple of points with which I should like to deal for a moment. First of all, he indicated that this bill will assist the large industries and he felt that that was proper, but he did not really feel that it would help the many small industries in his riding or those across Canada because they do not export directly to the U.S. Many of them are subcontractors or suppliers to firms which in fact exported to the U.S., and perhaps the level of production which was ultimately exported through the final manufacturer was sufficient to qualify that manufacturer under the act but the subcontractor would, in fact, be prohibited from qualifying because of the terms of the act.

This question was dealt with at considerable length in the Standing Committee on Finance, Trade and Economic Affairs when we dealt with this bill. The minister made it perfectly clear that in cases where a manufacturer was in fact a subcontractor and his goods were ultimately destined for the U.S. through another producer or exporter, such a firm would in fact qualify. I think that is a very important point which should be borne in mind by all members when viewing this bill.

The hon. member also indicated that he did not really know what clause 15 of the bill meant, and he quoted from it. I should like to dwell on this question for a moment because I consider clause 15 to be one of the most important clauses in the bill. Clause 15 provides, pretty clearly in my view:

> Where a manufacturer who makes an application under this act for a grant is unable to comply with any regulations applicable in his case and the board is of the opinion that a grant to the manufacturer would not be outside the purposes of this act—

—the board can recommend to the Governor in Council that a grant be given in any event. I led a considerable discussion in the committee on this clause, because obviously it gives rather wide-ranging powers to the board and it is very important that we understand how these powers will be used and exactly what the government had in mind when it inserted clause 15 into the bill.

In committee it was made perfectly clear by the minister, in direct answer to questions which I put to him, that clause 15 allows the board to make this provision applicable in any case which meets the three basic criteria in the legislation. These three criteria are, first, that the base year to be used in calculations in the determination of the amount of production for export is the year 1970; second, that two-thirds of the amount of the surcharge applicable for that production is the maximum amount of the grant; and the third criterion is in respect of 20 per cent of the production being exported to the United States.

The board can receive an application from a firm that does not meet any one of these criteria or any combination of them, and if it decides that it is within the purposes of the legislation to maintain a certain level of employment in that firm it can make the grant or recommend that the Governor in Council do so. This is a pretty wide-ranging power which overcomes many of the difficulties that members of the committee have expressed in this House in respect of the application of the bill. I think that is perfectly clear.

One other point that the hon. member for Hamilton West made is that only two-thirds of the allowance in respect of the surcharge is payable, and that someone is going to lose. Obviously, that is true. If the board decides to give a grant up to the maximum of two-thirds, obviously the firm affected, in order to maintain employment, will pick up the other third. I do not think anyone has ever implied anything different and I think it is only reasonable to expect that the government, in co-operation with industry, will try to overcome the effects of this surcharge.

Another point that I think should be brought out with respect to the two-third allowance—the minister made this clear, I believe, in the House, as he certainly did in the committee—is that it is not two-thirds of the total cost of maintaining people in the employ of the company but, rather, two-thirds of the surcharge itself. I will go into that matter a little later, because I think it is important to understand that this is not some kind of give-away program, in most cases involving large sums of money, and that companies do not have to give anything in return.

• (8:10 p.m.)

The hon. member for Regina East (Mr. Burton) and others referred to this bill as being in effect a corporate welfare assistance act. In my view that is not true. I would like to discuss that matter for a moment because the NDP proposed two basic amendments to the bill. One was with respect to clause 11, to include farmers and fishermen within the provisions of the legislation. If one really believes that this bill is a corporate welfare plan, then why would one want to extend the principle to cover farmers and fishermen? It seems to me that the charge laid against the legislation by the NDP is sufficiently grave that they would have to vote against it, no matter how it was amended, and in particular that they would not want to broaden its scope.

The other NDP amendment dealt with disclosure of information, seeking monthly reports from the government detailing names of firms that receive aid, the amount of the grant in each instance, the levels of production and employment before and afterwards, and other information, all of which in my view would not change the purposes of the bill. Such an amendment would cover the way in which the bill is administered and in which the government is to report to the House.

If these two NDP amendments were adopted, would it mean that the NDP would support the bill? If they would support the bill with these two amendments incorporated

in it, would that change the legislation from being a corporate welfare assistance act? I cannot see how it would. I suggest there is a degree of inconsistency in the logic of the NDP in this particular case.

The primary purpose of the bill is to maintain employment. In committee, the hon. member for Oshawa-Whitby (Mr. Broadbent) suggested an amendment, one which was not moved in the House, providing for a regulation stipulating that the level of employment must be retained at a minimum of 80 per cent. Initially, many members of the committee thought this really was not a bad idea, but upon reflection we felt that by stipulating 80 per cent we would be saying to the board that it would be quite acceptable if the level were only 80 per cent. Frankly, Mr. Speaker, all members of the committee would like to see employment maintained at 100 per cent of the pre-surcharge level.

An hon. Member: Why didn't you move an amendment?

Mr. Cafik: If the hon. member wishes to ask a question when I have finished speaking, I will be glad to answer it. But may I point out in reply to his question that it is quite evident that if the board were burdened with stringent obligations regarding the exact level of employment, we would be tying its hands and frustrating the purposes of the bill.

I wish to give a specific example of what the proposed two-thirds payment to firms means in dollars and cents. I take the hypothetical case of a firm doing $1 million worth of business, $500,000 worth of its production being exported to the United States in base year 1970. Let us assume that 50 employees of the plant are involved in the production of the exported goods. The surcharge on $500,000 would be $50,000. The maximum allowable grant, without looking at the escape provision in clause 15, would be $33,000. Presuming that the firm is going to maintain the previous level of employment, it will have to retain 50 employees, and presuming the cost of each is $6,000 a year, it would cost the firm $300,000 to keep those people on the payroll. From the government that firm would receive, through the provisions of this bill, the large sum of $33,000. That does not strike me as being some kind of corporate welfare assistance act.

I listened as carefully as I could to the hon. member for Regina East, and if I heard him correctly—I shall apologize if I am wrong—he said that when the Canadian dollar was floated the cost of our products bought by consumers abroad increased, and the NDP at that time had suggested that help be given to industry to offset this difficulty. If they believed it ought to have been done, then why do they not believe it is advisable to do it now? Why do they feel that such help given today is a welfare program for corporations, but at the time when it was only the germ of an idea in their minds they felt it was good and was consistent with their philosophy? I suggest there is a degree of inconsistency in their arguments.

I wish to refer to the speech made earlier today by the parliamentary secretary. I congratulate him and the Department of Industry, Trade and Commerce for going such a long way toward meeting the NDP amendment put forward by the hon. member for Oshawa-Whitby, by announcing that the government is willing to give reports to the House of Commons on a quarterly basis rather than once a year. I think that is a reasonable response to the request for monthly reports sought by the NDP amendment.

After the hon. member for Oshawa-Whitby had proposed his amendment in the committee, I asked the minister if he was willing to make detailed information available to the House of Commons and yet at the same time try to protect the element of confidentiality which he believed was so important. The amendment sought the names of specific firms receiving benefit. In his reply the minister indicated that he was willing to give the House of Commons details in terms of the number of grants made under the bill, the number of firms that received those grants, and facts in relation to the level of employment prior to and following passage of the act.

I believe that met the primary thrust of the argument put forward by the hon. member for Oshawa-Whitby. It was a good argument and I agree with the hon. member that we must be in a position to judge whether the legislation is being administered properly and is achieving the desired objective of maintaining employment. I believe that the government's intention to make information available on a quarterly basis, and in the terms outlined, will allow us to judge whether the act is being administered so as to achieve the basic objective of maintaining employment. I congratulate the department, the minister and the parliamentary secretary for giving such serious consideration to the matter.

• (8:20 p.m.)

It has been mentioned on numerous occasions that these grants will be available to foreign-controlled industries. I can understand that argument in respect of the 13 or so programs under the Department of Finance; I think very good arguments can be put forward that it should not be done in individual cases. But the thrust of this legislation is to maintain employment, and it seems to me that an employee working for a foreign-controlled firm in Canada is still an employee and he still wants his job as much as a man working in a neighbouring factory which might be Canadian controlled.

Mr. Rose: That is a good point.

Mr. Cafik: The objective of this act is to maintain employment, not to deal with the question of foreign control. I grant this is a very important question and one on which I feel very strongly.

Mr. Rose: Which way?

Mr. Cafik: In relation to this bill, however, I think it is folly to make a distinction between foreign control and domestic control in relation to Canadians working in Canada.

Some hon. Members: Hear, hear!

Mr. Rose: That is a good point.

Mr. Cafik: The hon. member for Kent-Essex (Mr. Danforth) spoke in this House today and said this legislation is a type of unemployment insurance. I think that is stretching the imagination pretty far. If we had wanted to put these people on unemployment insurance and take no action as a result of the American surcharge, it would

have been quite easy not to bring forward the bill at all. The object of the bill is not to create unemployment, to put people on welfare or on unemployment insurance but, rather, to keep them employed and, I hope, usefully employed. Any accusation to the effect that this is a new kind of unemployment insurance leaves a lot to the imagination and very little to reason.

The hon. member also spoke about a great deal of help to large businesses and none to small businesses. The minister dealt with this matter adequately in the House, indicating quite clearly that there is no minimum—a firm with five or seven or even three employees may make application. The important factor is that a significant number of them are affected and about to be laid off or likely to be laid off as a result of the surcharge. That is the only qualification, so I see no reason for anyone to be concerned about the content of this legislation or the regulations and say it is only for big business. Many of us realize that much of big business, particularly primary industries such as the automobile industry, is not affected by the surcharge, so a host of large corporations in Canada are eliminated from the provisions of this bill.

If I understood the hon. member for Kent-Essex correctly, he indicated that the department should ensure that the contents of this bill are known to all business in the country because many of them do not have the knowledge or perhaps the expertise to take advantage of its provisions. I would suggest that indicates it is good legislation.

I think all hon. members should bear in mind—I am sure most do—that we as individual members have a serious responsibility as representatives of our people. I for one want to make sure, without any action by the department, that every industry in my riding is thoroughly aware of the implications of this legislation and the consequences to them. To that end I have established an industrial seminar in my riding to be held on November 6 to deal not only with this bill but the myriad of bills before us for the purpose of stimulating economic growth and activity across Canada.

An hon. Member: Information Canada.

Mr. Cafik: I want to make sure that the people in my riding do not suffer in the way that the hon. member for Kent-Essex feels his constituents may suffer, and I personally will do something to make sure they are informed. I consider that to be part of my job.

Some hon. Members: Hear, hear!

Mr. Cafik: The hon. member for Kent-Essex also said that this bill will not do anything positive to create new markets, etc. But that is not the purpose of the bill. Surely the hon. member is aware that there are many government programs designed for that purpose. The measure of emphasis that the Department of Industry, Trade and Commerce has put on the question he raised is illustrated by the fact that in 1962-63 there were only three programs designed for that purpose; today there are 12 industrial assistance programs. Last year the government had over $200 million allocated for that kind of purpose, but in 1962-63 only $35 million was available. I do not think that every act has to do all things for all people. We have acts to do the things the hon. member has in mind. All we have to do is look at them. If a member has problems in his constituency, he can find out about these programs.

Some hon. Members: Hear, hear!

Mr. Cafik: There is PAIT, the Program for the Advancement of Industrial Technology, which is very useful. There is the Industrial Research and Development Incentives Act, the industrial design assistance program, the program to enhance productivity, and a host of others. They are all designed to do what the hon. member feels ought to be done by this bill. But this bill, Mr. Speaker, is designed to make sure that we maintain levels of employment as a result of this temporary surcharge.

Mr. Benjamin: How temporary?

Mr. Cafik: I do not think it can be expected to do other things. In committee I proposed five amendments to the bill.

Mr. Benjamin: What happened to them?

An hon. Member: Where are they?

Mr. Cafik: They were all passed and accepted by the government.

An hon. Member: Who wrote them?

Mr. Cafik: I wrote them.

An hon. Member: Attaboy!

Mr. Cafik: If hon. members opposite would like to put forward reasonable amendments they might be accepted too.

An hon. Member: Come on Cafik, be fair.

Mr. Cafik: In any event, clauses 12, 13, 15 and 18 were all designed to do away with the term "levels of productivity". Initially the act was designed to maintain levels of employment and productivity, and I proposed that we eliminate the reference to productivity. I did this for a number of reasons. First, I feel that the maintenance of productivity could well be a violation of GATT. If these products would normally go to the United States and now could not because of the surcharge, and yet we maintained production in order to keep a certain level of employment, what would we be doing? Perhaps we would be suggesting to manufacturers that they should produce exactly the same amount of the same goods as before. But what would they do with these goods—export them to the United States? If they could—and they can now—why would they need the act? Because they are too expensive? What happens then? Do we stop buying? Are they needed?

I believe there must be a degree of flexibility so that we do not create a kind of hothouse productivity for its own sake. Firms must be flexible if they wish to maintain employment. They may use the money to seek markets in other parts of the world, or for development and so on. This is an important change and I thank the government for accepting these amendments.

I support this bill, Mr. Speaker. I have one last point to make and that is that I believe it is very useful to maintain

in employment people who are now working and are affected by the surcharge. However, it does not, nor is it expected to, do anything about putting those presently unemployed back into the work force. This is an important point.

Mr. Danforth: Right on.

Mr. Cafik: The reason I raise the point at the moment, Mr. Speaker, is because this bill sets a pace and a tone and creates a precedent which I think is very important. First of all, it seems to me to imply that the Department of Industry, Trade and Commerce is willing to look at our unemployment problems, something I am glad to hear. Second, it establishes a precedent—that the government is willing to give money to maintain employment. I do not think it would be much of a step after that for the government perhaps to give money in order to create or stimulate new employment. I have suggested this in the House on two or three occasions, and personally to the ministers concerned.

• (8:30 p.m.)

I think first we must introduce a program which I would term an employment stimulation fund. Under that program we could give loans, grants or a combination of the two directly to industry, in direction relationship to the number of new people that the industy could put on its payroll, provided, of course, that the industry's activities were viable and meaningful. I hope that this bill will not only help those who are threatened by unemployment as a result of the surcharge, but that it will also serve as a useful precedent in spurring the government on to do more for those who unfortunately are unemployed today.

Mr. Broadbent: Mr. Speaker, would the hon. member permit a question now?

Mr. Cafik: Mr. Speaker, by all means.

Mr. Broadbent: Mr. Speaker, the hon. member had the courtesy to refer to an amendment that I presented yesterday. Would he not agree that the purported concession that the minister perhaps would have been inclined to make with respect to my amendment in terms of quarterly reports to Parliament would not have included how much money particular firms were to be given, would not have included levels of employment before and after the grants were made to those firms and, therefore, would not have provided the essential information which I deemed to be necessary in my amendment?

Mr. Cafik: Mr. Speaker, in response to that question I would say, first of all, that the minister in the House—I was present at the time—indicated that these quarterly reports would be made. In the committee he indicated quite clearly, and I know the hon. member was present at the time, that levels of employment before and after grants would be contained in this report. There would be no reference to levels of production. That was part of the hon. member's amendment. I have cited my reasons for being opposed to such reference and I believe that the minister feels the same way. He would give all the relevant pieces of information that I believe the hon. member wants, save one. The hon. member apparently thought it essential to know which firms were getting how much money, in specific detail. I, frankly, do not consider that information, interesting though it may be, to be directly relevant to whether this legislation is achieving its objective.

Mr. Alexander: Answer the question.

Mr. Cafik: The minister indicated in committee, and I believe that this is in itself a substantial answer to the question, that any hon. member is free to contact the department with respect to loans made under the act, and specific information will be given as to details and firms. Nevertheless, so far as a report to the House of Commons is concerned, that will not be done.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in rising to speak on the amendment proposed by the hon. member for Regina East (Mr. Burton), I sympathize with the purpose behind the amendment. He seeks to send the bill back to committee, the idea being that we should allow the agricultural industry to participate to a greater extent in the benefits of the legislation. This suggestion was brought forward in committee and turned down, and in the report stage discussion it was again brought forward. I understand that Mr. Speaker found difficulty in accepting suggestions put forward. Therefore, it seems to me there is no point in referring this bill a third time to the standing committee, since nothing more will happen to it.

Some hon. Members: Hear, hear!

Mr. Ritchie: I hope that the bill, which I find not to my liking but which accomplishes a certain amount, will pass tonight. Since the surtax was imposed by the United States certain courses of action by the United States and other trading nations of the western world have become clearer. This bill points up a lack of any real understanding by this government of problems that lie ahead. The government completely fails to understand what might be done.

At this time it seems obvious that President Nixon likes the 10 per cent surcharge and it will not come off until international currencies are realigned in favour of the United States economy. The President and Mr. Connally seem to have been very blunt about this. Pleading our case will not work, and the Americans seem quite willing to suffer economic retaliation against them. Mr. Nixon's protectionist policies are proving to be more popular at home as each day passes. Mr. Nixon is nothing if not a political president. Only when President Nixon and John Connally are convinced that the policy has done its job and rectified the American balance of payment will the surcharge be removed.

Perhaps Canada is the unfortunate bystander in the struggle to have Japanese and European currencies realigned upward in relation to the United States dollar, which must be done to relieve the massive imbalance of the American balance of trade. In any case, we cannot fault the Americans for being unwilling to continue to operate under such a high imbalance of payments. Most of all, we cannot fault them for being reluctant to run their economy for the benefit of the rest of the world.

Since 1967 Canada has been moving from a deficit position in merchandizing trade with the United States. We registered a surplus of $182 million in 1968, $371 mil-

lion in 1969, over $1 billion in 1970 and almost $800 million in the first eight months of this year, or close to $1.2 billion on a whole year basis. This shows that Canada has benefited enormously in the American market, even if this surplus of merchandizing trade has been largely offset by the invisible income of the United States in interest and dividend payments from Canadian investments. The figures indicate that we have benefited substantially as a result of our trade with the United States.

Turning now to Bill C-262, it has become apparent that the Canadian government in responding to the United States surcharge is steering a very tricky course. The problem is how to pass new American levies without being wrecked on the rocks of the United States anti-dumping laws. Ottawa, in this matter, should have had the advice of experienced trade experts. Ottawa invented the device of the voluntary quota which has always been accepted by our oriental friends with extreme politeness. In this case it is not likely that the Americans will be very polite.

One of the problems this bill faces is that if manufacturers are to be assisted in meeting the surcharge there is a risk that the Americans will apply counterbalancing duties. These may be applied even if our commodities get by the anti-dumping duties. We are given to understand that Mr. Paul Volcker, Undersecretary of the United States Treasury, is studying our legislation. It seems likely that the Americans have built into their legislation similar protectionist mechanisms. Our own remodelled anti-dumping laws of 1969 empower the Governor in Council to impose a surtax when the government is satisfied that "goods of any kind, the growth, produce or manufacture of any country, are being imported into Canada under such conditions as to cause or threaten serious injury to Canadian producers." This perhaps explains why the present bill is being presented as something other than an export subsidy measure. It perhaps explains why the bill is presented as permanent legislation although it is filled with phrases dealing with the particular surtax problem of the moment. Whether or not it will prove acceptable in its new disguise remains to be seen.

It is very difficult for anyone, even an expert, to distinguish the difference between employment maintenance and export subsidy. Presumably we export primarily to maintain employment, yet the bill would indicate that this is not necessarily so. The bill indicates that our "non-subsidies" of $80 million are directly linked with exports to the United States because a firm must normally export 20 per cent of its produce to qualify. The export figure is measured as a percentage and exports lost as a result of the U.S. surcharge are to be considered.

Considerable time was spent on the bill in committee. Committee members asked pointed questions as to whether or not job maintenance payments are likely to arouse the suspicions of Mr. Volcker and in that way bring down the wrath of Washington. I thought the Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Howard) was quite adept at making the point that the outlays were not tied to anything in particular. He quite freely stated that whether the men were kept busy painting the back fence, making additions or sweeping out the shop, the seven-man board would not be very alert in delving into these devious make-work programs. The parliamentary secretary seemed to indicate that the board will not have time to check very closely the use of these funds.

• (8:40 p.m.)

It will be interesting to note who will be the board members to staff this new arm of the government. Surely they will have to be a different type of member from those we have seen in the past. We will not need the sharp, alert people who will be on the anti-dumping tribunal or in the proposed new authority for regulating business which is to operate under the Minister of Consumer and Corporate Affairs (Mr. Basford). These will indeed be men of limited vision who will not look too hard at where this money will be going.

This bill makes no mention of another problem that is very obvious. What about manufacturers who qualify under the 20 per cent rule, seeking to enlarge their share of the domestic market at the expense of their firms which do not qualify? This might at first seem acceptable because it might lower prices at home, but in the end it hardly appears ethical to the business community to have some firms underwriting others with public money. An obvious requirement of the board is to have seven top men with very circumscribed vision. They must be unable to see funds that go for export purposes, especially to the United States. They must be tolerant of those who paint the back fence and sweep out the plant four times a day and, finally, they must be alert to make sure that none of the money is used against domestic competitors.

There are many disadvantages to this legislation and many ramifications that will present problems to the board. Many companies sell into the American market less for the financial return than for the contribution to efficiency because of the additional volume. For many of them the American surcharge means they will lose that market, and unless they make up the additional production elsewhere they will suffer in their domestic operations. Then there are those industries where sales in the American market are based on price. The lumber industry is an example. Then what about the effect of the surcharge on exports by Canadian primary producers to their subsidiary, secondary producers in the American market? All these things are very obscure. The impact of the surcharge on the Canadian economy seems to vary greatly. The estimated loss ranges from $400 million to $900 million. No matter what way you look at it, the Americans must see this measure as a form of subsidization of exports which invites retaliation.

What, then, are the other avenues open to the government to combat the surtax? The simplest and most obvious is a reduction in the corporate tax rate. This would stimulate the economy. The purpose of this bill is to preserve employment. If we cannot maintain our exports to the U.S., this will stimulate increased consumption in Canada and the possibility of finding increased markets abroad. Both Europe and Asia, with their increased currency values, should be easier targets for our exporters. Americans are determined to reduce their take of foreign goods and they want to have the employment represented by these goods maintained in the United States. In order to create jobs it would be best to shift employment to

other sectors of the economy. A revision of the corporate tax rate should help accomplish this.

Different selective tax credits to export industries which demonstrate an increase of new business should have been considered. The reason this government has rejected such approaches seems to be that it is firmly hooked on the belief that it alone knows what is best for the economy. Rather than non-discriminatory tax relief, it is continually reverting to grants, loans and other assistance which are creating economic dislocation.

The advent of the American surtax is the most important economic event that has occurred since World War II. It has radically altered the trading pattern of the world in a way that is still very obscure. We are learning that the world does not have to buy from Canada and we must take resolute action to pilot our way in the new situation. This bill is a small recognition of the problem but it still adheres to the policy that government knows best and that the revenues of the federal government are to be kept high. When it is considered that the three levels of government took 46 per cent of the gross national product for the first six months of this year, it follows that the private sector of our economy cannot function in an efficient manner in such a confined tax space.

I support this bill as being of some help, but I think the thrust is wrong and more useful measures could have been adopted.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I find it rather difficult to understand how this measure will meet the problems which we face. When the United States announced the 10 per cent surcharge it dropped a bombshell on the world generally and on the Canadian economy in particular. The speech in this House that best outlined the reasons for this action by the United States was made by the hon. member for Duvernay (Mr. Kierans). He outlined the reasons why this action was taken by the most powerful trading nation in the world.

I do not understand how the western trading nations can operate effectively or economically as long as the 10 per cent surcharge remains. The way the economy operates today, the nation with the money and the power is the one which stands ready to support the financial structure of the world economy which it dominates. We have now reached the point where the nation which dominates world economy is turning to its partners and saying they will have to carry the bag. If we were the beneficiaries of the system, there might be some logic in telling us that we would have to pay to maintain the system—but we are not the beneficiaries, we are one of the satellites of the system.

For the government to say to the House that this bill is the answer to problems of this kind seems to be begging the question. One of the shortcomings of the bill is that it does not take care of the effects that the United States surcharge will have on much of the production in the area of Canada from which I come. If the bill were to meet the current situation—namely, that one part of Canada will be left out in the cold—it would be necessary to consider the global trading situation of the western world. Surely it must be evident that this measure will not meet this overall situation. Along with introducing this measure the government should be saying to this House and to the people of Canada that it has a long-range view, that it is going to reorganize our manufacturing and production resources to meet a situation where the major trading nation in the western world has decided to cut out a major part of the products of its trading partners. It seems almost bordering on the ridiculous that a major nation like the United States does not want our products, or at least the major part of them, and then we devise means of getting our products into a nation that does not want them.

• (8:50 p.m.)

I believe that prior to the Second World War, but certainly since, we have taken a continental approach to the North American economy and tied ourselves in with it, assuming that this would bring us a high standard of living and a large measure of economic security. Our whole policy has been based on this premise. We now find that this policy is not going to work. We told United States investors that we were going to build a tariff wall around Canada from which they would benefit, give service to Canadians and at the same time ship their products back to the United States. Some of the resource industries also received tax benefits.

An hon. Member: Tell us what you would do.

Mr. Gleave: In addition to paying for all this investment and losing our money on mutual funds and other funds operated by insurance companies in Canada, do you know what else we are going to do, Mr. Speaker? We are going to subsidize the United States consumer to the extent of the sum this bill provides to assist Canadian workers in Canada.

Mr. Mahoney: Oh, come on.

Mr. Gleave: I am not kidding. If the objective is to put goods manufactured in Canada into the United States market—

Mr. Mahoney: The objective is to keep Canadians working.

Mr. Gleave: If the objective is to put "made in Canada" goods into the United States and the government is paying part of the wages of the workers who made those goods, then we are subsidizing to that extent United States consumers. I do not care how you cut the cake, that is the net result.

Mr. Deputy Speaker: Order, please. The hon. member for Ontario (Mr. Cafik) is seeking the floor.

Mr. Cafik: Mr. Speaker, would the hon. member permit a question at this point?

Mr. Gleave: When I have finished, Mr. Speaker. Then if the hon. member for Ontario (Mr. Cafik) chooses to ask a question, if I have the answer I will give it to him.

Mr. Deputy Speaker: Order. The hon. member for Saskatoon-Biggar (Mr. Gleave) has the floor and I think he should be permitted to make his speech.

Mr. Gleave: I am putting forward the picture as I see it. If hon. members on the other side do not accept my logic,

then that is their privilege. I was saying that the Canadian government has made a proposal to the House that is supposed to keep the Canadian economy healthy. But I maintain that the proposition advanced by the government is unsound, and for the reasons I have advanced. Even at that, the government's proposal is effective only for certain industries; others will be left outside the scope of the bill.

One question that has been asked before is: What about those industries that do not qualify for assistance under this measure for one reason or another? I know of at least one industry in my own constituency that has informed me it will simply have to close its United States agency and cut its exports to nil. I am sure that this industry will be beyond the scope of the government's bill. If the hon. member for Calgary South (Mr. Mahoney), who is grinning at me from across the way and has been needling me, wants to be honest I am sure he could cite cases in Caglary of industries that are in the same position.

Mr. Mahoney: We all recognize the problem, but what is your solution?

Mr. Côté (Longueuil): Yes, tell us.

Mr. Gleave: If I proposed a solution to the members on the other side of this House, they would not accept it.

Mr. Mahoney: Try us.

Mr. Gleave: I have been arguing against a nonsensical grains bill for the last several months, but not one member on that side of the House has taken any notice of what I have said. So if they will not listen to me on a matter of which I have some knowledge, how can I expect them to listen to me on a matter on which I would not be considered an expert? In any case, it is the responsibility of members on the other side of the House to bring forward a measure that will meet the situation.

Mr. Cafik: We have.

Mr. Gleave: But it will not meet the situation. I have talked until now about the general application of this measure. When you get down to its particular application to primary producers, it is a failure. Its provisions do not apply to them. We have had presented to the House a measure to deal with a surcharge that the United States has placed on Canadian products, but it is a measure that deals with only part of the picture.

One company in my constituency exports 20 per cent of its products to the United States. If this company is affected by the U.S. surcharge it can probably make an application under this measure for assistance. But the primary producer who is affected by the U.S. surcharge can make no such application; he is left out in the cold.

It has been said that a processing company must maintain its price to the consumer. But at what level, Mr. Speaker? Hogs fluctuate up and down in price every day. Prices have been down to rock bottom at $19 a hundred in Saskatoon for months, yet the Minister of Agriculture (Mr. Olson) has not lifted a finger to remedy the situation. The minister has been asked in this House what he is going to do about a whole range of agricultural products and he has stated that he will look at these products

[Mr. Gleave.]

commodity by commodity. Today he finally announced that he had taken a look at the situation regarding potatoes. But when is the minister going to get around to taking a look at the rest of the products?

• (9:00 p.m.)

An hon Member: Rye, barley and tobacco.

Mr. Gleave: Yes, when will the minister get around to including tobacco? We have not been told in this House when he will get around to including assistance to the producers of these products. The Minister of Industry, Trade and Commerce (Mr. Pepin) said today that 85 per cent of processed agricultural products will be included. I do not know how he arrived at that figure, but the figures we have indicate that 65 per cent of our agricultural products will be affected by the U.S. surcharge. We do not have any exact figures, but even on the government's figures what guarantee do we have that this protection will be of assistance to the producer?

The minister also referred to whisky as one of the main products. I suppose rye whisky is made from rye.

Mr. Mahoney: Guess again.

Mr. Gleave: If I guessed again I might suggest that some corn is also used, keeping in mind the usual remarks of that hon. member.

An hon. Member: Just like the speeches of the hon. member for Calgary South (Mr. Mahoney).

Mr. Gleave: In any event, rye and barley are two grains seriously affected by the surcharge, and those grains are sold at below the average price of a year ago.

Mr. Mahoney: I can't hear you.

Mr. Gleave: Then you should stick your thumbs in your ears.

Mr. Mahoney: It is your colleague from Fraser Valley West (Mr. Rose) who is bothering me.

Mr. Gleave: We should have had a clear statement from the Minister of Agriculture as to the policy in respect of farm products and how we are to meet this problem. Subsidies on farm products are being discontinued at the time this policy is proposed to assist manufacturing industries. We had in the Temporary Wheat Reserves Act a measure of assistance to the wheat farmer. This legislation could have been extended to take care of barley and rapeseed growers. This program was accepted without question by the United States, other competitors and importers. The logical thing to do at this time of extreme pressure from the U.S. and export markets is to continue that program and devise a companion program to assist our primary producers. In that way they might have something in the way of insurance for the years ahead when they may expect extreme export pressures. Instead of that, we are asked to adopt a stabilization program set up on percentages. This is a sort of never-never program. There is no way I can sell this government's proposal to the farm people in the communities of western Canada. As far as they are concerned, this is a non-program.

All I can say to the government and to the people on that side of the House is that we must look at Canada's trade patterns and trade orientation in a different fashion. We must redirect our objectives before the government negotiates with other trading countries. Our objective is to obtain as large a piece of the western world trade pie as possible. That is the aim of our competitors. We are all fighting for a piece of the same pie and it is no longer big enough to go around. The sort of shinplaster approach offered in this bill is not good enough.

Mr. Woolliams: How do we know they will pay? The government did not pay the farmers.

Mr. Gleave: That is true.

The Acting Speaker (Mr. Laniel): Is the hon. member for Ontario (Mr. Cafik) rising for the purpose of asking a question?

Mr. Cafik: Yes, Mr. Speaker. I had asked the hon. member for Saskatoon-Biggar (Mr. Gleave) whether he would answer a question.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member knows that a question can only be asked with the consent of the hon. member who has the floor.

Mr. Cafik: In his speech the hon. member indicated that if the purpose of the act is to continue to put goods into the United States of America, we will be in effect subsidizing the U.S. consumer. I should like to ask the hon. member what clause of this bill states or implies that it is directed toward that objective. The bill is clearly designed to support employment in firms affected. Perhaps the hon. member would clarify that matter for the House.

Mr. Gleave: Mr. Speaker, I would be surprised if even the government were naïve enough to bring forward a bill intended to subsidize the United States consumer. I said that the effect of this bill and the government's action, in so far as we use the taxpayers' money to pay a portion of Canadian workers' wages in order to export goods to the United States, will benefit U.S. consumers.

Mr. Cafik: That is not the purpose of it.

Mr. Gleave: It may not be the purpose, but that is the effect.

• (9:10 p.m.)

[*Translation*]

Mr. Ronald Godin (Portneuf): Mr. Speaker, I certainly hope I am not disturbing anyone by entering the debate at this time.

This House is now studying Bill C-262 entitled "An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect".

In my view, Mr. Speaker, the bill might just as well have been called "An Act to support U.S. consumption".

Here is what a columnist of *Le Devoir* wrote and I quote:

American consumers will still use Canadian sources of supply at the old prices; Canadian exporters will absorb the surcharge by reducing their sales price and they will be compensated by federal subsidies. The Trudeau government has therefore chosen to subsidize the American consumers through their Canadian suppliers.

It cannot be said that this is an innovation since we use that method constantly, for instance, when we grant interest free loans of millions dollars to foreign countries. Several Canadian shipyards operate currently under that method. Thanks to special loans and subsidies, thousand-year-old countries are building ships in Canada with our money. We, Canadians, therefore subsidize foreign consumers by emptying our fairly depleted pockets.

This is somewhat comparable to having four or five Canadians, who cannot afford to have their own cars, contributing from $700 to $800 each to a foreigner that he might buy one. Now, we must not be surprised if with such methods the number of our unemployed increases. For the second consecutive year, with the coming winter, Canada will be experiencing one of the highest level of unemployment for decades.

It is true that the American surcharge of 10 per cent on exports will not help Canada. Moreover, if the tax remains in effect for a year, our country will lose $900 million and have some 90,000 more unemployed. If we want to blame our powerful neighbour for such a high loss of revenue, it would be easy enough since this figure of 90,000 in fact only represents one seventh of the Canadian unemployed during the first months.

Our unemployment is a Canadian deed which will be amplified by the American decision. The Canadian people are not only affected by an unemployment problem but particularly by a consumer problem.

Statistics show that at the minimum, two fifths of Canadians live on the poverty line and Quebecers make up two thirds of them. Ontario has seen the number of its welfare cases rise by 43 per cent in the course of last year.

From shore to shore, poverty is the most persistent problem. Thousands of Canadian families are stagnating in physical and moral misery, in the midst of a wealthy society.

So this government has taken the bit between its teeth and introduced a legislation to "support employment", which would allow the granting of subsidies to industries badly affected by the surcharge.

Among other points to clarify in this bill, there is, in my opinion, that of the percentage. I am amazed at the way of sorting out exporters according to the quantity of goods exported. As for larger businesses which have operated for many years, have succeeded in making their products known abroad, and whose turnover is greater than a certain percentage, it will be easy to class them.

On the other hand, the smaller firms or those that have developed their business mainly in Canada will not receive such subsidies because their export percentage does not reach that required by the new act. Why such discrimination? Up till now, has the present government not asked the same of all firms? Has the government taken their turnover into account before imposing the 12 per cent tax on their production? Has the government asked what was their turnover before asking them to deduct taxes from their employees' salaries? Their foreign business was not sufficient to entitle them to some assistance but it was never low enough to exempt them from taxation.

Such is the lot of our Canadian manufacturers. One law for the rich and one for the poor. For a government that brags about creating a just society, that is an odd way of operating.

The Minister of Industry, Trade and Commerce (Mr. Pepin) who is piloting this bill must be aware of the results of its enforcement. In fact, he was warned of them by telegrams. Canadian manufacturers know the danger facing them, and among those who made known their views to the government a group, in particular, namely the Glove Manufacturers Association of the Province of Quebec Inc. of Loretteville was very clear. On September 8, 1971 it wrote to the hon. Jean-Luc Pepin, Minister of Industry, Trade and Commerce and I quote:

Mr. Minister, we hereby confirm the telegram sent you to-day: "RE: Bill under consideration regarding help to industry. Consider such legislation discriminatory for our members exporting 8, 10 and 15 per cent of their total production. They will suffer prejudice in relation to those being awarded subsidies.

Some of our members have been exporting to the United States since 1967 up to 8, 10, or 15 per cent of their total production.

If the bill is passed as it is these members will get no help whilst those exporting 20 per cent will be encouraged to the prejudice of smaller industries.

Our members already have to fight not to be swamped by the flood of gloves imported at ridiculous prices from the Far East and from other countries. It seems to us that all the manufacturers who export should be helped. This would be a way to encourage small industries.

We hope that you will consider our request.

Sincerely yours,

The Glove Manufacturers Association
of the Province of Quebec

The furniture industry is another area affected by the 10 per cent American surcharge which also plagues shoe manufacturers in Saint-Emile-de-Loretteville, Ancienne-Lorette and Que bec City. In short, the problem is the same throughout the province. While those people have already experienced the hardship caused by massive imports from other countries the Canadian government now is preparing to administer the mercy stroke with provisions such as those of Bill C-262!

The hon. minister may say that there is in this bill a clause which provides for special consideration in the case of industrialists who do not reach the export percentage mentioned in the bill. In fact, we find that the legislation now before us contains a paragraph which allows the government to indulge in patronage.

Mr. Speaker, I dare say these things because I have seen the Department of Regional Economic Expansion operate. For instance, we know that owners of small businesses with a hundred employees or so and savings of $50,000 were told: Gentlemen, we cannot subsidize your business because the amount of your savings shows that you can pull through by yourself, while we have seen government grants made to companies with several thousand employees, worth millions of dollars and having long since demonstrated their ability of pulling through without assistance. That is why we are so deeply concerned about the bill.

Here is what the bill says in paragraph 2 of clause 15, on page 6:

• (9:20 p.m.)

(2) If, following a recommendation under subsection (1), the Governor in Council so directs, the Board may authorize payment of a grant to the manufacturer for an assistance period in such amount as it considers appropriate for the purpose of maintaining employment and production at a plant of the manufacturer, subject to such terms and conditions, if any, as may be set out in the directions of the Governor in Council.

Mr. Speaker, terms and conditions will be set out by the Governor in Council. Let us imagine that the latter says to the manufacturer that under the act he is not eligible for a grant but can be given some assistance under certain conditions. What conditions? Will it suffice to show a membership card or will it be necessary to subscribe to the election fund of the Liberal party?

Mr. Rondeau: Both.

Mr. Godin: The Canadian government is introducing Bill C-262 for the purpose of controling the unemployment situation, which is deteriorating from day to day. It must however be recognized that the amount of $80 million to be paid out is a drop in the ocean compared to the amounts the government continues to extract from Canadians by way of the 11 per cent tax on building materials and the 12 per cent tax on all goods manufactured in Canada.

It is clear that the government has lost control of the country's economy and is operating the country on behalf of another power. It is an open secret that our present system is heading for disaster. The whole population is aware of the danger, since we are living in 1971.

If we go back, we realize that in the past the population had much more faith in its administration.

Around 1935, for instance, the impending disaster was felt only by experts. And among these, I believe I can name the former Prime Minister, the right hon. Mackenzie King who, in 1935, made the following statement:

Capital flow should be related to the domestic social and industrial needs of the Canadian people.

Once a nation loses control over its currency and its credit, it does not matter much who in that nation makes laws. Once in control, money lenders will ruin any country.

Mr. Speaker, the Prime Minister also said:

As long as control over currency and credit has not been restored to the government and acknowledged as being its most obvious and most sacred responsibility, any talk of democracy and Parliament supremacy is vain and futile.

Mr. Adrien Lambert (Bellechasse): This is still true in 1971.

Mr. Godin: Mr. Speaker, money lenders, once they are in control, will lead any country to its ruin. This is what the right hon. Mackenzie King stated in 1935.

Mr. Lambert (Bellechasse): That was the time when he spoke the truth.

Mr. Godin: Never before had high interest rates prevailed as much as they have since 1967, in other words since the liberal government did away with the ceiling on interest rates.

We, members of the Créditiste party, have fought the adoption of Bill C-222 and we are still opposed to that bill which allowed banks to raise their interest rates.

The present situation proves we were right and we are still convinced—

Mr. Lambert (Bellechasse): This is true!

Mr. Godin: —that this rise in the interest rates is the main cause of inflation and other related problems in our country.

Indeed, the bill now under study is just a poultice on a wooden leg.

If there is still a little honesty in this government, more should be done. In order to help Canadian consumers to meet their needs, to build a healthy and stable economy, to maintain a strong domestic market, I think the government should take its responsibilities by regaining control of its credit first, and then by eliminating forever the 11 per cent tax on building materials and the 12 per cent excise tax on all products manufactured in Canada.

With its strong majority, this Liberal government can also introduce emergency legislation to solve the consumption problem in Canada. Under Bill C-262, we are about to subsidize U.S. consumption. Let us then complete the program with a legislation on Canadian consumption which will make grants available for Canadian products consumed in Canada.

[*English*]

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I shall not be too long, which will be pleasant news to some hon. members opposite, but I think one should question where we are going in this nation and whether Canada can thrive or survive in the situation in which we find ourselves. We must ask ourselves whether or not we are prepared to do anything about it.

Canada is faced with the problem of trying to bring about greater employment and at the same time we are trying to apply stopgap measures which will have very little effect in the long run. It was pleasant to hear some of our colleagues at the NATO conference tell us about the employment picture in their countries. At the same time, it is disappointing for us to view the employment picture in Canada. When one listened to the NATO delegates this week one was made aware of the fact that there is practically no unemployment in their countries, while in Canada we have 6.5 per cent unemployment. One wonders where Canada is going and whether it can survive in these circumstances.

Surely, if we are to continue selling our heritage, our national resources, we should ask ourselves whether or not we will survive. We have to ask ourselves, when we are confronted with the surtax imposed by the United States, what the United States really thinks of Canada. When I look at the news items of the last two days I begin to wonder what would happen if the neo-Fascist racist who referred to the Prime Minister (Mr. Trudeau) as the crypto-Communist from Canada became president of the United States.

If we are to survive, I suggest we should take action to protect our sovereignty and, in fact, to protect the people living in this nation. If we do not, it will be too late to find out why we have unemployment. It is rather ironic to look at the newspapers and see the headline "New York Speech—Tough Talking Sharp Lashes U.S. Surcharge". The article appeared on September 21, 1971. I heartily agree with what the Secretary of State for External Affairs (Mr. Sharp) said in his speech. I wish he would stand up in the House and be as forthright here as he was in New York. The article reads:

> In one of the toughest speeches delivered in the U.S. by a Canadian minister in the post-war era, Mr. Sharp repeatedly attacked what he dubbed "the Nixon doctrine" as an abdication of U.S. leadership.

Further in the article he is quoted as follows:

> "These proposed permanent protectionist measures call into doubt the basic assumptions of our trading relations with the United States and indeed of world trading arrangements generally," he said.
>
> He suggested, while claiming not to accept, the premise that the U.S. "in narrow and shortsighted pursuit of its own interests has adopted a beggar-my-neighbour policy towards Canada".

At the same time, we are asked to pass a bill in the House which does little in effect to deal with unemployment in this country. It seems to me that if the government can refer to retaliatory measures against the U.S., they should say exactly what they are talking about. If there are regulations to be included in this bill, the government should tell the House of Commons what the regulations will be so that an intelligent vote can take place.

Many people may argue about nationalization so far as industries are concerned. So far as I am concerned, Canadians must safeguard, right now, their independence and their power of decision. So long as we are able to give out the type of money that we are talking about—namely, some $80 million—to companies but have no safeguards and no power of decision as to how it will be spent, because the power of decision is not in this nation but, rather, in the boardrooms south of the border or elsewhere, how can we ask members of this House to support the bill when in reality the bill means that we have no control over the money? I suggest that the grants under this bill will bring no long-term benefits to the communities wherein industry is located. It is just a stopgap measure which means little in the long run.

In my opinion we should receive answers to certain questions. We should ask what the government intends to do to prevent taxpayers' money in the form of assistance from going out of the country. I should like to ask what assurances Canadians have that these grants will not be used by foreign-controlled industry to assist the buying out of the few Canadian-owned industries that remain. There is nothing to indicate that this will not be the case.

Another question that we must ask ourselves is whether the situation of lay-offs in Canada is not similar to what is happening in the United States. I refer to the "Labour News Headlines" referring to paper lay-offs. It reads:

> A number of cities (in the U.S.) are making "paper lay-offs" of employees to rehire them with funds intended to provide jobs for the unemployed under the Emergency Employment Act, the nation's top manpower official disclosed (Thursday). Malcolm R. Lowell, Assistant Secretary of Labour, said that the administration was very concerned about these "paper lay-offs".

I suggest that we could be faced with exactly the same situation in Canada. We may have paper lay-offs in order that corporations and industry here may in effect get a piece of this pie of some $80 million unless there is a regulation requiring them to disclose how the money will

be spent, how many people will be affected and what is the level of employment, which in effect was the purpose of the amendment which the hon. member for Oshawa-Whitby (Mr. Broadbent) proposed last night. I think we must look at the situation and find out whether we can in fact trust the international firms to play it straight about the level of employment and play it straight with Canadian dollars. Unless the decisions are made in Canada, how can we expect outside industry to play it straight with Canadian tax dollars?

• (9:30 p.m.)

I see the Minister of Labour (Mr. Mackasey) is still in the chamber. It is unfortunate that provision is not made to have on the employment support board representatives of employee groups in Canada. If we are concerned about the methods of reorganizing workers in particular fields, then workers should have their representatives on the board. In some countries employees are represented on various boards where decisions are made which affect their livelihood and employment generally.

I wish to quote a statement made by the vice-chairman of the Science Council of Canada, published in the Ottawa *Citizen* of September 10, 1971. The newspaper report reads:

Lack of government incentives is responsible for the retarded growth of the manufacturing industry in Canada, the vice-chairman of the Science Council of Canada says.

"Nothing has been done to make secondary industry healthy, and more and more multinational corporations are exploiting the Canadian market," Dr. Roger Gaudry told 40 senior industrial and government executives attending a development seminar at Queen's University.

Unemployment would accelerate and industrial research suffer if the situation wasn't altered.

It may be fine to suggest that we can put $80 million into supporting certain sections of the economy at this time, but apparently we cannot put $80 million into other areas of the economy where immediate employment could be created. Here I am talking about housing and sewage plant construction, which could provide immediate employment with beneficial results filtering all down the line.

Some hon. members opposite wondered how we could propose an amendment to include farmers and fishermen under the provisions of this bill. It seems strange that these two important areas of the economy, farming and fishing, have been completely omitted from the bill's provisions. I do not know why hon. members opposite cannot agree to extend the protection of the bill to farmers and fishermen. It seems the bill is not intended to help those areas of the economy which have suffered most during the last few years of Liberal government. Surely consideration should be given to these areas of our economy.

If we are concerned, we had better consider who controls the destiny of Canada. If we are concerned about whether Canada can survive, why don't we take action immediately? Why do we have to wait for the government to bring down a white paper on foreign ownership? The government promised it would indicate what it intended to do to protect Canadian ownership of industry and would tell us what it would try to do to buy back ownership of certain industries. But nothing is being done. Now we are presented with this stopgap measure to pay $80 million in order to protect employment. Surely hon. members should be concerned about the destiny of Canada and should realize that if we do not act immediately, Canada will not survive.

[Mr. Skoberg.]

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, upon learning that the U.S. government had decided to impose a 10 per cent surcharge on imports of manufactured products, the Canadian government was faced with serious problems. It was confronted by a huge problem for small men and the solution as proposed by this government reminds me of Albert Camus' philosophical works which said that Sisyphus had been doomed forever by the Gods to roll uphill a stone which always rolled down again.

The solution put forward by this government is the same it offered in the past to solve other problems. The problems are different, but the same solutions are suggested. The same burden is dragged along and the Liberal government seems eternally condemned to do so by the gods.

Mr. Speaker, the solution which the government wants to impose will have the same effects as all other steps it has taken in the past in an attempt to solve the employment problem in Canada.

The government feels that we must prevent the American surcharge from creating more unemployment in Canada. Such is its objective. We must prevent that by all possible means. However, the government has only found one: To grant to the industries—which in many cases are branches of American companies operating in Canada—grants to enable them to subsidize American consumption. In other words, the United States are thus put on the same footing as underdeveloped countries. I agree with subsidies to help the Arab refugees in Palestine or the Pakistani refugees. But granting subsidies out of the Canadian taxpayers' money to help the American consumers is an outrage: we cannot go along with that.

That is exactly why—

Mr. La Salle: That is not true—

Mr. Laprise: The member for Joliette says it is not true, but that is exactly what is going to happen—

• (9:40 p.m.)

I have here to prove it an article published in *La Presse* on Wednesday September 8, 1971, and I quote:

—these are obviously grants to export. But such practices have been denounced by the General Assembly of GATT as "non-tariff barriers".

In other words, this rescue plan is no more no less than a retaliatory measure directed against the United States, designed to counteract the effect of the American surcharge in Canada.

The procedure is, all in all, rather simple: in the case of a Canadian product with a listed price of $100 in the United States, the surcharge would raise this price to $110. But through the federal government, if a Canadian exporter feels that his sales are jeopardized by this price increase, he may get from Ottawa a compensation for two thirds of this increase, that is $6.66, which would allow him to reduce his selling price to $103.33.

This is to enable businessmen to sell at a cheaper price in the United States. We thus come to the conclusion that the $80 million will be used to subsidize Americans so that

they may continue to buy Canadian products while our production system is almost solely based on foreign consumption. To export or to die. If we cannot export, we die in front of an abundance of Canadian products.

That is how the production system is set up. And as soon as other countries, either the United States or other industrial nations, raise tariff barriers to prevent us from "exporting" our unemployed, we are immediately faced with practically insoluble problems.

Instead of subsidizing Americans the Créditistes suggest, as did their leader in his speech during the debate on second reading, and as have done also other Créditistes, that we should subsidize Canadian consumption by removing the 12 per cent excise tax on manufactured products and the 11 per cent tax on building materials. Thus, we would increase the purchasing power of individuals who would be able, depending on their wishes and needs, to tell industry what to produce and in what quantities.

The government has three ways of arranging the $80 million grant to the United States: first, it could collect $80 million worth of taxes from taxpayers, which means that Canadian workers would have that much less to spend on essentials.

The $80 million reduction in purchases would cause hardship to Canadian industries which would go out of business, thus creating unemployment, in the same way as if we were exporting less to United States.

There is another alternative open to the government if it does not increase taxes in the amount of $80 million, that is to reduce other departments' budgets, tighten up credit, and reduce public works. This solution will also create unemployment. Therefore, the result is the same.

However, there is a third way: To borrow money. As a matter of fact, the government could issue bonds by borrowing $80 million to subsidize the Americans. Then, there would be interest to be paid every year, during an undetermined period, on these $80 million. Then, through income taxes, the government will go and get this money in the taxpayers' pockets in order to pay interests to those who will kindly finance this loan of $80 million.

I remember reading the reports of the first federal-provincial conferences taking place in 1942. At that time, a former Conservative leader, the hon. John Braken, who was Premier of Manitoba, said something like: Our tax system is set up in such a way as to take money from the poor to give it to the rich.

As for those $80 million, the government will not take them from the pockets of the poor. They will not be supplied by the lumberjack, nor by the miner, the farmer or the settler, nor by the construction worker, but by capitalists, high finance and trusts. But when it comes to taxing individuals to pay interests to the trusts, they will go to the common taxpayer and make him pay tribute to the capitalists who feed government loans.

I cannot approve that decision to solve the problem with which, among so many others, the government is concerned. I, too, like my colleagues, think that we should abolish the sales tax on manufactured goods, particularly those which come from the manufacturing industry. The 12 per cent tax should be abolished, as should, especially, the 11 per cent tax on building materials in order that every family may be able to own its own home.

Then will we keep Canadian taxpayers and consumers happy; we will encourage renewed growth in Canadian industry, which will be an effective step toward the solution which all of us, I think, want to bring about in order to solve the unemployment problem in Canada.

In order to determine clearly which members favour an improvement in Canadian consumption, and whether we should be concerned primarily with keeping Canadians or Americans happy, we will call for a vote on third reading.

Mr. Roch La Salle (Joliette): Mr. Speaker, before the end of this debate, I would like to express certain thoughts.

I already had the occasion to say a few words about this most important bill. I believed in the goodwill of the government and that it would try to counteract the disruptive effects of the American surtax. Once again today, I heard some members address many criticisms to the government. I would like to reiterate tonight some comments about this surtax.

I think the government must do something. I think its efforts are valuable. Having listened to some members, it seems to me that the government is giving grants directly to the United States. Allow me to say that I disagree completely with these allegations. Unlike some of my colleagues, I think that corporations must be helped, even if they are controlled by American interests in Canada. EVen if some members seem seriously concerned about this measure, industries located in their ridings will be very happy if they can benefit from the subsidies, which in turn will allow citizens to retain their jobs.

I have confidence in the bill now before us. Will this measure be sufficient to offset the difficulties which the American surtax will entail? This, I think, nobody can tell.

• (9:50 p.m.)

It remains, nevertheless, that when a minister proposes a measure, he proves that he is making an effort to assist Canadian industries, and God knows how much such help is presently needed. I think that this legislation should be supported and that it would be unkind to avail oneself of this opportunity to engage in petty politics about such an important matter. Of course, Canadian industries need government subsidies. I am wondering therefore why we are delaying so much the passage of this bill.

My comments will be very brief because I do not want to waste the time of the House, but I think that I had to put forth these opinions, not only to justify my position but to remind hon. members that a decision had to be taken. The government has submitted this measure and I believe we should pass it without further delay. I hope the government will not hesitate to add to or to increase its grants, if necessary, and I truly believe that we need one, two or perhaps three months to really determine the disruptive effects of the American policy on our industry.

I therefore dare hope that the government will not hesitate to grant additional credits if required. There is nothing in the bill that says that if the $80 million are not enough, a further $80 million will be added. As has been stated previously, these $80 million will be certainly quite appreciated by the Canadian or foreign companies oper-

ating in Canada since they will help them to maintain their employment level.

Considering our increasing difficulties and since, from time to time, we hear that factories are closing down, I think it is high time for the government to take this action and I certainly will not hesitate to support this measure and urge my hon. colleagues to do the same.

[*English*]

Mr. Frank Howard (Skeena): Mr. Speaker, I thought I might evoke some sort of favourable response by saying that I gather there is general disposition to conclude this bill this evening. I do not intend to detract from that. I briefly wish to put forward some ideas that I am sure will not persuade hon. gentlemen in the Liberal party in any way, because their minds are obviously set and they will proceed with the bill regardless of the validity of the objections to it and explanations regarding its shortcomings.

I want for a moment or two to talk about one of its shortcomings relating to one group of people in this nation who for a long time, so far as their economic position is concerned, have been denied justice, fair play and fair consideration by this and preceding governments. I am talking particularly about commercial fishermen who are excluded from the bill and from any of its piddling benefits.

Our commercial fishermen have been denied equity in many areas. One that comes to mind quickly was dealt with yesterday in the question period. This government completely ignored the unanimous recommendation of the fisheries committee with respect to extending fishing zone jurisdiction to the continental shelf and the continental slope. I do not want to talk about what the fisheries committee did a couple of years ago, because that is not germane to the subject and would not be in order. Yet it is a fact that every Liberal member on that committee, every Conservative and every representative from my party voted in support of the idea that, immediately, our fishing zone jurisdiction should be extended to the edge of the continental slope and shelf. We realized that the fishermen of other countries were moving into those areas, had been doing so for a long time and were catching groundfish or bottom fish which properly and in a normal sense belonged to Canada. The government rejected that idea, creating inequity for fishermen on both coasts of this nation.

Another area of inequity relates to the government's program of buying out fishing vessels from the salmon industry. On October 2, next weekend, there will be an auction of 50 salmon fishing boats, I think it is, that were bought by the government from fishermen on the west coast. These boats will now be auctioned off to those who want to buy them. Of course, any Canadian who buys one of these salmon fishing boats will not be able to use his boat to engage in the salmon fishery in Canada. The government's purpose is to reduce the salmon fleet and to reduce the number of people who are involved in salmon fishing. So the Canadian who buys such a boat at the auction to be sponsored by the government at Delta Marine, Richmond, near Vancouver, on October 2 will not be able to use his boat for fishing. Otherwise he will be able to use it for whatever purpose he wishes.

[Mr. Salle.]

But there is no prohibition against a United States citizen who buys one of these boats. He may use a boat that was taken out of the salmon fishery of Canada, take it across the line into Alaska, Washington or Oregon, and put to sea in it. He may use it as a fishing vessel and thereby increase the size of the United States fishery fleet. He may catch salmon which are spawned in Canadian fishing channels, in Canadian rivers, and which are considered as Canadian fish. This is the inequity being perpetrated against the fishing industry in Canada. It is being deliberately brought about by the government opposite, which not only wants to see our fishing fleet curtailed but wants to see the Yankee fishing fleet increased to our detriment. I say that because the Americans will be able to fish for salmon which have come from our own Canadian rivers and spawning grounds.

We know the situation at Hecate Strait and the like. I do not want to go further into that question except to say that our fishermen who are disadvantaged by the 10 per cent United States surtax are not offered any degree of protection, assistance or help under this bill. Not only will the government's tax bill attempt to destroy the co-operative movement of this nation, but the provisions of this legislation will assist in the destruction of the co-operative movement. Let me read briefly one paragraph from a letter that the Prince Rupert Fishermen's Co-operative Association sent to the minister responsible for fisheries on September 16, relating to the 10 per cent surcharge. They say in part as follows:

> Our association has felt the effect of this surcharge immediately, and most specifically in the sale of a carload of mild-cured salmon, which was already loaded when President Nixon made his announcement. Further it will affect us appreciably on the export of sole fillets and halibut flitches, where the duty has increased from 0.2 cents per lb. to 2.5 cents per lb.

Anybody in the least familiar with the fishing industry and the export of fish will know that an increase of that nature can be, and is, disastrous. I am merely putting forward my ideas for the record because I know that hon. gentlemen opposite in the Liberal Party have minds like concrete. They are well mixed and well set and are not disposed to listen to reasonable arguments. They want to continue participating in this "love the United States" program that they are embarked upon. Whatever is helpful to the United States is helpful to Canada—so they think. I think it is regrettable that the government has engaged in this sort of activity and has denied the primary producers of our nation fair play and justice under this bill.

The Acting Speaker (Mr. Laniel): Is the House ready for the question.

Some hon. Members: Question.

The Acting Speaker (Mr. Laniel): The question is on the amendment to the main motion. All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

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

• (10:00 p.m.)

YEAS

Messrs:

Barnett
Benjamin
Blackburn
Brewin
Burton
Caouette
Dionne
Fortin
Gleave
Godin
Howard (Skeena)
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Laprise
Latulippe
Lewis
MacInnis (Mrs.)
Orlikow
Peters
Rodrigue
Rondeau
Rose
Rowland
Skoberg
Thomson (Battleford-Kindersley)—25.

NAYS

Messrs:

Alexander
Alkenbrack
Allmand
Andras
Asselin
Badanai
Baldwin
Barrett
Béchard
Beer
Blair
Borrie
Boulanger
Breau
Buchanan
Caccia
Cadieu
Cafik
Carter
Chappell
Chrétien
Clermont
Corriveau
Côté (Richelieu)
Crouse
Cullen
Cyr
Danforth
Davis
Deachman
Deakon
Dinsdale
Downey
Dupras
Duquet
Éthier
Fairweather
Forest
Forget
Francis
Gendron
Gervais
Gillespie
Goode
Grills
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Gundlock
Haidasz
Hales
Hogarth
Hopkins
Howard (Okanagan Boundary)
Howe
Hymmen
Jamieson
Jerome
Knowles (Norfolk-Haldimand)
Korchinski
Lachance
Laing (Vancouver South)
Lajoie
Lambert (Edmonton West)
Lang (Saskatoon-Humboldt)
Langlois
La Salle
Leblanc (Laurier)
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
Lundrigan
MacDonald (Egmont)
MacGuigan
MacInnis (Cape Breton-East Richmond)
Mackasey
MacKay
MacLean
Macquarrie
McCleave
McGrath
McKinley
McQuaid
Mahoney
Major
Marceau
Marchand (Kamloops-Cariboo)
Marshall
Mazankowski
Monteith
Moore
Nesbitt
Noël
O'Connell
Olson
Otto
Penner
Perrault
Portelance
Pringle
Prud'homme
Ricard
Richardson
Ritchie
Robinson
Rochon
Roy (Laval)
Rynard
Scott
Serré
Smerchanski
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Southam
Stafford
Stanbury
Stanfield
Stewart (Cochrane)
Stewart (Marquette)
St. Pierre
Sulatycky
Sullivan
Thomas (Maisonneuve-Rosemont)
Thompson (Red Deer)
Tolmie
Trudeau
Trudel
Turner (London-East)
Valade
Wahn
Whelan
Whicher
Whiting
Woolliams
Yanakis—137.

Division

The Acting Speaker (Mr. Laniel): I declare the amendment lost. Is the House ready for the question on the main motion?

Some hon. Members: Question.

The Acting Speaker (Mr. Laniel): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: On division.

• (10:20 p.m.)

The Acting Speaker (Mr. Laniel): All those in favour of the main motion will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

The Acting Speaker (Mr. Laniel): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Laniel): In accordance with what the Chair believes to be the disposition of the House, we will proceed with the vote without ringing the bells.

The House divided on the main motion (Mr. Olson, for the Minister of Industry, Trade and Commerce) which was agreed to on the following division:

Division

YEAS

Messrs:

Alexander
Alkenbrack
Allmand
Andras
Asselin
Badanai
Baldwin
Barrett
Béchard
Beer
Blair
Borrie
Boulanger
Breau
Buchanan
Caccia
Cadieu
Cafik
Carter
Chappell
Chrétien
Clermont
Corriveau
Côté (Richelieu)
Crouse
Cullen
Cyr
Danforth
Davis
Deachman
Deakon
Dinsdale
Downey
Dupras
Duquet
Éthier
Fairweather
Forest
Forget
Francis
Gendron
Gervais
Gillespie
Goode
Grills
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Gundlock
Haidasz
Hales
Hogarth
Hopkins
Howard (Okanagan Boundary)
Howe
Hymmen
Jamieson
Jerome
Knowles (Norfolk-Haldimand)
Korchinski
Lachance
Laing (Vancouver South)
Lajoie
Lambert (Edmonton West)
Lang (Saskatoon-Humboldt)
Langlois
La Salle
Leblanc (Laurier)
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
Lundrigan
MacDonald (Egmont)
MacGuigan
MacInnis (Cape Breton-East Richmond)
Mackasey
MacKay
MacLean
Macquarrie
McCleave
McGrath
McKinley
McQuaid
Mahoney
Major
Marceau
Marchand (Kamloops-Cariboo)
Marshall
Mazankowski
Monteith
Moore
Morison
Nesbitt
Noël
O'Connell
Olson
Otto
Penner
Perrault
Portelance
Pringle
Prud'homme
Ricard
Richardson
Ritchie
Robinson
Rochon
Roy (Laval)
Rynard
Scott
Serré
Smerchanski
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Southam
Stafford
Stanbury
Stanfield
Stewart (Cochrane)
Stewart (Marquette)
St. Pierre
Sulatycky
Sullivan
Thomas (Maisonneuve-Rosemont)
Thompson (Red Deer)
Tolmie
Trudeau
Trudel
Turner (London East)
Valade
Wahn
Whelan
Whicher
Whiting
Woolliams
Yanakis—138.

NAYS

Messrs:

Barnett
Benjamin
Blackburn
Burton
Caouette
Dionne
Fortin
Gleave
Godin
Howard (Skeena)
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Laprise
Latulippe
Lewis
MacInnis (Mrs.)
Orlikow
Peters
Rodrigue
Rondeau
Rose
Rowland
Skoberg
Thomson (Battleford-Kindersley)—24.

The Acting Speaker (Mr. Laniel): I declare the motion adopted.

Motion agreed to and bill read the third time and passed.

The Acting Speaker (Mr. Laniel): Order, please. The Chair would ask hon. mempers whether there is a disposition to forgo the adjournment debate.

Some hon. Members: Agreed.

Mr. Baldwin: Mr. Speaker, we would be glad to do that. In fact, we would be glad to forgo all business until the government meets its obligations under the Temporary Wheat Reserves Act.

Mr. Olson: Mr. Speaker, we too would be happy to forgo the adjournment debate.

The Acting Speaker (Mr. Laniel): It being after ten o'clock, this House stands adjourned until tomorrow afternoon at two o'clock.

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, September 29, 1971

The House met at 2 p.m.

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF PRIME MINISTER OF THE BAHAMAS, HON. LYNDEN OSCAR PINDLING

Mr. Speaker: Order. May I be permitted to bring to the attention of hon. members the presence in the Speaker's gallery of an eminent visitor in the person of the Hon. Lynden Oscar Pindling, Prime Minister of the Bahamas.

Some hon. Members: Hear, hear!

Mr. Speaker: On behalf of all hon. members I extend to you, Mr. Prime Minister, a most cordial welcome to Canada and to the House of Commons.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. HOWARD (SKEENA)—ALLEGED FALSE ANSWER TO WRITTEN QUESTION

Mr. Frank Howard (Skeena): Mr. Speaker, I rise on a question of privilege regarding an answer given by the government to question No. 602, shown in *Hansard* at pages 2228 and 2229 for January 12, 1970. It came to my attention only this morning that it is a false answer and that, again, misleading information has been given to the House of Commons. Part of the question which was posed was:

Have all reclassified employees been retroactively paid the salary, allowances, pension and other benefits to which they were entitled as of the 1967 date—

And so on.

The answer given was "Yes". The fact of the matter, with regard to the one employee who at that time was involved in this situation, is that in fact he had only been paid retroactive salary and wages to December 1, 1968, and not to 1967, as had been asked and answered in the affirmative, and that he had been employed by the government in this capacity back on October 1, 1966.

There is another erroneous part of the answer which I shall not go into at this stage, but it deals with more than this one employee. The result of this false information is that the employee involved, a person of Indian descent, has been denied the further retroactive wages he should have received and that there may be involved another $2,000 or $3,000 in back wages. The erroneous answer to the other part of the question would involve at least 100 other caretakers of Indian day-schools, because likewise they have been denied their full benefit under the Public Service Staff Relations Act and the wages which have accrued to them.

Based on this, Mr. Speaker, I should like to move, seconded by the hon. member for Timiskaming (Mr. Peters), if you find there is a prima facie case of privilege:

That the Committee on Privileges and Elections be authorized to inquire into the information given by the government in response to question No. 602 as shown at pages 2228 and 2229 of Hansard for January 2, 1970, as well as into the matter of all persons employed by the Department of Indian Affairs and Northern Development as Indian day-school caretakers.

• (2:10 p.m.)

Mr. Speaker: The hon. member for Skeena proposes that the House consider, by way of breach of parliamentary privilege, what he calls false information given in a return to a written question. I suggest to the hon. member that there are at least two procedural obstacles that he does not appear to have overcome in the presentation he has just made to the Chair and to the House. The first is that the Chair is not at liberty to rule that there is a prima facie case of privilege when the matter complained of is a dispute as to fact. There are many well known precedents which could be quoted in this respect.

The other difficulty relates to the requirement that the matter should be raised at the earliest opportunity. In this respect I refer hon. members to May's Seventeenth Edition, page 378, as follows:

The matter must be raised at the earliest opportunity. A matter of privilege which claims precedence over other public business should be a subject which has recently arisen.

As an example, the learned author makes the following statement:

A matter which occurred during the recess was refused precedence as a matter of privilege because it was not raised at the commencement of the session.

Similarly, a matter concerning an article in a newspaper published on 6 May was refused precedence because it was not raised till the 14th and a speech reported on a Saturday because it was not raised until the following Tuesday.

In the case brought before us we do not have a situation where the hon. member failed to raise the matter the day after the subject of privilege arose; it is, indeed, more than a year since this particular matter was reported in the Official Report of the proceedings of the House of Commons. I do not think it is sufficient for the hon. member to say that he has just become aware of the alleged inaccuracy of the return. It would be extremely difficult to find that the matter has, in fact, been raised at the first opportunity.

For these reasons I cannot agree with the hon. member that there is a prima facie case of privilege which ought to be considered by the House at this time.

MR. GLEAVE—ALLEGED MISLEADING STATEMENTS BY GOVERNMENT MEMBERS RESPECTING PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I rise on a question of privilege of which I have given notice. The question of privilege affects all members of the House. Government spokesmen are giving misleading descriptions of an issue faced by the House, namely, the refusal of the government to make statutory payments for wheat storage under the Temporary Wheat Reserves Act.

The Minister of Agriculture (Mr. Olson) said on television as recently as last night that the government would give the opposition one more chance to permit passage of Bill C-244, and if the opposition continued to block the bill the government would have to reconsider its position with respect to payments due under the act.

An hon. Member: Blackmail.

Mr. Gleave: The opposition has not created any impediment, by its opposition to Bill C-244, to government obedience of the law.

Some hon. Members: Oh, oh!

Mr. Gleave: It is the government's duty to make payments as required by the act, independently of the opposition's stand on a bill that has not yet been adopted.

Some hon. Members: Hear, hear!

Mr. Gleave: Again, the government was quoted on CBC radio this morning as saying that only $62 million in payments under the act is now due and that another $30 million is due only on July 31, 1972. In fact, payments are made in equal, monthly instalments.

An hon. Member: Through the Wheat Board.

An hon. Member: Right. You are catching on.

Some hon. Members: Oh, oh!

Mr. Hees: What do you know, the cat is out of the bag!

Mr. Gleave: In fact, payments for August and September are now overdue, in addition to payments for the whole of last year. The $100 million provided in Bill C-244 is a one-shot payment. The Temporary Wheat Reserves Act provides for payments every year—

Mr. Speaker: Order, please. The hon. member is now debating the issue. He should indicate his question of privilege. I suggest that the hon. member is now making a speech on the substantive issue, rather than on the procedural aspect of the matter which, of course, is the only aspect that can be of interest to the Chair.

Mr. Gleave: Mr. Speaker, the question of privilege is that, essentially, by these statements outside the House the government is deliberately misleading the Canadian public on what is at issue here. This, Mr. Speaker, is my question of privilege. The Temporary Wheat Reserves Act provides for payments every year in which more than 178 million bushels of wheat are in storage, and payments would amount to more than $100 million if they were continued under that act. About $90 million is already overdue. If Your Honour finds that I have a prima facie case of privilege, I would be prepared to make an appropriate motion to have the matter referred to a standing committee of the House.

[Mr. Speaker.]

Mr. Speaker: The hon. member for Saskatoon-Biggar has given the required notice of his intention to raise this matter by way of a question of privilege. I, of course, do not intend to consider the matter lightly because I realize the importance of the situation and the interest of all hon. members in this very important and obviously contentious issue.

The hon. member suggests that there is a breach of parliamentary privilege, either a breach of his privileges or of those of the House, in that, to use his words, "the Canadian government by statements outside the House is misleading the public." I cannot judge whether that is so or not, but I suggest to the hon. member that this cannot possibly be the basis for the submission of a question of privilege.

I have gone into the precedents and considered the Standing Order at length yesterday when a similar motion was proposed which, I might say, was in all points similar to that proposed today by the hon. member for Saskatoon-Biggar. There is no point in restating the precedents I referred to yesterday. I am sure the hon. member will appreciate that in view of the precedents I quoted yesterday and the citations mentioned in my ruling I cannot rule today, contrary to my ruling yesterday, that there is a prima facie case of privilege.

Mr. Howard (Skeena): On a point of order, Mr. Speaker, I would like to know if it would be appropriate for the Minister of Agriculture (Mr. Olson) to make those false statements in this House, where he could be dealt with properly.

Mr. Speaker: Order, please.

ROUTINE PROCEEDINGS

HOUSE OF COMMONS

MOTION TO ADJOURN

Mr. G. W. Aiken (Parry Sound-Muskoka): Mr. Speaker, under the provisions of Standing Order 25 I move, seconded by the hon. member for Calgary North (Mr. Woolliams), that because of the continued refusal of the government to make the payments required under the Temporary Wheat Reserves Act—

Mr. Speaker: Order.

Mr. Aiken: —this House do now adjourn.

Mr. Speaker: Order, please, If the motion is put in those terms, I suggest it is not in order. It can be put to the House in the traditional form, simply that this House do now adjourn. If the hon. member will make that motion it will be put to the House.

Mr. Aiken: Mr. Speaker, I move, seconded by the hon. member for Calgary North, that this House do now adjourn.

Some hon. Members: Hear, hear!

Mr. Speaker: Would the hon. member kindly supply the Chair with the written motion?

The motion is that this House do now adjourn. Is it the pleasure of the House to adopt the said motion? All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. Aiken) which was negatived on the following division:

• (2:20 p.m.)

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Barnett
Benjamin
Bigg
Blackburn
Brewin
Burton
Cadieu
Crouse
Danforth
Dinsdale
Douglas
Downey
Fairweather
Forrestall
Gilbert
Gleave
Grills
Gundlock
Hales
Harding
Harkness
Hees
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Edmonton West)
Lundrigan
MacDonald (Egmont)
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacKay
MacLean
Macquarrie
MacRae
McCleave
McGrath
McIntosh
McKinley
McQuaid
Mather
Mazankowski
Monteith
Moore
Muir
Murta
Nesbitt
Nowlan
Peters
Ricard
Ritchie
Rose
Rowland
Rynard
Schumacher
Scott
Skoberg
Southam
Stanfield
Stewart (Marquette)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Valade
Woolliams
Yewchuk—69.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Barrett
Basford
Béchard
Beer
Benson
Blair
Borrie
Boulanger
Breau
Buchanan
Caccia
Cafik
Cantin
Caouette
Chappell
Chrétien
Clermont
Cobbe
Comtois
Corbin
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Cullen
Cyr
Davis
Deachman
Dionne
Drury
Dubé
Dupras
Duquet
Émard
Faulkner
Forest
Forget
Fortin
Foster
Francis
Gauthier
Gendron
Gervais
Gibson
Gillespie
Goode
Goyer
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Jamieson
Jerome
Kierans
Laflamme
Laing (Vancouver South)
Lajoie
Lambert (Bellechasse)
Lang (Saskatoon-Humboldt)
Laniel
La Salle
Latulippe
Legault

Division

Messrs:

Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McBride
McIlraith
McNulty
Mahoney
Major
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Matte
Morison
Munro
Murphy
Noël
O'Connell
Olson
Osler
Pelletier
Penner
Perrault
Portelance
Pringle
Prud'homme
Reid
Richardson
Robinson
Rochon
Rodrigue
Rondeau
Roy (Timmins)
Roy (Laval)
Serré
Smerchanski
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Sulatycky
Sullivan
Thomas (Maisonneuve-Rosemont)
Tolmie
Trudeau
Trudel
Turner (London East)
Turner (Ottawa-Carleton)
Wahn
Watson
Weatherhead
Whelan
Whicher
Yanakis—132.

• (2:40 p.m.)

EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. David Anderson (Esquimalt-Saanich): Mr. Speaker, I should like to move a motion pursuant to Standing Order 43. I believe unanimous consent is required. The urgency attaching to this motion arises from the fact that within the next few days President Nixon is to make a final decision on whether the proposed underground nuclear test on Amchitka Island will take place. It is known that Japanese and Canadian concern will have an important bearing on his deliberations. I therefore feel it is urgent that at a time when the Secretary of State for External Affairs (Mr. Sharp) is expressing at the United Nations, Canadian reservations with regard to the proposed test, this House, government and opposition members alike, should indicate to the President of the United States that we all share the minister's concern in connection with this subject.

Some hon. Members: Hear, hear!

Mr. Anderson: The motion is as follows:

That this House expresses its grave concern at continued nuclear weapons testing and its serious implications for the arms race, regrets the recent high-yield underground test in the Soviet Union, emphasizes its hope that the United States government will reconsider its plans to carry out a high-yield test on Amchitka Islands which are close to Canada and known to be prone to earth and ocean disturbances, and strongly supports the efforts being made in the United Nations by Canada and other countries to achieve the prohibition by international agreement of all underground nuclear weapons tests.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Esquimalt-Saanich (Mr. Anderson). Under the terms of Standing Order 43 this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: There appears to be unanimous consent.

Mr. MacInnis: No.

Some hon. Members: Shame!

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

[Mr. Speaker.]

INDIAN AFFAIRS

INDIAN EDUCATION IN NORTHEASTERN ALBERTA—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to discuss a matter of urgent and pressing necessity, namely, the crisis in Indian education which has arisen in northeastern Alberta.

Hundreds of Indian school children have been withdrawn from school in protest against inadequate school facilities. The parents are requesting a meeting with the Minister of Indian Affairs and Northern Development to discuss the problem. To date there has not been a satisfactory response from the minister. There is no need to remind you, Mr. Speaker, of the harm which is done to children by lack of attendance at school.

I therefore move, seconded by the hon. member for Vegreville;

That the House do adjourn and that the education crisis in northeastern Alberta and the wider subject of Indian education be discussed.

Mr. Speaker: I have some doubt as to the correctness of the form of the hon. member's motion. What he is proposing now is an adjournment motion. As hon. members know, that should be done under the terms of Standing Order 26, not under the terms of Standing Order 43. For this reason I hesitate very much about putting the motion. Perhaps I will on this occasion merely issue a caution to hon. members that they have to make a choice between the use of Standing Order 26 or Standing Order 43. If it is the adjournment of the House they wish to propose, it should be done under the terms of Standing Order 26. This having been said, the Chair will proceed. Hon. members have heard the motion which, in accordance with Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not, and the motion cannot be put.

Mr. MacInnis: I rise on a point of order, Mr. Speaker, with respect to the motion introduced by the hon. member for Esquimalt-Saanich.

Some hon. Members: Too late.

Mr. MacInnis: I would ask the Chair to rule whether it was a debatable motion or not. If it was a debatable motion, I withdraw my objection.

Some hon. Members: Oh, oh!

* * *

• (2:50 p.m.)

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, in accordance with Standing Order 43 I should like to move

the following motion, seconded by the hon. member for Moose Jaw (Mr. Skoberg):

That in the opinion of this House the government should forthwith pay to the Canadian Wheat Board the full amount now due under the Temporary Wheat Reserves Act, including the total due for the crop year 1970-71, and the payments due as at August 1 and September 1, 1971, as specified in the said act.

Some hon. Members: Hear, hear!

Mr. Speaker: Once again I point out to hon. members that this motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There are yeas and nays, therefore there is not unanimity among hon. members and the motion cannot be put.

* * *

INDIAN AFFAIRS

ALLEGED FALSE ANSWER TO WRITTEN QUESTION—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, I rise under the provisions of Standing Order 43 in order to test the views of the House in respect of the matter on which Your Honour ruled there was not a question of privilege. Because of the morality involved and the fact that at least one person was disadvantaged by the answer given to the House in response to a question in January of 1970 in that the answer was not, to put it mildly and politely, in accordance with the facts of the situation, I should like to ask the House, and particularly the Minister of Indian Affairs and Northern Development (Mr. Chrétien), whether they would agree to the following motion:

That the Committee on Privileges and Elections be authorized to inquire into the information given by the government in response to question No. 602 as shown at pages 2228 and 2229 of *Hansard* for January 12, 1970, as well as into the matter of all persons employed by the Department of Indian Affairs and Northern Development as Indian day-school caretakers.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Skeena. Again, this motion requires the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Again there are nays which prevent the Chair from putting the motion.

* * *

PUBLIC ACCOUNTS

YEAR ENDED MARCH 31, 1970—REFERENCE TO COMMITTEE TOGETHER WITH AUDITOR GENERAL'S REPORT

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, perhaps I might suggest at this point that there have been discussions, especially with the chairman of the Public Accounts Committee who is eager to get the committee under way to study the report of the Auditor General, and if there is agreement we could call that order of business, pass the motion without debate and get the committee under way to study the public accounts for the year ended March 31, 1970.

Mr. Speaker: Is that agreed?

Mr. Frank Howard (Skeena): Mr. Speaker, I certainly think there is agreement to pass the motion without debate, but there must be some question in the minister's mind whether this is going to be an exercise in futility if the Prime Minister seeks to dissolve Parliament one of these days.

An hon. Member: Oh, sit down.

Mr. Speaker: Order, please. The suggestion has been made that the motion be adopted without debate. I must inquire whether there is unanimous consent.

Some hon. Members: Agreed.

Mr. MacEachen moved:

That the Public Accounts for the year ended 31 March 1970, tabled in the House January 12, 1971, and the Auditor General's report thereon, tabled in the House June 4, 1971, be referred to the Standing Committee on Public Accounts.

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

Some hon. Members: Agreed.

Motion agreed to.

MOTION TO ADJOURN UNDER S.O. 26

INDUSTRY

CANADA-UNITED STATES AUTO PACT—REMOVAL OF SAFEGUARDS FOR CANADA AS PREREQUISITE TO WITHDRAWAL OF U.S. IMPORT SURTAX

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise under the provisions of Standing Order 26 and ask leave, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the declaration by a United States official that the safeguards for Canada in the Canada-U.S. auto pact must be dropped before the U.S. import surcharge can be withdrawn and the implications of this U.S. position for an industry already experiencing serious lay-offs.

Mr. Speaker: The hon. member for Brant has given due notice of his intention to move this motion under Standing Order 26. Meanwhile I have had an opportunity to give careful and sympathetic study to the request outlined in the motion proposed by the hon. member.

The Chair does appreciate the seriousness of the matter raised by the hon. member. It is undoubtedly one which is

of national interest and of concern to all hon. members. In determining whether the business of the House ought to be set aside for the purpose of considering such an important and urgent situation, the Chair has to be guided by certain criteria specified in Standing Order 26. One of these requirements is that the matter proposed for discussion should relate to an emergency which calls for immediate and urgent consideration by the House. In other words, it is not only urgency of the matter which has to be considered but the urgency of debate.

While I surmise that the House would want an opportunity to discuss this problem, I doubt that the urgency of the situation would require that the debate be held today or tomorrow rather than later. If the Chair considers the additional factor of opportunity of debate within a reasonable period of time, I would suggest to the hon. member that from the procedural standpoint an immediate emergency debate would hardly be justified.

Therefore, in view of all relevant circumstances the Chair suggests that the adjournment motion should not be put at this time.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

NATIONAL DEFENCE—SEPARATISTS IN CANADIAN FORCES

Question No. 1,229—**Mr. Coates:**

Has the Minister of National Defence examined the statements of René Levesque, leader of the Parti Québécois, regarding members of the Armed Services in the Province of Quebec and, if so, is he in a position to provide information as to whether all members of the Armed Services have taken the oath of allegiance and, if they have, will any action be taken against them if they are known to be Separatists and advocate the separation of the Province of Quebec from the Dominion of Canada?

Hon. Donald S. Macdonald (Minister of National Defence): Statements purported to have been made by Mr. René Levesque regarding members of the Canadian forces in Quebec being separatists have been examined. All Canadian citizens, and British subjects other than Canadians, applying to join the Canadian forces are required to take the Oath of Allegiance upon enrolment. Other persons enrolled in the Canadian forces are required to take a special oath that includes the agreement to well and truly serve Her Majesty, in the Canadian forces. In addition, Queens Regulations and Orders stipulate that no officer or man of the regular force shall take an active part in the affairs of a political organization or party. What action would be taken against members of the Canadian forces who may become known to be active separatists and advocates of the separation of the Province of Quebec from Canada would depend upon the circumstances of each case.

[Mr. Speaker.]

INFORMATION CANADA

Question No. 1,498—**Mr. Schumacher:**

1. During the period 1970 to date did Information Canada sponsor any conferences or courses (a) at Grey Rocks Inn, St. Jovite, Quebec (b) elsewhere in Canada and at what locations?

2. What was the duration of these courses or conferences?

3. What was the nature and purpose of these courses or conferences, and what conclusions, if any, were reached?

4. What departments participated in each case?

5. In each case (a) how many employees of each department attended (b) what position does each one hold (c) what expenses were involved for (i) transportation (ii) accommodation (iii) meals and per diem expenses (iv) registrations or fees (d) what mode of transportation was involved for persons attending?

6. Did any expenses involve wives or families and, if so, (a) what was the amount in each case (b) who authorized such expenditures (c) what mode of transportation was involved?

7. In each case, for what reasons were the locations for the conferences chosen?

Hon. Martin P. O'Connell (Minister of State): 1. Information Canada sponsored two functions during the period 1970. (i) a conference at Grey Rocks Inn (ii) a seminar at La Réserve Inn At St. Donat.

2. The conference lasted three days; the course two days.

3. (i) Information Canada sponsored a conference at Grey Rocks Inn to bring together Information Directors of all Federal Government departments and agencies to outline existing and proposed programs of Information Canada. (ii) The two-day training course at La Réserve Inn was sponsored for new Enquiries Officers of Information Canada.

4. National Film Board; Science Council of Canada; National Defence; Secretary of State; Agriculture; External Affairs; Manpower and Immigration; Energy Mines and Resources; National Harbours Board; Prices and Income Commission; Fisheries and Forestry; Information Canada; Central Mortgage and Housing Corporation; Regional Economic Expansion; St. Lawrence Seaway; Dominion Bureau of Statistics; Communications; Post Office; Unemployment Insurance Commission; National Library; Emergency Measures Organization; National Revenue; Transport; Department of Supply and Services; Treasury Board; Veterans Affairs; Indian Affairs & Northern Development; Public Service Commission; Labour; International Development Agency; National Research Council; Industry Trade and Commerce; Solicitor General Department.

5. (a) Information Canada 10. Other departments generally one each. (b) Information Canada—Directors and Chiefs of Divisions. Other departments—Director of Information Services or representative. (c) (i) Average of $20 for each delegate; (ii) and (iii) $17.50 per day each for accommodation, meals, conference facilities and services. (iv) nil. (d) Private car and bus.

6. No.

7. Locations chosen as the most economical means of providing the required facilities.

*NUMBER OF STUDENTS WHO WILL QUALIFY UNDER NEW PROVISIONS OF UNEMPLOYMENT INSURANCE ACT

Question No. 1,588—**Mr. Fairweather:**

What is the estimated number of school or university students who will qualify for Unemployment Insurance when they return to classes under the new provisions of the Unemployment Insurance Act?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): School or university students who return to classes are not eligible for unemployment insurance benefits because they are not available for work as required under the Unemployment Insurance Act. There is no estimate of the number of school or university students who do not return to the full-time attendance of classes and are unemployed. The latter students could qualify for benefits if they worked in insurable employment for eight weeks in the past 52 weeks.

COVERAGE OF CONSTITUTIONAL CONFERENCE IN VANCOUVER

Question No. 1,622—**Mr. Mather:**

How many CBC staff members were in Victoria to cover the Constitutional Conference?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Broadcasting Corporation that its English and French radio and television services and International Service covered the Victoria Constitutional Conference, June 14 to June 17, using a total of 88 personnel, some of whom were in Victoria for only part of the time.

[*English*]

CBC—OVERSEAS TRANSMITTING SERVICES

Question No. 1,631—**Mr. Mather:**

1. Has CBC any overseas transmitting services for Radio Canada International programs located on the Pacific Coast and, if so, are any programs transmitted in the Japanese language?

2. Is CBC aware of the importance to Canada of Pacific rim communication?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. No. However, the CBC International Service is carrying out tests with its new transmitters at Sackville, N.B., to see whether these can be used to transmit a usable signal to the Far East.

2. Yes, and the Corporation is conducting studies on this matter.

[*English*]

DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS—PROVISION OF GRANTS TO PRIVATE INDUSTRY

Question No. 1,654—**Mr. Broadbent:**

1. What programs of the Department of Consumer and Corporate Affairs provide grants, subsidies and other cash incentives to private industry?

2. What amount was provided to industry through each program in each of the past five years?

3. What amount, by program, has gone to each of the five major regions of Canada in the same years?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): 1. Nil.

2 and 3. N.A.

WAR VETERANS ALLOWANCE TO VETERANS LIVING OUTSIDE CANADA

Question No. 1,658—**Mr. MacRae:**

Is the government giving consideration to amending the War Veterans Allowance Act so that war veterans living outside of Canada, especially in the United Kingdom and in the United States of America, would be permitted to draw War Veterans Allowance without having to return to Canada?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Section 3(3) of the War Veterans Allowance Act, as amended in 1960, reads as follows:

> "3. (3) Notwithstanding subsection (1), the allowance payable under this section to a veteran, widow or orphan may be paid to that veteran, widow or orphan who absents himself from Canada after the coming into force of this Act if, on the day that he leaves Canada, he
>
> (a) is a recipient of an allowance under this section or section 5; and
>
> (b) had been resident in Canada for the twelve months immediately preceding that day."

The foregoing provides that such a recipient can normally continue to receive his allowance indefinitely outside Canada.

The government is not giving consideration to amending the War Veterans Allowance Act at this time.

RIDING MOUNTAIN NATIONAL PARK—ZONING POLICY

Question No. 1,704—**Mr. Stewart (Marquette):**

1. Is the zoning policy still in effect in Riding Mountain National Park?

2. Is the government establishing a buffer-zone around the Park and, if so (a) what amount has been spent in the purchase of lands for this purpose (b) how much land has been purchased (c) how was the value of these lands established?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Yes.

2. No. (a) not applicable; (b) not applicable; (c) not applicable.

RIDING MOUNTAIN NATIONAL PARK—NEW HIGHWAY

Question No. 1,706—**Mr. Stewart (Marquette):**

Are there any plans for the construction of a new highway to replace the present No. 10 Highway in Riding Mountain National Park and, if so, what are these plans?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Yes. Current planning is to commence reconstruction of this Highway in 1973-74, subject to the availability of funds at that time.

Order for Return

GEOLOGICAL SURVEY OF CANADA—CLOSURE OF OFFICE AT NOON HOUR

Question No. 1,715—**Mr. Ryan:**

Is the office of the Geological Survey of Canada at 601 Booth Street, Ottawa where maps are sold to the public closed for the noon hour and, if so, for what reason?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the office referred to by the hon. member is closed during the lunch period, which is from 12 noon to 12:45 p.m. Consideration has been given to manning the office during this period but it is considered to be impracticable. Most business results from mail orders. On an average day there are fewer than a dozen visitors and only occasionally during the lunch period. However, geological maps and reports may be examined in the library and a selection made there during that time.

NATIONAL DEFENCE—TRAILER COURT, CFB SHILO

Question No. 1,717—**Mr. Stewart (Marquette):**

Is it the intention of the government to establish a trailer court for mobile homes at CFB Shilo and, (a) if so, will it be operated by the Department of National Defence (b) if not, on what basis?

Hon. Donald S. Macdonald (Minister of National Defence): Not at this time, (a) not applicable; (b) civilian facilities are available in the vicinity and there are vacant PMQ's at CFB Shilo.

* * *

QUESTION PASSED AS ORDER FOR RETURN

DEPARTMENT OF MANPOWER AND IMMIGRATION ADVERTISEMENT

Question No. 1,648—**Mr. Nystrom:**

1. What advertising agency prepared the advertisement "Have we got what it takes to grow the jobs we need" over the name of the Minister of Manpower and Immigration?

2. What is the complete list of publications in which the advertisement was placed and how many times did it appear in each?

3. How many publications received a total of more than $25,000 for the advertisement?

4. Under what appropriation were expenditures made?

5. What is the total expenditure to date and estimated total expenditure for the advertisement?

Return tabled.

[*Translation*]

Mr. Valade: Mr. Speaker, I rise on a point of order.

I should like to ask the hon. member for Sudbury (Mr. Jerome) whether he could not consider question No. 830 which has been on the order paper since January 28, 1971, and see whether I could get an answer shortly?

[*English*]

Mr. Jerome: I have made a note of the number, Mr. Speaker.

[Mr. Chrétien.]

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, Notice of Motion for the Production of Papers No. 248 is acceptable to the government.

CORRESPONDENCE REGARDING PROPOSED NUCLEAR DEVICE TEST AT AMCHITKA ISLAND

Question No. 248—**Mr. Howard (Skeena):**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence, telegrams and other documents exchanged between the Government of Canada and the Government of the United States of America since January 1, 1971 regarding the proposed nuclear device test at Amchitka Island.

Motion agreed to.

Mr. Jerome: Mr. Speaker, I ask that the remaining notices of motions be allowed to stand.

Mr. Skoberg: Mr. Speaker, I wonder if there could be some indication when Notice of Motion for the Production of Papers No. 75 of October 8 last, having to do with transportation policies, will be made available?

Mr. Jerome: I have made a note of the number of the notice of motion, Mr. Speaker.

• (3:00 p.m.)

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

RENEGOTIATION OF AUTO PACT SAFEGUARDS AS PRECONDITION TO REMOVAL OF UNITED STATES IMPORT SURTAX

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question arising out of the reported statement of Mr. Petty, the United States Assistant Secretary of the Treasury, that the removal of the transitional safeguards in the auto pact is definitely an item to be negotiated before the United States will remove the import surtax. Is it the position of the government that the two questions are linked, and that satisfactory renegotiation of the safeguards in the auto pact is a precondition to the removal of the surtax?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, that is not the case. The auto pact has been discussed by the two governments, through the Minister of Industry, Trade and Commerce and the United States treasury and trade and commerce departments. There have been continuing negotiations. My understanding of the press reports is not that Mr. Petty was saying that this was a condition precedent or anything else but that it was simply a factor he was raising as being unsolved at the present time.

Mr. Stanfield: I have a supplementary question, Mr. Speaker. I must say that the minister's interpretation is not the same as mine.

Mr. Benson: You were not there.

Mr. Stanfield: I should like to ask the Prime Minister whether, in light of the actual statement Mr. Petty made rather than the interpretation of the Minister of Finance of that statement, it is now the policy of the government of Canada to insist on the retention of the restraints and safeguards that are presently in the auto pact?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, Mr. Petty does not express the views of the Canadian government. Those views were expressed by the Minister of Finance, by the Minister of Industry, Trade and Commerce and by myself on several occasions.

Mr. Stanfield: Mr. Speaker, I asked the Prime Minister a question about the policy of the government.

Some hon. Members: Hear, hear!

Mr. Stanfield: On a point of order, Mr. Speaker, I realize the Prime Minister does not have to answer my question, but he does not have to pretend that I asked a question different from the one I did ask.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Stanfield: I ask the Prime Minister specifically whether it is the policy of his government—

Mr. Boulanger: Dont' get mad.

Mr. Stanfield: —to insist upon the retention of the safeguards which are presently in the auto pact. That is a very simple question.

Mr. Trudeau: Mr. Speaker, if the Leader of the Opposition wants to read the record he will find that the Minister of Finance, the Minister of Industry, Trade and Commerce and myself have replied to this question several times.

Mr. Hees: You have not.

Mr. Trudeau: The Minister of Finance said just now that the auto pact is under discussion. It was under discussion even before Mr. Nixon's announcements of last August. Therefore the two are not linked in our minds, and I cannot be asked to answer to this House for a statement by a United States official.

Mr. Stanfield: Mr. Speaker, I think it is time the government started to deal a little candidly with the people of this country.

Some hon. Members: Hear, hear!

Mr. Derek Blackburn (Brant): Mr. Speaker, will the Prime Minister definitely assure the House that the safeguards will not be surrendered under any conditions?

Mr. Speaker: Order, please. The hon. member for Nanaimo-Cowichan-The Islands.

PRECONDITIONS INDICATED BY UNITED STATES FOR REMOVAL OF IMPORT SURTAX

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, if the Prime Minister is not prepared to give an answer in reference to the removal of the transitional safeguards in the auto pact, can he tell us whether or not there are any other preconditions which have been set by the United States government for the removal of the United States import surcharge? I have particular reference to the statements made by Mr. John Petty, Assistant Secretary of the Treasury, with regard to bilateral agreements on currency. Is one of the preconditions that the Canadian dollar be allowed to rise to at least $1.02 in relation to the United States dollar, and have any other preconditions been laid down?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this question has been answered in the House several times, perhaps in the absence of the hon. member. This condition and other conditions were not made to us as conditions for the removal of the surtax. So far as I know, the United States has never said under what kind of developments they would remove the surtax. This is what we are discussing with them, but they have not said, "if you do this we will do something".

EMPLOYMENT SUPPORT BILL—REPRESENTATIONS TO UNITED STATES AGAINST IMPOSITION OF COUNTERVAILING DUTIES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): In view of the implication in Mr. Petty's remarks to the effect that there is some conflict between the legislation now before this Parliament, the employment support bill, and the U.S. provision of countervailing duties, has the Canadian government made any representations to or inquiries of the United States government concerning whether or not countervailing duties would be applied in the event Parliament passes the employment support bill which provides assistance to industries in Canada adversely affected by the United States import surtax?

Right Hon. P. E. Trudeau (Prime Minister): Of course we have made representations. We have had several occasions to explain to the Americans the meaning of this act which was before the House and we explained to them that we did not think it would justify countervailing measures in any way.

Mr. Douglas: Mr. Speaker, may I ask the nature of the reply the Canadian government received from the United States to these representations?

Mr. Trudeau: Mr. Speaker, they were very considerate and polite and said they would listen to our representations and decide what decision they had to take in the interests of their own government. It is up to the United States to decide if it is to act or not. The most we can do is make representations.

[*Translation*]

UNITED STATES IMPORT SURTAX—DISCUSSION WITH AMERICAN OFFICIALS

Mr. Speaker: Does the member for Joliette wish to put a supplementary question?

Inquiries of the Ministry

Mr. Roch La Salle (Joliette): Yes, Mr. Speaker.

With reference to the statement made yesterday by the U.S. Under-Secretary of the Treasury to the effect that the American government was ready to undertake next week some new trade negotiations to which would be invited the representatives of the Canadian government, is the Prime Minister in a position to say whether he has decided to send a delegation to the United States as a result of that invitation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did not understand what that invitation is and what the subject matter of the negotiations would be.

Mr. La Salle: I refer to trade negotiations with Canada next week.

Mr. Trudeau: Mr. Speaker, once again the Minister of Industry, Trade and Commerce met at the beginning of last week with the U.S. Secretary of Commerce and they held negotiations and discussions. I do not know to which new meeting the member is referring.

[*English*]

UNITED STATES IMPORT SURTAX—EFFECT ON FUTURE CANADIAN CO-OPERATION RESPECTING NATURAL RESOURCES

Mr. David MacDonald (Egmont): Mr. Speaker, I have a question which is supplementary to the original questions asked. The United States Assistant Secretary of the Treasury has suggested that the question of continental energy policy should not be discussed in dealing with the surtax. Can the Prime Minister tell the House whether or not this is acceptable to the government or whether the government intends to make clear to the United States that the continuance of the surtax will jeopardize future co-operation in respect of resources and raw materials.

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

ELIGIBILITY FOR BENEFITS OF CANADIANS WORKING IN UNITED STATES

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Labour.

As a new Unemployment Insurance Act now applies in Canada and the rates have been changed considerably, will Canadian workers now employed in the States of Maine and New Hampshire be eligible for comparable benefits?

[*English*]

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, negotiations are now going on with both those states in order to make our plans reciprocal. I will report fully before the end of the week concerning the results of the negotiations.

[Mr. Speaker.]

[*Translation*]

INFORMATION ON AGREEMENT WITH UNITED STATES

Mr. Speaker: Would the hon. member wait just a moment? I believe that the hon. member for Bellechasse has a supplementary.

Mr. Adrien Lambert (Bellechasse): Thank you, Mr. Speaker.

May I ask the minister whether officials of his department have made the necessary arrangements in order to provide information on the agreement made with the United States, so that Canadian workers may have access to the benefits of the agreement should the occasion arise?

Hon. Bryce Mackasey (Minister of Labour): Yes, Mr. Speaker, we are now doing exactly what the hon. member has suggested.

* * *

• (3:10 p.m.)

[*English*]

FINANCE

PROPOSAL FROM INTERNATIONAL MONETARY FUND THAT CANADA REVALUE DOLLAR UPWARD

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Finance. In the absence of information from the Prime Minister late last week and early this week, can the minister advise the House whether the Canadian government received any proposals from the Secretary General of the International Monetary Fund that Canada revalue upward its dollar by 11 per cent or 12 per cent and, if so, what was the Canadian government's reaction to that proposal which was reported in important circles during the weekend?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, it was not really a proposal at all—

Mr. Stanfield: Oh, no?

Mr. Benson: The IMF, as is the case with many international bodies, is looking at the particular problem and analysing it, and out of their analysis came some figures in a working paper which was not officially transmitted to governments but was really just put forward by the Secretary General of the IMF.

Mr. Lambert (Edmonton West): Would the minister advise the House, since the Prime Minister did not seem to have the information, whether Canada advanced or disclosed any new initiatives with regard to the regularization of the situation in the international monetary field, particularly toward the re-establishment of a stable, international, fixed scheme of foreign exchange?

Mr. Benson: The best thing I might do in answer to the question is to table the communiqué of the meeting of the Group of Ten which I chaired last Sunday.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

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TRADE

PROMOTION PROGRAM TO ENLARGE CANADIAN MARKETS IN COUNTRIES OTHER THAN UNITED STATES

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. Is it the intention of the government in the near future to initiate a massive trade drive in countries other than the United States to make Canadian exports less dependent upon the American market?

Right Hon. P. E. Trudeau (Prime Minister): We have been increasing the trade of Canada to other countries. We have not reached 15 per cent as was tried by hon. members on the other side some years ago, but we are trying to sell more to other countries, including the United Kingdom.

Mr. Hees: Obviously, nothing is being done.

Some hon. Members: Oh, oh!

Mr. Hees: I have a supplementary question for the Prime Minister. Has the Prime Minister either telephoned or written President Nixon to express the great concern of this country over the effects that the President's new economic policy will have on our economy, or does the Prime Minister merely intend to confine his protest to whining on the CBC?

Mr. Speaker: The hon. member for Vancouver-Kingsway.

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POLLUTION

ASSESSMENT OF EFFECTS OF POSSIBLE OIL SPILLS IN GEORGIA STRAIT—AGREEMENT WITH BRITISH COLUMBIA ON JOINT SURVEY

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of the Environment. In light of his recent announcement of the award of a contract to make an assessment of the socio-economic effects of possible Alaska oil spills in Georgia Strait and nearby waters, and in view of the lack of action on the Science Council's recommendation of last fall for a joint study of all uses of the environment in the same area, does the minister's announcement mean that the federal government has failed to reach agreement with British Columbia to make a joint survey?

Hon. Jack Davis (Minister of the Environment): No, Mr. Speaker.

Mrs. MacInnis: Does the announcement mean that the government has decided that the United States will go ahead with the Valdez route for Alaska oil despite Canadian protests?

Mr. Davis: The answer in this case is also no.

[*Translation*]

AGRICULTURE

BARLEY—OFFER OF SASKATCHEWAN PREMIER TO SUPPLY QUEBEC

Mr. Marcel Roy (Laval): Mr. Speaker, my question is very important. I do not intend to seek adjournment of the House because I am fully aware of our responsibility to govern the country—

Mr. Speaker: Order. The hon. member should put his question.

Mr. Roy (Laval): Thank you, Mr. Speaker.

My question concerns the economic situation of agriculture and more specifically in the province of Quebec.

In view of the price gap between the Prairie provinces and the eastern provinces for the volume of non-quota grain, would the minister in charge of the Canadian Wheat Board consider the offer of assistance proffered by the premier of Saskatchewan in the form of a deal for 100 million bushels of barley, in order to help Quebec farmers?

[*English*]

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I have seen the reports regarding the offer of the Premier of Saskatchewan of one million bushels of barley to Quebec. I am sure the Canadian Wheat Board would be delighted to receive his order and fill it.

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FORESTRY

CO-ORDINATION BETWEEN FEDERAL AND PROVINCIAL DEPARTMENTS ON SILVICULTURE AND OTHER PROJECTS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is for the Minister of the Environment. Can the minister tell us what the prospects are for co-ordination between the forestry sector of his department and the provincial forestry departments regarding projects such as silviculture?

Mr. Speaker: I hope the minister can give a brief reply. I have the impression that this is such a general question it should be answered by way of a statement on motions. However, the minister can reply briefly.

Hon. Jack Davis (Minister of the Environment): The prospects are very good indeed.

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GRAIN

OMISSION OF TEMPORARY WHEAT RESERVES ACT FROM REVISED STATUTES OF CANADA, 1970

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask a question of the Minister of Justice in his capacity as the Attorney General of Canada. First of all, I welcome him back from the province of Saskatche-

wan. Did the minister give instructions that the statute known as the Temporary Wheat Reserves Act, which is still on the books, be left out of the new Revised Statutes of Canada and, if not, who gave the instructions that it be omitted from our Revised Statutes?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, it is true that the Temporary Wheat Reserves Act is not included in the Revised Statutes, following a decision of the Revised Statutes Commission of which I happen to be chairman.

Some hon. Members: Oh, oh!

Mr. Turner (Ottawa-Carleton): I would suggest to the hon. member that he would not want to confuse the House. The Temporary Wheat Reserves Act was not repealed. It is not listed in schedule A and it remains on the books as a statute of Canada.

Mr. Woolliams: I am not arguing that it is not the law of Canada. I am asking the Minister of Justice, not only in his capacity as Attorney General of Canada but in his capacity as chairman of this commission, who gave the instructions that it not be printed in the Revised Statutes of Canada when it has not been repealed?

Mr. Turner (Ottawa-Carleton): That was a joint decision of the commissioners. The same decision was made with respect to about 150 other statutes, so there is nothing remarkable about this.

Some hon. Members: Oh, oh!

Mr. Woolliams: The only remarkable thing is the Attorney General of Canada.

Some hon. Members: Hear, hear!

Mr. Woolliams: I should like to ask him one further question regarding the 150 statutes, more or less, that were left out. Were they statutes that were not repealed?

Mr. Turner (Ottawa-Carleton): Yes, statutes that were not repealed, and some of them remain on the books. It was a matter of judgment as to which statutes merited inclusion in the Revised Statutes of Canada. I might say that the Canadian Bill of Rights, under the authorship of a former Prime Minister, the right hon. member for Prince Albert, was not included in the Revised Statutes of Canada but, rather, was included in a separate volume because of its unique character.

Some hon. Members: Hear, hear!

Mr. Speaker: I will allow one more supplementary question by the Leader of the Opposition and then we will go on to the hon. member for Winnipeg North Centre.

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—POSITION OF MINISTER OF JUSTICE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Justice whether as Minister of Justice he advised the government, of which he is a member, that it is obliged by the law of Canada to comply with statutes on the books, and that he intends to dissociate himself from a government which is not complying with the law?

Hon. John N. Turner (Minister of Justice): I am a member of the government and I am as interested as anyone else in this government. As a matter of fact, the hon. member for Calgary North welcomed me back from Saskatchewan. The question which farmers in Saskatchewan are asking is, why does Parliament not pass this bill?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The Chair will recognize the Leader of the Opposition for another supplementary question, but I hope that in the few minutes left in the question period we will not spend our time reviving this debate. For the moment the Chair recognizes the Leader of the Opposition.

• (3:20 p.m.)

Mr. Stanfield: I ask the Minister of Justice specifically whether he condones the government of Canada ignoring a statute of Canada.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, the government of Canada recognizes that there is a debt due to the farmers of western Canada in the amount of $38.5 million. We are suggesting that payment of $100 million should satisfy that.

Some hon. Members: Shame!

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. Hon. members are seeking the opportunity to ask supplementaries on this subject. I suggest, with respect, that we could spend the rest of the question period on the same subject, but for the moment the Chair recognizes the hon. member for Halifax-East Hants.

LEGAL ACTION TO COMPEL GOVERNMENT TO MAKE PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my supplementary is directed to the Minister of Justice. Will he permit certain professors of law in Toronto to take mandamus proceedings against the Minister of Finance to compel him to make the payments under this act, as they have requested him to do, if he himself will not take such proceedings against the Minister of Finance?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, the gentlemen concerned can take any action they want. Whether the courts will receive it is another matter.

Mr. McCleave: As a supplementary—

Mr. Speaker: Order, please. Again, I hope other hon. members will be given an opportunity to ask their questions; but of course I do not want to interpose myself, and if hon. members have legitimate supplementaries they will be recognized.

Mr. McCleave: Mr. Speaker, this is the first question I have asked in three weeks in this place. I am asking the minister whether he will give permission to these people to institute such proceedings.

Mr. Turner (Ottawa-Carleton): Well, I have not received—

Mr. Woolliams: Go ahead and break the law, John. You have been doing it and endorsing it.

Mr. Turner (Ottawa-Carleton): I have not received any request for mandamus action. I would have to consider it when I get it. But the final result remains with the courts, as the hon. gentleman knows.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I have a question for the Minister of Justice, which I think future generations would like to see on the record, with respect to this matter. Has the minister himself initiated any proceedings against the Minister of Finance for his failure to fulfil the statutory duty imposed upon him by sections 3 and 4 of the Temporary Wheat Reserves Act?

Mr. Turner (Ottawa-Carleton): No, Mr. Speaker, and I think the record will speak for future generations.

Mr. Stanfield: That is exactly right.

Mr. Speaker: Order, please. I have tried to be as fair as possible in giving members an opportunity to ask supplementaries, but we are running short of time. Other hon. members have been rising for the last few days, and I would like to give them an opportunity to ask questions. We might allow one last supplementary and then go to the next subject.

Mr. Lundrigan: My last supplementary is: Does the minister intend now or in the future to take action such as was mentioned a few minutes ago by my colleagues and initiate proceedings against the Minister of Finance under this particular law of Canada? I want this on the record.

Mr. Turner (Ottawa-Carleton): No, Mr. Speaker.

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PENSIONS

LOWERING OF AGE FOR ESCALATION OF PENSIONS OF RETIRED ARMED FORCES AND RCMP PERSONNEL

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to stay on the previous subject, but instead I shall direct a question to the President of the Treasury Board. He is also a remarkable minister.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): In view of a commitment the minister gave to the House when we were debating Bill C-207 earlier this year, that a certain anomaly would be corrected, I wonder if he is in a position to report progress on his efforts? The anomaly I refer to is the fact that retired armed forces and RCMP personnel are not able to get their pensions escalated until they are 60 years of age, whereas this is now possible for certain retired public servants. How is the minister getting on with the implementation of his commitment to get this anomaly straightened out?

Hon. C. M. Drury (President of the Treasury Board): I can report progress, Mr. Speaker, not at what one would regard as a breathtaking pace, but some progress.

Mr. Knowles (Winnipeg North Centre): As I said, the minister is a remarkable man.

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[*Translation*]

AIRPORTS

TROIS-RIVIÈRES—POSSIBLE CLOSING.

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I would like to put a question to the Minister of Indian Affairs and Northern Development.

Has the minister recently assured a delegation from the Trois-Rivières constituency that the Trois-Rivières airport would not be closed down?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have not received any delegation from Trois-Rivières with regard to this matter.

Mr. Speaker: I do not believe that this question should have been put to that particular minister.

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REGIONAL ECONOMIC EXPANSION

SHERBROOKE—GRANTS TO CANADIAN INGERSOLL-RAND—REQUEST FOR REFUND

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I would like to put a question to the Minister of Regional Economic Expansion.

Does he intend to claim reimbursement from the Canadian Ingersoll-Rand of Sherbrooke which has obtained a $200,000 grant from his department to create 75 jobs but which has decided to close its smelting plant in Sherbrooke, thus putting 140 people out of work?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I think my hon. colleague should at least get acquainted with the facts. No grant has been awarded to Ingersoll-Rand, so no reimbursement can be claimed. A grant was promised if jobs were made available. The part of the plant which is to stop operations has nothing to do with the one for which the grant was offered.

Mr. Ricard: Mr. Speaker, I rise on a point of order. I would like to advise the minister to check the facts before issuing press releases, so that we shall be better informed.

[*English*]

Mr. Speaker: Order, please. I believe the hon. member for Mackenzie is one member who has been trying for a few days to ask a question.

Inquiries of the Ministry

SHIPPING

HUDSON BAY—INSPECTION OF CONDITIONS BY INSURANCE UNDERWRITERS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to address my question to the Minister of Transport. Has the minister had any success with the insurance underwriters of ocean shipping in inviting them to Churchill to view the situation there, similar to what he did with respect to the St. Lawrence earlier this year?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I regret that although an invitation was given to a like group to visit the north and Churchill, they did not feel they could include the trip in their itinerary in the current year. They did make a trip on the St. Lawrence and I understand the response was favourable. They have indicated their willingness to come to Churchill, but the date remains open. It may be in the spring or at some other time in 1972.

Mr. Korchinski: Will the minister not renew his invitation at this time, with an offer to provide them with a ship after regular shipping has closed at Churchill?

Mr. Jamieson: Mr. Speaker, I would be prepared to have them come at any time of their own choosing and provide the transportation for them.

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TRANSPORT

REQUEST FOR INVESTIGATION OF FREIGHT RATES ON IMPORTS AND EXPORTS THROUGH PORT OF CHURCHILL

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, will the Minister of Transport look into the matter of discriminatory freight rates in respect of imports and exports through the port of Churchill?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I would have to take that question as notice. I am not sure what the hon. member means by "discriminatory." I will try to look into the matter.

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INQUIRY OF THE MINISTRY

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, in view of certain events during the last couple of days I ask the President of the Privy Council whether he will seek an order of the House to commence sittings at one o'clock on Mondays, Tuesdays, Wednesdays and Thursdays, and at ten o'clock on Fridays, so that the opposition's ritualistic obstructionism will be a waste of our time rather than the country's?

* * *

POLLUTION

DUST-FALL READINGS, SYDNEY, N.S.—STEPS TO ALLEVIATE PROBLEM

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is directed to the Minister of the Environment. In light of information that dust-fall readings at one location in Sydney were monitored at 261.5 tons per square mile per month, and the fact that pollution technicians consider dust-fall of more than 20 tons per square mile per month to be dangerous, what steps are being taken by the minister and his department to alleviate this rather choking problem?

[Mr. Speaker.]

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, I will look into this matter and report back.

Mr. Muir: Would the minister be good enough to have a team of experts from his department go to the Sydney area and ascertain what can or may be done by himself and his department? This situation is very serious, Mr. Speaker.

• (3:30 p.m.)

Mr. Davis: From the description I would think this is a provincial matter, but we will gladly support provincial officials in this regard.

Mr. Muir: On a point of order, Mr. Speaker. I do not know why we have done away with the Minister of Fisheries legislatively because we still have fisheries. We now have a man who is supposedly in charge of the environment. I bring a problem to his attention and he immediately sloughs it off on the provincial government—

Mr. Speaker: Order, please. The hon. member for Timiskaming.

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AIR TRANSPORT

ESTABLISHMENT OF NORDAIR AS REGIONAL CARRIER FOR NORTHEASTERN ONTARIO AND NORTHWESTERN QUEBEC—ONTARIO APPLICATION FOR REGIONAL CHARTER

Mr. Arnold Peters (Timiskaming): I should like to ask the Minister of Transport a question. Under our national air policy as it involves regional carriers, have negotiations been finalized regarding Nordair as the regional carrier for northeastern Ontario and northwestern Quebec?

Hon. Donald C. Jamieson (Minister of Transport): Not that I know of, Mr. Speaker. There have been discussions between Air Canada and Nordair with respect to possible exchange or co-operation for certain air routes but to the moment at least, and so far as I know, no conclusions have been reached.

Mr. Peters: Has a charter been sought from the Canadian Transport Commission by the Ontario government through its commercial carrier, White River Air Service? If so, what role in the regional transportation system is being filled by this application?

Mr. Speaker: Order, please. I would suggest to the hon. member that this question really ought to be put on the order paper. If there is urgency it can be considered at the time of adjournment.

Mr. Osler: A point of order, Mr. Speaker.

Mr. Speaker: The hon. member for Winnipeg South Centre on a point of order.

Mr. Osler: Now that the House leader is back in his seat I wonder if he can answer the question I put to him a moment ago. It was a serious question.

Mr. Speaker: Order, please. I suggest to the hon. member that it was more in the form of representation than a question. I also detected that it had overtones of argument.

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DRUGS

ACCURACY OF INFORMATION IN GOVERNMENT PAMPHLET DISTRIBUTED TO PENSIONERS AND FAMILY ALLOWANCE RECIPIENTS

Mr. P. B. Rynard (Simcoe North): I have a question for the Minister of National Health and Welfare. In view of the Quebec College of Pharmacists' statement that a pamphlet produced recently for pensioners and family allowance recipients under the government's new drug quality assurance program may be dangerous to public health as it lists drugs which might have harmful side effects and certainly encourages self-medication, is the minister going to review, with the provinces and the medical profession, the accuracy of the scientific information contained in this pamphlet?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, this action was taken on our part as a further step in a series of actions we have taken in terms of reducing the cost of drugs. We are satisfied it is accurate information. We are also satisfied it is useful information and that people receiving old age pension cheques and family allowance cheques should have it. I would also point out that the leader of my hon. friend's own party has indicated that steps of this kind should be taken in terms of reducing the cost of drugs.

Mr. Rynard: Has the minister conferred with the Quebec College of Pharmacists on the statement they made that they are not safe?

Mr. Munro: Mr. Speaker, I have already indicated that we have checked the information and we are satisfied that our information is accurate.

Mr. Rynard: You still did not answer the question.

Mr. Georges Valade (Sainte-Marie): I have a supplementary question for the Minister of National Health and Welfare. I should like to ask the minister if he was not accused by the College of Pharmacists of the province of Quebec of contravening the law by telling people how to buy drugs without prescriptions and influencing people to use, on their own initiative, some drugs that should be left to the doctors to prescribe?

Mr. Munro: We were not advertising or promoting drugs, Mr. Speaker. We were simply indicating to the people of Canada what the comparative prices of various drugs were in various regions throughout the country and that there are variations in prices. There is then some motive on their part to shop around to get the lowest price. I might also indicate that this type of information went to people whose incomes are not great and who cannot afford to pay excessive prices.

* * *

NATIONAL DEFENCE

INQUIRY AS TO MEETING AND ANNOUNCEMENT OF DECISION RESPECTING HYDROFOIL

Mr. J. M. Forrestall (Dartmouth-Halifax East): I have a question for the Minister of National Defence who has been neglected somewhat lately. In light of current suggestions floating about that he will be having a meeting some time this week to settle the future of the hydrofoil, can he confirm this? If so, could the minister give the House some indication when the decision by the government will be made public?

Hon. Donald S. Macdonald (Minister of National Defence): I should like to thank the hon. member for notice of this question, Mr. Speaker. I can assure him that, depending on the length of this question period, I shall be meeting at an early date on the question of the hydrofoil.

Mr. Forrestall: If there should be a $50 million saving I would hope it would go to the services in the form of pay increases. Would the minister answer the other part of my question and advise the House when he anticipates he will be in a position to make the decision known to the general public?

Mr. Macdonald (Rosedale): That is a little difficult to say, not yet having had a full analysis, Mr. Speaker. I would hope, however, to be able to do so within the coming month.

REPLACEMENTS FOR ARGUS MARITIME PATROL AIRCRAFT AND CENTURION TANK

Mr. Doug Rowland (Selkirk): My question is also for the Minister of National Defence. Can the minister inform the House whether the government has yet decided on a replacement for the Argus maritime patrol aircraft and the Centurion tank? If so, will they be produced in Canada?

Hon. Donald S. Macdonald (Minister of National Defence): No decision has been taken yet with regard to the long-range patrol aircraft, Mr. Speaker. I should remind the hon. member that as well as the option of replacing the Argus there is the option of refitting it for future use. It is correct to say that the Centurion tank will be retired from service about 1974 and we are now in the process of bargaining for a replacement.

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BANK OF CANADA

ISSUE OF NEXT BILL IN SERIES OF COLOURFUL CURRENCY

Mr. John M. Reid (Kenora-Rainy River): I have a question for the Minister of Finance. Can the minister inform

the House when the Bank of Canada will release the next bill in its new series of colourful currency which began with the psychedelic $20 bill?

Hon. E. J. Benson (Minister of Finance): I really cannot, Mr. Speaker. I shall have to take the question as notice.

* * *

FAMILY INCOME SECURITY

EFFECT OF PROPOSED INCREASE IN ALLOWANCES ON BIRTH RATE

Mr. Stan Schumacher (Palliser): My question is for the Minister of National Health and Welfare. Has the minister's department conducted any studies or contemplated initiating any studies to ascertain whether the increase in family allowances to low income and large families will have any effect on the birth rate?

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker. Studies of this kind have been conducted. We are satisfied that in terms of allowances it certainly does not cover the cost of maintaining a child for a month, as the hon. member must be aware. It would therefore be only a marginal incentive toward a large family.

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INDIAN AFFAIRS

WITHDRAWAL OF CHILDREN FROM SCHOOL BY PARENTS BECAUSE OF ALLEGED LACK OF FACILITIES

Mr. Paul Yewchuk (Athabasca): My question is directed to the Minister of Indian Affairs and Northern Development. In view of the fact that there is a rumour around that the minister prefers to keep Indians undereducated because they are easier to control that way—

Mr. Speaker: Order, please. The hon. member knows that he cannot ask a question based on a premise in those terms. The question should be asked directly.

Mr. Yewchuk: I will ask it more directly, Mr. Speaker. Can the minister indicate whether he intends to go to northeastern Alberta to meet personally with the chiefs of the Saddle Lake-Athabasca district to discuss problems of Indian education in that area?

• (3:40 p.m.)

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, if the hon. member was in the House more often, he would have heard the answer I gave yesterday—

[*English*]

Mr. Speaker: Order, please. Perhaps the minister might also reply to the question directly.

[*Translation*]

Mr. Chrétien: Last Thursday and Friday I met with the chairman of the Alberta Indian Association and we both agreed that an official from my department would go to Cold Lake today. The official is there and I will make a decision after I have studied his report.

[*English*]

Mr. Yewchuk: Could the minister indicate whether he received a telegram from the chiefs of the Saddle Lake-Athabasca district yesterday requesting that he personally attend in northeastern Alberta for a meeting with them?

Mr. Chrétien: Mr. Speaker—

Mr. Speaker: Order, please. The question, asked in those terms, is not in order. The hon. member for Saskatoon-Biggar.

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MANPOWER

EQUITABLE DISTRIBUTION OF FUNDS FOR TRAINING

Mr. A. P. Gleave (Saskatoon-Biggar): May I address a question to the Minister of Manpower and Immigration. Given that federal funds are being distributed under the Canada Manpower training program somewhat less than equitably among the provinces, as demonstrated in the last annual review of the Economic Council of Canada—

Mr. Speaker: Order, please. I suggest to the hon. member that the question should be asked without argument. Perhaps the question could now be asked directly.

Mr. Gleave: Has the minister considered taking creative action so that unemployed workers in Saskatchewan will get the same chance to be trained as the unemployed in more prosperous regions?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, the allocation of training allowances is reviewed each year with an eye on the employment situation in the province, on the training demand in the province, and on the training places available. I reject completely the argument of the hon. member which was out of order.

Mr. Speaker: The hon. member for St. John's East. I apologize to the hon. member. I will first recognize the hon. member for Saskatoon-Biggar on a supplementary question and then end the question period on a very happy note by recognizing the hon. member for St. John's East.

Mr. Gleave: Mr. Speaker, would the minister ensure that federal training expenditure in Saskatchewan, which in 1969-70 amounted to $695 per capita of unemployed compared with $949 in Alberta and $1,138 in Nova Scotia, is increased to an equitable level?

Mr. Speaker: Order, please. I suggest to the hon. member that this is not a supplementary question but argument.

REGIONAL ECONOMIC EXPANSION

CONTINUATION ON SAME BASIS OF GRANTS TO COMPANIES RELYING ON SALES IN UNITED STATES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I ask the Minister of Regional Economic Expansion whether he proposes to continue providing grants to companies relying on United States sales, on the same basis as before the imposition of the United States surcharge, under the Regional Development Incentives Act.

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I do not think we will take that into account at all.

Mr. McGrath: Is it the conclusion of the government that the United States surcharge policy is of a very temporary nature and, hence, that grants will continue to be made in the same way as before to companies relying on United States sales?

Mr. Marchand (Langelier): Mr. Speaker, I think that question ought to be put to the Minister of Finance.

Mr. Stanfield: He doesn't know anything.

Mr. Speaker: The hon. member for Fraser Valley West.

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MANPOWER

TRAINING—REMOVAL OF REQUIREMENT OF THREE YEARS IN WORK FORCE IN ORDER TO QUALIFY—WORK PROJECTS UNDER CANADA ASSISTANCE PLAN

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I always welcome the opportunity to supply the coda to the question period. In view of the Prime Minister's recent statements concerning the decline in the number of students able to resume their education and the consequent increasing number of young people seeking employment, I ask the Minister of Manpower and Immigration whether or not he is planning to amend the OTA regulations in order to abolish the three years in the work force rule so that more young people may qualify for income replacement during manpower training or retraining?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, as I indicated only a short time ago to the House, the question of the three-year rule has been discussed very frequently over a period of time, particularly with provincial authorities, and consideration is being given to the advisability of changing the rule.

Mr. Rose: Could the minister advise the House whether or not his department is preparing to initiate, on a much larger scale than last year, certain work activity projects as provided for under the Canada Assistance Plan? How much money is he prepared to allocate this year for that purpose?

Mr. Lang: Mr. Speaker, Canada Assistance Plan work activity projects involve mainly provincial departments and the Department of National Health and Welfare when provincial departments wish to take advantage of them.

Mr. Speaker: Order, please. I must draw to the attention of hon. members that the question period expired three minutes ago. The hon. member for Fraser Valley West had a supplementary question and he has asked it. I appreciated that he had been trying to ask the question for a little while and therefore allowed him to proceed. However, I think that at this point I should call orders of the day.

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BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on a point of order, I wonder if I might ask the government House leader a question concerning a potential matter of House business. In view of the near unanimity today on the motion of the hon. member for Esquimalt-Saanich concerning the opposition of the members of this House to the Amchitka underground test, would the government consider filing today a government notice of motion in the very words used by the hon. member for Esquimalt-Saanich so that it could be on the order paper by Friday, which would permit the House to deal with it and thus express its view on this important issue?

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, I would be happy to consider the suggestion made by the hon. member, and if I have an opportunity to consult my colleagues within the time in which the notice must be filed I will do that also.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Monday, September 20, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Mr. Melvin McQuaid (Cardigan): Mr. Speaker, while I appreciate, as I am sure do all hon. members of the House, the importance of the proposed amendment to Bill C-259 and the importance of Bill C-259 itself, there is another matter which disturbs me a great deal. Members of the government day after day continue to break the law of this country by reason of the non-payment to farmers and to the Wheat Board of the amount due under the Temporary Wheat Reserves Act.

Mr. Speaker: Order, please. Important though that matter may well be, I think the hon. member appreciates that his remarks should be directed to the bill which is now before the House. It is my understanding that its

Division

subject matter is different from that to which he has just referred.

Mr. McQuaid: Mr. Speaker, in view of the fact that Bill C-244 has not been brought back to this House by the government, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House do now adjourn.

Mr. Speaker: Order, please. The hon. member no doubt realizes that such a motion cannot be moved twice in the same day. That motion has already been moved, put and negatived and it cannot be put a second time.

Mr. McQuaid: Mr. Speaker, I meant the motion to be:

That this debate do now adjourn.

Mr. Speaker: That is not the motion the Chair heard the hon. member put. A motion that the debate do now adjourn is a different motion, which the hon. member has a right to put. I think the hon. member will realize that he cannot put the motion that the House do now adjourn. If he will correct the motion, it will be put to the House.

Mr. McQuaid: Mr. Speaker, I do not have the motion written out.

Mr. Speaker: If the hon. member will write out the motion and submit it to the Chair, it will be put. No motion may be put to the House unless it is written and submitted in proper form to the Chair. I will wait for the hon. member to prepare his motion and submit it.

Mr. McQuaid: Mr. Speaker, I move, seconded by the hon. member for St. John's East:

That this debate do now adjourn.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion? All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. McQuaid) which was negatived on the following division:

• (3:50 p.m.)

[Mr. Speaker.]

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Bigg
Cadieu
Crouse
Danforth
Dinsdale
Downey
Fairweather
Forrestall
Grills
Hales
Harkness
Hees
Howe
Knowles (Norfolk-Haldimand)
Korchinski
Lundrigan
MacDonald (Egmont)
MacInnis (Cape Breton-East Richmond)
MacKay
MacLean
Macquarrie
MacRae
McCleave
McGrath
McIntosh
McKinley
McQuaid
Mazankowski
Monteith
Moore
Muir
Murta
Nesbitt
Nowlan
Ricard
Ritchie
Schumacher
Scott
Southam
Stanfield
Stewart (Marquette)
Thompson (Red Deer)
Woolliams
Yewchuk—47.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Barnett
Barrett
Basford
Béchard
Beer
Benjamin
Benson
Blackburn
Blair
Borrie
Breau
Brewin
Buchanan
Burton
Caccia
Cafik
Cantin
Chappell
Chrétien
Clermont
Cobbe
Comtois
Corbin
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Cullen
Cyr
Davis
Deachman
Douglas
Drury
Dubé
Dupras
Duquet
Émard
Faulkner
Forest
Forget
Fortin
Foster
Francis
Gauthier
Gendron
Gervais
Gibson
Gilbert
Gillespie
Godin
Goode
Groos
Guay (Saint-Boniface)
Guay (Lévis)
Guilbault
Haidasz
Harding
Hopkins
Howard (Okanagan Boundary)
Howard (Skeena)
Hymmen
Isabelle
Jamieson
Jerome
Kierans
Knowles (Winnipeg North Centre)
Lachance
Laflamme
Laing (Vancouver South)
Lang (Saskatoon-Humboldt)
Laniel
La Salle
Latulippe
Legault
Lessard (LaSalle)

Messrs:

Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
MacEachen
MacGuigan
MacInnis (Mrs.)
Mackasey
McBride
McIlraith
McNulty
Mahoney
Major
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Mather
Morison
Munro
Murphy
Noël
O'Connell
Olson
Osler
Pelletier
Penner
Perrault
Peters
Portelance
Pringle
Prud'homme
Reid
Richardson
Robinson
Rochon
Rodrigue
Rondeau
Rose
Rowland
Roy (Timmins)
Roy (Laval)
Serré
Skoberg
Smerchanski
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
Sullivan
Thomas (Maisonneuve-Rosemont)
Thomson (Battleford-Kindersley)
Tolmie
Trudeau
Trudel
Turner (London East)
Turner (Ottawa-Carleton)
Wahn
Watson
Weatherhead
Whelan
Yanakis—140.

• (4:00 p.m.)

Mr. Speaker: I declare the motion lost. The hon. member for Peel South (Mr. Chappell). Is the hon. member for Cardigan rising on a point of order?

Mr. McQuaid: When the debate opened, Your Honour, I had the floor.

Some hon. Members: Oh, oh!

Mr. Speaker: The hon. member will recognize that procedurally he is deemed to have spoken and, of course, he cannot speak twice in debate on the same motion unless he has the consent of the House. The Chair will recognize the hon. member for Peel South.

• (4:10 p.m.)

Mr. MacInnis: I rise on a question of privilege, Mr. Speaker. In spite of the thinking of the Prime Minister (Mr. Trudeau) as to my reputation, namely, my not being a gentleman, I would call your attention to something which took place in this House a couple of nights ago. As a result of common courtesy on the part of members on this side of the House, including myself, the Minister of Industry, Trade and Commerce (Mr. Pepin) was allowed to take part a second time in a debate. It is too bad that this government cannot show us the same courtesy.

Some hon. Members: Hear, hear!

Mr. Speaker: Is the hon. member for St. John's East (Mr. McGrath) rising on a point of order?

Mr. McGrath: Mr. Speaker, I was rising to move that the hon. member for Cardigan (Mr. McQuaid) be now heard.

Mr. Speaker: Order, please. The Chair has already recognized the hon. member for Peel South.

Mr. Hyl Chappell (Peel South): Thank you, Mr. Speaker.

An hon. Member: Just what we need—a farmer from the city.

Mr. Chappell: Mr. Speaker, I join in this debate to call for an amendment to Bill C-259 to bring relief from the U.S. protective measures introduced on August 15.

Mr. MacInnis: I rise on a point of order, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member for Cape Breton-East Richmond (Mr. MacInnis) is rising on a point of order.

Mr. MacInnis: My point of order is one which I continue to raise in this House. I raise it again in this case because the hon. member is now trying to read his speech.

Mr. Speaker: Order, please. I hope the hon. member will not read the speech but will be guided only by the notes he may have before him. I appreciate the point raised by the hon. member for Cape Breton-East Richmond.

Mr. Chappell: Mr. Speaker, we have all heard of the import surcharge. The seriousness of its effect on Canada is apparent, but the employment support bill will do much to bring relief. We have also heard of the U.S. wage and prices freeze and appreciate the advantage it will give U.S. industry over Canadian industry if Canadian labour continues to push for increases in wages at a time when U.S. wages are frozen. One need only look at the Douglas Aircraft Corporation in Mississauga, in my riding, which employs 6,000 or 8,000 men. This company produces aircraft wings for assembly in California.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order.

Mr. Chappell: This company has already had to absorb—

Mr. Speaker: Order, please. Would the hon. member kindly resume his seat. The hon. member for Winnipeg North Centre (Mr. Knowles) is rising on a point of order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, since the House passed Bill C-262 last night, I am wondering whether the hon. member is still speaking to it. Does he not realize we are on Bill C-259?

An hon. Member: He is on the wrong speech.

Mr. Chappell: As I said in opening, Mr. Speaker, I join the debate to call for an amendment to Bill C-259 to bring relief from the U.S. protective measure introduced on August 15.

Mr. Speaker: Order, please. Would the hon. member for Peel South kindly resume his seat. The point of order raised by the hon. member for Winnipeg North Centre is that Bill C-259, with an amendment, is before the House and that hon. members who take part in the debate should make their remarks relevant to the bill and the amendment. I am sure the hon. member will want to take this suggestion into consideration.

Mr. Mahoney: I rise on a point of order, Mr. Speaker. During the debate on the bill and the amendment moved by the hon. member for Edmonton West (Mr. Lambert) a very wide range of views on economic matters has been considered relevant up to this point. I respectfully suggest to the Chair that the words of the hon. member for Peel South (Mr. Chappell) have indeed been relevant to the amendment.

Mr. Speaker: The Chair did not suggest that the hon. member's remarks were not relevant. I merely indicated that there is a bill before the House and the hon. member's remarks should be relevant to that bill. I appreciate that this matter has very wide scope. It was not my view that the hon. member for Peel South was in order or out of order; I simply referred to the point of order raised by the hon. member for Winnipeg North Centre and indicated that I was sure the hon. member would take the remarks into consideration. That was the extent of my remarks.

Mr. Chappell: As I was saying, one need only look at the Douglas Aircraft Corporation in Mississauga, in my riding, which employs 6,000 to 8,000 men to make aircraft wings for assembly in California. This firm has been absorbing the shipping costs, and since the change resulting from floating the Canadian dollar it has had to absorb the difference in dollar value and still compete with its counterparts in the United States.

The surcharge will cost this firm about $165,000 a week, less any assistance it may receive under the unemployment support bill. If labour causes an additional disadvantage, is it not obvious that this company may well accept United States governmental persuasion to repatriate to the United States at a location much closer to California and in a state offering financial assistance? Should we encourage this firm to leave, or encourage it to stay? If this firm moves, the resulting loss of jobs in Canada would number about 10,000.

We have also heard of the proposed Domestic International Sales Corporation, commonly called DISC, which would seek to lure firms like the Douglas Corporation back to the United States by offering home-based corporations tremendous advantages over foreign-based ones and by allowing tax deferral for earnings on export sales. Many think we in Canada export only pulp, oil and wheat, but that is not so. Half of our manufactured goods are exported, the majority of them to the United States. The U.S. surcharge was not meant to affect their imports of our raw materials because they need them but, rather, the export of our manufactured or high labour content goods. In the long run we must work out a set of rules with the United States authorities which will give our manufacturing concerns an equal opportunity with the American firms, or we shall revert to being an agricultural nation living on our natural resources because we will not have the money with which to manufacture and trade.

None of the measures I have mentioned is pleasing, but the worst one, a real sleeper, has received very little attention in public discussions so far. It is the 10 per cent tax credit on the cost of all new machinery and equipment produced in and for use in the United States. This is called by the innocuous name "job development tax credit." But look at what it does. The 10 per cent tax credit on all new machinery purchased in the United States for use there, along with the usual tax write off would amount to a price reduction of 12 per cent to 14 per cent for at least a year, and something less than that for an indefinite period.

• (4:20 p.m.)

The expressed long-term purpose of this tax benefit is, first, to cause replacement of productive facilities with new, modern equipment with the newest technological innovations and thus increase the productivity of their workers and, second, to thus make their domestic industries more competitive in domestic and foreign markets. Third, this in turn would supply more jobs, provide a sound basis for future wage increases where productivity has increased, and decrease inflationary pressures on prices. This means that no United States industry would buy a piece of machinery or mechanical equipment in Canada if it or a substitute can be made in the United States. Last year we exported about $332 million worth of machinery and mechanical equipment to tne United States. If nothing is done to replace these sales we will lose 20,000 skilled and semi-skilled jobs almost immediately, and about 50 per cent of them in Quebec where we were trying so hard to create employment through regional development.

This is not all. United States firms extract perhaps 70 per cent of our natural resources. This part of the operation being low in labour content, we naturally hope and try to persuade them to process the raw materials to some extent in Canada. But if a new mine or other natural resource is started here now, there is no way that an American or Canadian would buy new machinery here to process the raw material in Canada. He would be disadvantaged in the machinery purchase. After extracting the raw material he must process it in the United States for this advantage and other benefits which the United States is innovating to encourage and aid industry and, thus, the creation of jobs. The result is, if we do nothing about this measure we are in effect allowing United States citizens here, Canadians and all others, to be forced to process our raw materials in the United States.

And now the most jolting realization of all. The United States will give this huge tax credit, with resulting loss of revenue, so that all of their industry will take advantage of it and quickly introduce all technological improvements available and thus become more efficient and productive in every type of industry. They give business a year under the full 10 per cent incentive, so one may be reasonably certain that all steps possible to introduce new and more efficient machinery will be taken quickly. This will not affect the machinery and mechanical business only but the whole manufacturing industry. In all business, industrial and commercial, carried on by Canadians we will be seriously disadvantaged on the U.S. market and against Americans in the other marketplaces of the world because the American competitor has, by tax incentive, been assisted in modernizing his equipment up to the moment.

We cannot afford to allow this situation to stand another day. We must undertake to introduce legislation in the form of an amendment to the bill, retroactive to this date, to give exactly the same advantages to industry purchas-

ing Canadian machinery and mechanized equipment for use in Canada and to further improve the whole industrial climate by taxation and other incentives and the removal of annoying and unnecessary obstacles.

During the last year we imported about $1,325 million worth of machinery and mechnical equipment. This is about four times the amount we exported. From my conversations with representatives of industry I am satisfied that we could produce in Canada $660 million worth of that which we have been importing. With the amendment to this bill which I propose we could increase sales in Canada by that amount, about $660 million, thus avoiding the loss of 20,000 jobs and in fact creating an extra 30,000 jobs. Moreover, such a provision would cause us to look to ourselves as Canadians and reexamine whether at this time of emergency we could not somehow find the product available in Canada.

From my contacts with industry I am satisfied that the Department of Industry, Trade and Commerce is doing an excellent job. But what about some of the other departments? Under the proposed Canada Labour Code Bill C-253, if an industrialist proposed a technological change that might make him more efficient by introducing a machine which would do the work of six people, he must give notice of the change to the bargaining agent of the union, along with considerable detail as required by the act and as may be further required by the regulations under the act.

If the bargaining agent makes certain allegations there must be a hearing before the board. The board can direct the employer not to proceed and has considerable other power to throw blocks and even prevent the technological change no matter how much more competitive it might have made that industry in the world market. On the face of it one might think that this proposal is kind to labour. But this is not so. It is this type of thinking that has made our railways so overstructured in labour content and so costly, and thus destructive of the efficient movement and lower price of goods which would make them more competitive.

The new competition act, Bill C-256, which in a sense contemplates confrontations between government and industry, or at least provides for overly severe policing, is in a very real sense a form of nuisance and in fact has been used to prosecute and harass on charges that are old and really quite trivial. I suggest that more effort should be diverted to encouraging, rather than hindering, industry.

When the United States authorities introduced a wage freeze and it was suggested that this action would prevent an increase in wages at Douglas Aircraft in Canada, what a fuss was raised by the NDP, and one of our ministers said the United States action could not influence our wages. It would have been better had we all reassured business that we have enough intelligence to realize that if wages in Canada go beyond those of competing industry in the United States, where productivity is the same or higher, our industry is disadvantaged to the point where it will eventually have to close shop. One wonders what international labour, under their United States leaders, is trying to do. With a freeze on wages in the aircraft industry in the United States, a strike at the Canadian plant which provides the wings for the planes would be an indirect strike in the United States. If this plant could thus tie up the whole United States aircraft industry, certainly it would be transferred back to the United States. Surely we must realize that the time has come, when we are faced with these new United States protective measures, that we must encourage industry and co-operate with industry because otherwise the jobs which we must have will not be saved.

Japan and the United States encourage, encourage and encourage industry. It seems in Canada that we give the impression that we want more and more from industry and that we want to give more and more by way of handouts to other people whose only retort is, "Is that all you are going to give me?"

• (4:30 p.m.)

I have heard it said so often in this House that we should tax profit more, put greater taxes on big business. The profits that are not taken in taxes are distributed in dividends, and the dividends in Canadian big business are not high. In fact, they are so low that people will not buy shares in existing companies or new companies which would create jobs. If the profits are low and dividends are low, in no way can we find the money to create extra jobs.

We must react with more positive and speedier action, not only because it is necessary to avoid massive loss of employment but we must appear determined to keep the economy healthy so that investment and expansion will not draw back again and American capital leave to return to the United States, and Canadian capital migrate out of Canada to other countries. If our machinery and mechanical industry were given the same tax credit advantage as in the United States, the American corporations which have been exporting these goods into Canada would be in trouble, naturally. Then we would have a strong American lobby assisting us in our quest for more reasonable trade arrangements between Canada and the U.S.—a very helpful ally, I would think.

If we wait until the Americans are satisfied with their trade balance we will lose some of those industries which began specializing or, as they call it, rationalizing two or three years ago. By the time we return to the former trade pattern those industries will have lost many of their customers, much of their skilled labour and their ability to compete against their larger competitors. Under the American DISC plan many American companies will be persuaded to take their export production back to the United States and perhaps also their whole production. In some cases Canadian manufacturers will be asked to fill in those gaps for Canadian consumption. This is another reason for a tax incentive on the purchase of Canadian machinery, so that Canadians will take the gamble and buy new machinery to replace this production and to re-employ labour where jobs have been lost.

In conclusion, I say that although such an amendment would indeed be helpful and it is absolutely essential as an immediate step, we must still bring forth more concrete and substantial incentives for Canadian-owned companies to export. If our resources are to be sold, they should not be sold just for dollars, but for jobs. Our resources will have to be exported in the finished form or alternatively an equivalent number of jobs created by an

alternative export of manufactured goods to the country receiving our natural resources.

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I rise to speak on Bill C-259, commonly referred to as the tax reform bill of the Minister of Finance (Mr. Benson) because, coming from an agricultural riding, I find that unfortunately it spells bad news for our farmers. This naturally means that I and other hon. members and colleagues should raise our voices in protest where we feel injustices are being meted out. Just to refresh our memory I would read the amendment that is before the House. It was moved on September 13 by the hon. member for Edmonton West (Mr. Lambert) and is as follows:

That this House deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

Of course, the terms of this bill, as with any other taxing measure, not only affects our farmers but also our fishermen, small business, the labouring man and all other sectors of our economy. In fact, when the government refers to Bill C-259 as tax reform legislation I have grave doubts about the correctness of their terminology. It appears to me to have finally emerged as a subtle plan to gouge more and higher taxes out of more and more Canadians who are already staggering under the burden, which is having the effect of an economic millstone around our necks in our endeavour to produce goods at a price that will compete on world markets and provide for our basic, everyday needs.

The original Carter commission report on taxation, brought in several years ago for the government's consideration, did contain a number of suggested tax reforms, but it was so socialistic in many areas that even the NDP, then led by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), had to back away from several sections of the report, although at first blush he and his party seemed to be ready to clasp to their bosoms the whole program as outlined.

The white paper of the Minister of Finance was a well watered-down version of the Carter report, and today we are looking at a bill that, again, is only a shadow of his original intentions planned for us in the white paper which was so much debated a year ago. This change of heart can be credited chiefly to the Leader of the Opposition (Mr. Stanfield), who almost in a one-man crusade across this country last spring and summer alerted thousands of Canadians in all walks of life to just what the white paper on taxation would do to them and to our economy in general if it were thrust on us in its original form.

In the present bill, everyone is in agreement with increasing tax exemptions for those in the low-income brackets. Every one of us also supports the closing of loopholes in our tax laws with respect to income tax evasion, and perhaps we are in agreement with several other sections of the bill, depending where we sit in this House. However, in my opinion these suitable and necessary changes could have been made by simple amendments to the present law without all the political fanfare, a wasteful spending of the taxpayers' dollars and the consequent subterfuge leading people to believe that great changes were taking place when in fact they were being asked to dig up more tax dollars for this spendthrift government.

I do not pretend to be a tax expert, but if what I read and hear is true, this bill in its present form will lead to the greatest tax jungle in Canadian history. It seems that our top accountants and tax lawyers who have looked at the bill are about ready to throw up their hands in despair when it comes to properly interpreting the proposed legislation. If this is the case with the so-called tax experts, imagine the trouble and feeling of despair of the ordinary layman when he looks at how he may be affected by this legislation.

At this point I wish to deal with two aspects of the finance minister's tax reform bill, how it will affect the agricultural industry, farmers in particular, and how it will affect co-operatives, a matter with which some hon. members are probably involved. First of all, let us consider the farmers. Under the present law a farmer may classify a group of animals as his basic herd, and gains and losses are treated as capital gains and capital losses and are tax exempt. However, under the new tax reform bill, the basic herd provision and straight line depreciation will be phased out. Livestock farmers will be able to establish a basic herd as of December 31, 1971, and any gain thereon will be tax free, but no additions to the basic herd may be made after December 31. When livestock is sold after December 31, 1971, the sale will be considered as going out of the basic herd or the other herd and will be subject to special rules.

• (4:40 p.m.)

Assets acquired after December 31, 1971, must be depreciated on the diminishing balance system. If proceeds from the sale of assets, depreciated on a straight line basis, exceed their cost or valuation day value, the excess is capital gain. As an example, trading-in tractors and combines for new machinery will be affected in this respect. Under the new legislation capital gain will be subject to taxation. As far as a hobby farmer is concerned, he may still deduct only $5,000 of his annual farming loss from other income. But in addition, any amount of interest and property taxes not deducted because of this limitation may be applied to reduce any proceeds on the eventual sale of the farm.

In general, income gained from farming and fishing will be brought more into line with the tax treatment of other businesses. Farmers probably will be taxed somewhat more heavily in this area, but it is impossible to say how much because the government has not calculated additional revenues which might result in this area. One measure in the tax reform bill that will adversely affect farmers is that no new additions and sales can be deducted after the livestock farmer has established his basic herd as of December 31, 1971.

Another part of this bill that will spell bad news for farmers is valuation day, because property will be subject to the new capital gains tax proposed in the bill. This capital gains tax is new to Canada and will begin with

valuation day. Some people may not be familiar with the term "valuation day" or V-day as it is commonly called. Some time before the new tax plan takes effect the government will declare what it calls valuation day. Only the gains realized after that date will be taxed. If a capital asset is valued at below cost on that date, the cost value will be taken as the starting figure for the system. For many farmers this measure will not mean much, but farmers who sell to developers will face a large tax bill.

Under the new plan there will be no capital gains tax on a taxpayer's principal residence, and one acre of surrounding land will also be exempted. That is to say, no capital gain will be calculated when he sells his acre of land or his house, but his farm machinery and barn are still subject to capital gains. However, this plan could hardly bring any comfort to farmers who have considerably more than one acre of land, so farmers will have an alternative. A farmer may choose the white paper formula for a $1,000 annual deduction against gains on his farmhouse and all his farm property, whichever plan is more beneficial to him.

One aspect of the finance minister's capital gains tax structure which does not make sense is this: if all capital gains are to be taxed, why aren't all capital losses to be deducted? Mr. I. H. Asper, in the *Globe and Mail* of July 1, 1971, clarified this situation very well as follows:

> Take, for example, the situation of the farmer who, because his children do not want to carry on the family farm, sells his assets. He has a capital gain of, for example, $50,000 which is taxed.
>
> He retires and invests all of his money in the market. Three or four years later he liquidates because his investments are not advancing, and suffers a $50,000 loss.
>
> In fairness he should not pay any tax because he is even, not ahead—he has had a taxable $50,000 gain and a non-deductible $50,000 loss.
>
> Now if another farmer had the same results but in reverse order—first a $50,000 capital loss and then later made a $50,000 capital gain, the gain would not be taxed because the law, as written, provides that a loss can be carried forward indefinitely to offset future gains. But the reverse is not true, resulting in an unequitable situation.

At first the Saskatchewan Wheat Pool appeared to be one of the few organizations throughout the tax reform debate that was ready to support partially some of the finance minister's proposals, for the simple reason that they thought Saskatchewan farmers would likely be among the first to benefit from measures to reduce taxes for some and eliminate them entirely for others. However, the pool has many qualifications. For example, Mr. Speaker, it has argued that a tax on capital gains may hit farmers and other small businessmen particularly hard because most of them seek to retire on proceeds from the sale of their farm or business and fear the proceeds may be whittled away by a collection of tax on the capital gain. The pool has said that farmers and small businessmen should be permitted to purchase a registered retirement plan from the proceeds of the sale of their business before a capital gains tax is levied. But the minister's tax reform legislation does not appear to allow opportunity for this kind of purchase.

Let us now consider the new tax bill as it affects co-operatives and credit unions. In a rather obscure and complicated way the bill seems intent upon profoundly altering the nature and goals of co-operatives in Canada. Under the present law, new co-operatives are exempt from taxation for the first three years. The new bill proposes to withdraw this three-year tax exemption.

Consumer patronage dividends are to remain exempt as long as they can be distributed. Under the present law, patronage dividends on production goods, for example farm supplies, are considered a reduction of cost and must be taken into income by the recipient and are taxable at the recipient's personal rate. Patronage dividends for production goods will remain as income under the new bill.

The capital employed principle has been drastically changed under the new bill. Whereas now co-operatives cannot reduce their taxable income below 3 per cent of the capital employed, the formula for calculating the capital employed under the new tax reform bill will include essentially only members' equity, that is, shares, loans and general reserves, and the rate has been increased to 5 per cent. The only deduction is the interest paid on members' loans.

These changes will have the accumulated effect that less and less of a co-operative's earnings can be distributed as patronage dividends on purchases. This means that the earnings of co-operatives will gradually have to be distributed on the basis of the equity owned by the members. This will force co-operatives into the pattern of investor-owned corporations rather than service corporations distributing earnings on the basis of use. When this point is reached, co-ops would be better to incorporate as ordinary corporations because then the shares would not be on call. It is unbelievable that the government of Canada wants to kill the co-op system in this way.

The tax on employed capital was introduced in the amendments to the Income Tax Act of 1948 purely as a political answer to opponents of co-operatives, and was not suggested or recommended by any of the various royal commissions which inquired into the position of co-operatives. It is an inequitable tax, practised nowhere else in the world. Some years ago the Danish government attempted this method but soon abandoned it.

It should be kept in mind that earnings on non-member business and money put into reserves or held by the co-operative itself are taxed at normal corporation rates. No one questions these regulations. The Minister of Finance has indicated that he will be receptive to amendments in this area. We hope he follows through on his word, and we intend to press the government to explain just what it means by these changes. Special sectors of the economy, for example the resource industries and small businesses, have received favourable consideration in the tax reform bill to assure their continued viability, and we feel co-operatives should receive similar treatment. These new tax reform proposals appear to favour the distribution of co-operative earnings as interest on members' equity rather than as patronage refunds. Perhaps the members of co-operatives, and not the federal finance department, should determine how earnings of co-operatives are allocated to members who are also patrons.

Aside from the tax reform bill there are two items in the minister's June budget which also affect the agricultural sector—the end of the federal estate tax and the elimination of the 12 per cent tax on margarine. Roy Atkinson,

president of the National Farmers Union, has said that the imposition of the capital gains tax will nullify any benefits that could come from the abolition of the estate tax. The National Farmers Union has been advocating an end to the estate tax for some time. However, this tax was never one of the biggest problems facing farmers, particularly in western Canada. George Heffelfinger, president of the National Grain Company, was much more optimistic about the effect of this particular portion of the budget. He said that the estate tax in the past has been responsible for the sale of many small businesses and farms, particularly to American buyers.

• (4:50 p.m.)

The elimination of the 12 per cent tax on margarine has drawn varied reaction from within the dairy industry which stands to be hardest hit by a projected lowering of the price of margarine. Philip Isaacs, former manager of the Winnipeg Dairy and Poultry Co-operative, is reported as saying that the dairy processing industry has been urging the removal of this tax for several years. He said he did not expect any great increase in the consumption of margarine, but conceded it may cause many difficulties for dairy producers. The dairy farmers of Canada, on the other hand, have been opposing the removal of this tax. Roy Atkinson has said the removal of this tax may make margarine more competitive with butter and may pose a problem for the butter producers.

In conclusion, Mr. Speaker, on the basis of the serious reservations expressed by my colleagues earlier in the debate on Bill C-259 and in light of the views I have just expressed, I have no alternative but to support the amendment now before the House.

Mr. John Burton (Regina East): Mr. Speaker, the events leading to the introduction of Bill C-259 were billed as an exercise in participatory democracy. That is how it was publicized. To those hon. members who may be under the delusion that this is what took place, I suggest that it was one giant fizzle. We did not have participatory democracy in any way, shape or form. This is demonstrated most vividly in the result of the exercise as expressed in the form of Bill C-259 now before us. It in no way speaks for the people of Canada nor does it relate to the needs and desires of many people throughout the country.

Perhaps we should ask ourselves who won the exercise, such as it was. I think this was demonstrated in the concessions made by the government with respect to capital gains, to the mining, oil and gas industries, the difference in the way various forms of income are treated and the difference in the treatment of working people compared to businessmen and others who receive their income in different forms.

Mr. Speaker, if there is any thought in the minds of members opposite that the bill now before us is an expression of the just society, they had better think again. As soon as they have looked beyond the few goodies contained in the bill, people will realize that in fact it contains a great many inequities. The public will react to the hoax that has been perpetrated upon them and this will result in a further build-up of pressure in our society for some sort of meaningful change. It will be realized that the

[Mr. Southam.]

government of the day has not been responsive to the very real needs and desires of the people.

I should like to deal with some aspects of the debate that has taken place on this bill, Mr. Speaker. First of all, I should like to deal with the argument that has been debated very widely on the whole question of equity versus growth. It has been quite apparent that the primary consideration of members on the government side of the House, in many instances, and on the part of the government itself has been in terms of giving more emphasis and more priority to growth considerations. This has been the justification put forward for some of the measures proposed in this bill.

I suggest, Mr. Speaker, that if they really want to examine this question in depth it will be apparent that it is not possible to have true and meaningful growth unless it is linked with considerations of equity and unless equity is built into the tax system in all respects. Before we can have any real tax reform we must have more emphasis on tax equity than so far has been demonstrated in this bill.

I acknowledge that one important departure which the government has proposed is the introduction of a capital gains tax. It is a half-baked measure but it does give some hope for the future. Once the breakthrough is made in terms of introducing the principle of taxation on capital gains, it may be possible in the future to introduce further improvements in order to realize a greater degree of equity.

Looking at the over-all picture, I think one of the worst features of the bill is the manner in which it deals with the resource industries, particularly mining, oil and gas. It continues a system of concessions made available to those industries which is not available to any other sector or taxpayer in the Canadian economy. This seems to me to result in a very serious distortion of our economic system and of the pattern of our economic activity. It will result in greater incentives and greater inducements to development within that sector of the economy, but that is not necessarily the best allocation of resources in terms of our development policy. It will not necessarily result in the greatest possible number of jobs. It is well known that these primary industries have a very low labour input. They do have a high capital input and on many occasions in the past it has been necessary for Canada to import the capital required to bring about the development of these industries, but in terms of new jobs the result has been minimal.

There has been added pressure on the Canadian dollar and on our international economic position by way of added inflows of capital. The additional export of raw material has not produced much benefit. It is probably true that as a result of the concessions contained in this legislation and in the government's policy there are some marginal mining operations which have benefited, but I suggest that the allocation of resources to those industries which results from the influence of our tax system is not in the best interests of Canada. The suggestion that a change in the present system will result in a massive outflow of capital and resources industries is straight nonsense, Mr. Speaker. Certainly, these industries will make a noise and will protest. But I think when we see the end result we will realize that only very marginal industries are affected in any way.

• (5:00 p.m.)

It seems to me that we must keep these factors in mind when thinking of the current economic crisis facing Canada as a result of President Nixon's new economic measures. The fact is that the Canadian dollar is under severe pressure at present. In large part, but not totally, this has been brought about by our heavy emphasis on primary, non-renewable resource industries. These industries export most of their products in a raw or semi-processed form, the result being a heavy inflow of United States dollars to Canada. At the same time this produces little in the way of benefits for Canadians.

In my contribution to the debate this afternoon I should like to deal with one particular problem at some length. It is of a serious nature. I want to deal with the proposals in this bill with respect to taxation of co-operatives and credit unions. I feel that this constitutes a very serious problem. It has been brought to the attention of all members of this House. I am pleased to note that some members of all political parties have expressed concern about this matter. This shows, I think, that something has gone wrong with the system responsible for the introduction of this bill.

It seems that either nobody in the Department of Finance really understands what the co-operative movement is about—and I can hardly believe that since many capable and competent people are in the employ of the department—or somewhere along the line, before the bill was finalized in its present form, somebody got to the Minister of Finance (Mr. Benson) or to the government and brought undue influence to bear. That has resulted in the atrocious proposals we have before us in clauses 135, 136 and 137. I do not hesitate in saying that from the viewpoint of the co-operative and credit union movements the proposals in this bill which affect them are nothing short of disastrous.

I think all hon. members should pause and think about this matter before they pass lightly over the proposals introduced by the government. We must keep in mind the history of the credit union and co-operative movements and the contribution they have made to Canadian society and to the economy. These movements are dedicated to helping people and to enabling people to exercise a greater degree of control over their own affairs. Their operations have been built largely on the principle of self-help. They have arisen in large measure because of the very real needs of Canadian people in many walks of life—not just in one sector of the economy, in one sector of our society or in one geographic area. In all the areas of Canadian society we have seen the credit union and co-operative movements grow in response to the needs of people and their desire to help themselves, to improve their conditions, their community and their country.

If the government is to take the step of doing something that actually will destroy the co-operative and credit union movements—and I suggest that is what is at stake—I suggest it will be perpetrating on this country one of the most serious follies we have witnessed in a long time. I also suggest that the co-operative and credit union movements have made a great contribution to Canada in terms of bringing about a greater degree of equality within our society and of bringing somewhat closer than would otherwise be the case equality of opportunity and equality of condition. If we are to think of the future of Canada in meaningful terms, we must think about these matters.

If the government continues on a course which results in the destruction of the co-operative and credit union movements in Canada, I suggest it will be taking a major step toward destroying Canadian society and democracy. Our co-operative movement is dedicated to the principle of democracy. It is thoroughly steeped in the principle of democracy. It is an expression of democracy in its truest form in social, economic and political terms. For these reasons I suggest that the government must reconsider the proposals contained in this bill.

I think we must look at clauses 135, 136 and 137 of this bill, Mr. Speaker, and ask ourselves this question: What will happen to a society that cannot tolerate a different form of organizing its affairs than that which seems to predominate? We must also ask ourselves: Are we to have a tax system that is designed primarily to meet the needs of people, that is designed primarily in terms of people, or are we to have a tax system that thinks first in terms of money and capital? I think the answer is obvious when we consider that simple proposition.

We must translate that proposition into real terms with respect to the legislation now before us. I believe that the legislation as drafted thinks first in terms of money and capital. Those who drafted it and decided on the form in which it would be introduced, it seems to me, thought only of some form of economic structure or organization which begins with capital and financial considerations. They did not begin from the basic premise which is: Before you have money, before you have capital in any form you must have people, and it is people who are the prime movers in society and in our economy.

Members of my party, Mr. Speaker, have often been accused of being doctrinaire in their approach to our economy. It seems to me that clauses 135, 136 and 137 constitute one of the best examples of a doctrinaire approach ever envisaged. It seems that those responsible for including these clauses in the bill could think only in terms of classical capitalism. They could think only in terms of some form of economic organization which begins with a capital structure based on a classical capitalist type of economic organization. I suggest seriously to the government that a society which cannot accommodate a variety of approaches involving social and economic considerations is doomed. The minister must consider that when approaching this question.

Under the co-operative movement people have banded together to deal with their own problems. They wanted to help themselves. That was the prime, motivating force behind the co-operative and credit union movements. I suggest that these movements have developed a unique form of organization, a unique type of corporate structure, you might say, which differs from the usual type of corporate structure in our economy. The government has totally failed to take into account in the bill before us the unique characteristics of the movement.

• (5:10 p.m.)

I assure those on the other side of the House, the government in particular, that many of us will not stand idly by and see the co-operative and credit union movements

destroyed. We will stand in this House and fight for the changes that are necessary in order to produce a fair deal for this movement. I serve notice on the government that many of us will do battle when we come to these clauses of the bill. The operation and the structure of the co-operative and credit union movements differ in some respects, although they are based on similar principles. I would like to deal with each in turn because I believe there are some considerations that must be brought to the attention of the House.

Members will be familiar with representations that have been made to them by both the co-operative movement and the credit union movement. The credit union movement has expressed some very real and valid concerns with regard to the proposals in Bill C-259. We have to keep in mind that Bill C-259 proposes, for the first time, to remove the present exemption from taxation of caisses populaires and credit unions. This is a new departure in the Canadian tax scene. The last major change in this area was in the late 1940s. At that time the McDougall royal commission studied the question of taxation of co-operatives and credit unions. In spite of the changes and recommendations they made with regard to co-operatives, they recommended that credit unions should not be subject to taxation. I quote from the McDougall commission report:

> Credit unions provide a method whereby people in poor circumstances are encouraged to develop a habit of thrift, since by pooling their savings they can provide a source of credit for themselves in time of need.

That only has to do with the question of taxing credit unions as such, taxing their surpluses or net income. I think it is fair to say that the credit union movement has very serious concerns about regard to the manner in which taxation will be imposed on them. I would like to enumerate some of their major concerns. First, members of the credit union and caisse populaire movement request an equality of tax with that accorded to corporations and the availability to corporations of a lower tax rate of 25 per cent. Of course, private corporations can under the revised rules continue the application to them of a lower rate of tax by the payment of dividends.

It must also be kept in mind that under provincial laws governing the operation of caisses populaires and credit unions, reserves set up by a caisse populaire or credit union cannot be distributed to members to provide for the continuation of a lower rate of tax as provided in other sectors of the tax system. Credit unions and caisses populaires ask that modified rules be provided for them so that the period during which they have received the reduced rate of tax of 25 per cent is extended in a manner equitable to that provided for corporations.

The second major point raised by the credit union movement is that payments made by a credit union or caisse populaire as a payment of interest or dividends, as they are commonly known, on members' shares, are not deductible as an expense. That is the proposal in the bill. This provision demonstrates a failure to recognize that the shares of a credit union or caisse populaire are a form of deposit by their members and are not shares similar in nature to ordinary corporate shares such as hon. members opposite are generally familiar with.

[Mr. Burton.]

The third major concern is that clause 137 imposes very severe limitations on the manner in which a credit union or caisse populaire may carry on its business or in the manner in which it may invest its funds. I feel this question has to be looked at as well. They are also concerned about some of the transitional provisions developed for credit unions and caisses populaires in the application of Bill C-259.

Finally, members of caisses populaires object to the principle of "capital employed" limiting the patronage refunds that may be made by a credit union or caisse populaire to reduce the cost of borrowing by their members. This is a very reasonable set of objections which must be taken into account by the government. The National Association of Canadian Credit Unions and several other credit union and caisse populaire organizations made these representations to the government. They are also making them to members of the House of Commons. I think it is incumbent upon every member of this House to give them very serious consideration.

Members must bear in mind that the credit union movement has been of very great service to thousands of people across Canada in providing a start for them in solving their financial problems and financing the necessities of life. It is recognized that there is now general acceptance of the value and role of credit unions across Canada. It must be kept in mind that the people who invest their savings in credit unions are subject to different levels of taxation. No one is quarrelling with the principle that the dividends received from savings in credit unions, which are termed as shares, should be subject to taxation at whatever level may apply to the individual. It must be emphasized that there is a very serious malaise in our economy and our society if it is not possible to find a way of accommodating our tax system to the very unique structure and role that is played by this movement.

I would like to deal with the situation of the co-operative movement because it plays a very important role in the Canadian scene. The latest figures show that there are 1,700,000 members of co-operatives across Canada. Many are small community organizations but there are also large operations. These organizations have very real concerns which I believe should be made known to members of this House.

Co-operatives in general object most strenuously to the "capital employed" concept contained in Bill C-259. This substantially reduces the amount of patronage refunds which can be paid to members. Second, reducing patronage refunds hits at the economic existence of co-operatives. This point relates to my earlier submission that it will result in the destruction of some co-operatives and in other cases will seriously hamper their growth. It has to be kept in mind that patronage refunds are part of the investment required to enable a co-operative to operate. If a co-operative has no means of raising equity capital except through the reinvestment of patronage refunds in its share structure, it is obviously unable to expand and develop. This is the practice followed by many co-operatives—they do plow back patronage refunds into their capital structure. This provides them with the resources necessary to continue their operations and expand them if desired.

• (5:20 p.m.)

There are other objections which need to be taken into account. I was very much concerned by a statement made earlier by the hon. member for Edmonton West (Mr. Lambert) when he led off the debate on behalf of the Progressive Conservative party. He made some comments with regard to the taxation of co-operatives. I quote from his speech as reported in *Hansard* at page 7762 for September 13:

> We have had quite a reaction to this bill from the co-ops. I do not know what the House is going to decide, but it seems to me that the government has advanced its proposals after looking at some of the largest co-ops in the country, organizations which have lost their co-operative origins, that operate in the hundreds of millions of dollars class, their boards of directors being far removed from the ordinary members, in the same way as the boards of the biggest multinational corporations are far removed from the shareholders.
>
> Unfortunately the government's proposals gather up into the same net hundreds if not thousands of small local co-operatives. I am speaking of co-operatives organized on a local self-help basis.

There is no question but that this statement reflects a serious lack of understanding of the nature of the co-operative movement. It is certainly true that many large co-operatives operate on a large scale. There are many others which operate simply on the basis of serving a small local community. But I suggest that all of them are part and parcel of the co-operative movement. I do not say the co-operative movement is free from criticism with respect to the extent to which it has kept contact with its membership, but this is something which ought to be dealt with within the movement itself.

If you take time to look at some of the large co-operatives in Canada you will find that many of them have made monumental efforts to keep in contact with their members. It seems the hon. member is not familiar with the efforts of the Saskatchewan Wheat Pool, for example, to keep in touch with its membership and carry out an on-going program of membership participation in its activities and in the decision-making process. I invite him to take a close look at the highly developed organization, structure and pattern of the Saskatchewan Wheat Pool. I think it is a first-class example of the way in which organizations could keep in closer touch with their membership.

I think the hon. member for Edmonton West was off-base when he suggested that the tax proposals contained in clauses 135 and 137 were designed primarily with the very large co-operatives in mind. In fact, some of the very large co-ops will be hit most severely. Many of the large co-operatives are now being called upon to undertake expansion programs in order to meet new conditions and will be unable to continue in existence if the bill now before us is enacted.

Hon. members will be familiar with the representations which have been made by the movement to the Minister of Finance. The co-op movement has objected to the continuation of the capital employed concept as contained in Bill C-259. I should like to pose to the government the same question as the co-operative movement has posed: What is the rationale behind the capital employed concept? Is there any rational explanation for using a fixed capital employed concept? What justification is there for doing so?

Having set an arbitrary level in a capital employed formula—it was 3 per cent as applied to co-operatives under the old act; the percentage is now to be raised to 5 per cent—the principle is to be extended to the credit union movement. The co-operatives find the emphasis placed on the relation between income and capital to be unreasonable and illogical. They view this as a form of discrimination and point out that no similar provision appears in the proposed tax bill affecting other methods of doing business.

There is a further aspect of these proposals which ought to be considered, namely, the manner in which the cash flow of co-operatives will be affected. What is envisaged here will completely destroy the operation of the co-ops; it will make it impossible for them to carry on their operations within the structure they have developed over the years. There is one alternative open to them: they can simply change over to a stock company type of operation. But if they did that they would be abandoning the principles upon which the movement has developed and flourished. Consider the question of shares. A share, as we speak of it in the co-op movement, is a completely different thing from a share in an ordinary corporate operation.

It should be kept in mind that the only source of equity capital for co-ops is through the patronage refund system as they have developed it. Again, they could reorganize on a different basis, but if they did they would no longer be co-operatives; they would no longer be carrying on as in the past. The bill will make it impossible for them to operate as they desire to operate, and this is a serious matter.

Similarly, it should be kept in mind that there is no means whereby credit can be obtained for corporate taxes paid under the new proposals before us. There is no dividend tax credit applied to pay-outs of patronage refunds as is available to recipients of dividends from ordinary stock corporations. This, too, is a discriminatory feature in the bill, one which is totally intolerable.

The co-operative movement has also pointed out that the new tax proposals will make it virtually impossible for most co-operatives even to consider paying dividends to their members. I hope the government will reconsider its proposals in this area, bearing in mind that the purpose of a co-op is not so much the earning of profit as the provision of services to those who have organized it.

• (5:30 p.m.)

I suggest that if the government allows clauses 135 to 137 to pass without substantial change and without giving substantial weight to the representations of the co-operative and credit union movements, it will destroy something that is essential to the future well-being of Canadian society. That is a cross that I am sure even a Liberal government would not want to have hanging around its neck.

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, through certain manoeuvers this afternoon, members of the opposition have succeeded in delaying study of Bill C-259. In order to recover some of the precious time we have lost—

[*English*]

Pursuant to Standing Order 6(5)(a), that this sitting be extended

until 7 p.m. for the purpose of continuing consideration of the second reading stage of Bill C-259.

[*Translation*]

The Acting Speaker (Mr. Laniel): Hon. members have heard the motion put forward by the hon. Postmaster General pursuant to Standing Order 6 (5).

[*English*]

Hon. members have heard the motion.

Mr. Aiken: I did not hear it, Mr. Speaker. Would you repeat it?

The Acting Speaker (Mr. Laniel): I will in a moment. The minister is proposing to extend the hours of sitting until seven o'clock. Before putting the motion I should like to remind hon. members that when such motions are put in the hour before the adjournment of the House, after the motion has been put the Chair asks members who oppose the motion to rise. If more than ten members rise, the motion is deemed to have been withdrawn.

[*Translation*]

Mr. Côté (Longueuil), seconded by Mr. Mahoney, moved:

That this sitting be extended until 7 p.m. for the purpose of continuing consideration of the second reading stage of Bill C-259.

[*English*]

All those opposed to the motion will please rise.

And more than ten members having risen:

Mr. Knowles (Winnipeg North Centre): You thought we were not ten.

Mr. McCleave: We'll put the run to this German tactic.

The Acting Speaker (Mr. Laniel): More than ten members having opposed the motion, it is deemed to have been withdrawn.

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I rise to speak on this very important Bill C-259 because I feel the amendment moved by the hon. member for Edmonton West (Mr. Lambert) expresses very well the concern which is felt by a great many Canadians. The amendment reads:

That this House deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

That expresses a concern which is felt by thinking Canadians generally at this time, particularly those who have studied this so-called tax reform bill. Taxation is an increasingly important factor in the economic life of our country. We have a situation in which we have two phenomena, which used to be considered to be mutually exclusive, occurring at the same time. The first is inflation and the other is high unemployment. It was once thought that you only had inflation in a period when the economy was buoyant and everybody was employed, and that you only had unemployment when the economy was in a depressed condition, when prices were stable or falling and when the value of the dollar was not being inflated but deflated and going up in value. At the present time we have these two phenomena, a high rate of unemployment and a high rate of inflation, happening concurrently. A good question is, what new factor is there in the equation which makes this not only possible but perhaps inevitable?

In what I am about to say I will do my best to avoid being unduly partisan, because what I say is not criticism of this government only but criticism of our general outlook in government. It applies not only to this government but, in a larger context, perhaps to all levels of government. I believe our rate of increasing taxation has to be controlled. We tend to look at this progression of increase as so much of a percentage each year and it does not seem very serious. It may be just an increase of 10 per cent, or something of that sort, and we forget that it is a geometric progression. It is like the population explosion or compound interest rates: when they continue for a while the absolute increase is frightening and ultimately explosive.

I think I can illustrate what I am saying by a classic story which has various forms and settings. It is about a farmer who sent his hired boy to the blacksmith's shop to get a horse shod. As you will know, Mr. Speaker, there are 32 nails in a set of horseshoes. The regular charge for this job was $2. The blacksmith asked the boy whether he would prefer to be charged the $2, or would he like to be charged one cent for the first nail, twice as much for the next, twice as much for the next, and so on. The boy thought that there being only 32 nails, this would not be a very large amount. The blacksmith then pointed out that this was a compounding, or a geometric progression and that by doubling even 32 times you arrive at a colossal figure. As a matter of fact, I believe it would cost something like $21 million to have a horse shod on that basis. This is the kind of lack of appreciation for trends taking place in this and many countries which produces exponential curves which become steeper and steeper. They are trends which cannot continue becoming steeper and steeper with ever-increasing acceleration without something flying apart at the end.

Some people might say, "We have inflation, but what does that matter? If a dollar will only buy half as much now as it did X' number of years ago, it comes out to the same thing." It does not come out to the same thing. Inflation has a very great number of unfortunate effects on the economy. The first is that it discourages thrift and saving, because if one saves for the future, his old age or anything of that sort, the value of the savings is depreciated as the value of money goes down and inflation increases. The people who want to borrow money realize that the thing to do is not to have their property value in dollars but, rather, to have those dollars invested in perhaps stocks or real property.

• (5:40 p.m.)

The effect of this is that there are more people who want to borrow money than there are people willing to lend money. The people who lend money not only wish to have a reasonable rental on the money they loan, but also an increment on the interest which will neutralize the depreciation of the money in the period it is loaned. They do not want to lend a dollar with which one could buy a dollar's worth of goods and find that when they get that

dollar back a year from now it will only buy 95 cents worth of goods in terms of its original value. The result is high interest rates. That is an inevitable result of inflation. This places an added burden on people who invest in the means of production whether they be farmers, representatives of companies or anything else. They must borrow money, and while it is depreciated on their income tax return they are gypped because the depreciation they receive is in respect of cheap money.

When these people have to replace the capital goods and means of production at the end of that period, they find the replacement cost is twice what it had been. I will give an example, Mr. Speaker. This is a homey example. This summer I found it necessary to put a new roof on my barn. I am a farmer. The barn had been built many years ago and I happened to have the contractor's receipt from the time when this fair-sized building was built before the turn of the century. When I repaired the roof this year I found that the cost of just the nails to put on the roof was about the same as the cost of the whole building when it was first built. That is inflation.

We are experiencing a type of inflation which is becoming steeper all the time. It is very dangerous. I remember being appalled when I was told that when the Palace Hotel in Brussels was redecorated after World War II the inside decorations cost more than the total cost of the building just before World War I. I thought at that time, "Thank God we have not been exposed to that kind of inflation in North America". Now, however, we have that kind of inflation, or something very close to it. This concerns me greatly.

This situation makes it impossible for industry or business to plan for the future or to engage in many of the economic stimulations they could carry on if they were dealing with a dollar that was fairly constant. It would be an impossible task to try to plan for business expansion or for the future in a situation where the value of the dollar is wildly fluctuating, where you have wild inflation or where you have a rapid rate of inflation, because the businessman or the entrepeneur is in the same position as an engineer if he were called upon to plan a building like the Arts Centre and was told that his yardstick would expand by 5 per cent per year.

It is this type of difficulty which is slowing down our economy. Our economy is being slowed down by high taxes. One might say, of course, "We are paying high taxes, but governments are in so many fields of endeavour now and are giving good service in return for the tax dollars. We have many things such as the old age pension, medicare and better schooling." This is all good; it is excellent. I am for this so long as we can afford it and so long as we do not live beyond our means.

If we should find that we are living beyond our means we must make the difficult decision as to what our priorities are, because I believe our tax burden is already too heavy and that our tax load has been expanding at a rate which is much greater than the rate of expansion of either our population or our gross national product. This cannot go on idenfinitely. I would give an illustration or two about what I have in mind. I have here a statement which was prepared in reply to an answer to a question placed on the order paper last year. We find, for example, that the ratio of federal government employees to the population has increased, from 1950 to the present time, from one civil servant to 106 members of the population to one civil servant for every 87 members of the population.

In reply to another question we find, in absolute terms, that the number of civil servants in the federal civil service increased between 1934 and 1968 from 40,000 to 235,000. Yet in that period the population only doubled. I am not against civil servants. We have an excellent civil service in this country, comprised of dedicated people; but I believe it is unfair to them if it is government policy to expand government services to the extent that we have civil servants working in many non-productive fields.

As I have said, the effect of taxation on the Canadian economy is fairly extreme. I should like to quote some figures in respect of the total revenue of the federal government. I have the figures for only the period 1926 to 1946 and to 1966. The total revenue of the federal government increased from $373 million in 1926 to $2,602 million in 1946 and to $9,721 million in 1966. The municipal and provincial rates of revenue increased in roughly the same proportion, so that the total tax paid by Canadians to all three levels of government in a matter of 40 years has increased from a total of $879 million to $22,155 million in 1966, and the trend has continued. The fact that disturbs me is that this trend continues at an ever-increasing rate in most cases.

What is the end result of such a trend? To give an illustration of the end result, the taxes paid in Canada in the 40 years—per individual, per capita, not per wage earner—prior to 1966 increased from $87.90 to $1,107.75, to all levels of government. If the average family consists of four people, that is a tax burden of $4,400. It is no wonder that it is an absolute necessity, especially in the cities, for there to be at least two wage earners in a family so that they can make both ends meet. If there is not, their income does not allow them to own a home.

• (5:50 p.m.)

This sort of change in our economy affects the quality of life and the kind of homes that we are able to provide for our growing children. I think that from this situation stem some of the other problems that are facing Canada. One might suggest that big corporations can be taxed more, or that the sales tax can be increased since nobody knows whether the increase is part of the actual cost of production or not, and what the taxpayer does not know will not hurt him. So we keep on piling these hidden taxes on everyone and there is no escape. I do not care whether a taxpayer's income is high or low, he pays through the nose day in and day out to all three levels of government. There is no escape for him, and the taxes that are imposed on corporations or on the so-called rich filter down through all income groups.

Let me give another illustration of the effect of high taxes. I have here a statement which I suppose all telephone subscribers received recently with their bill. It points out that the total tax on the Bell Canada telephone service, which must inevitably be paid by their customers whether the taxes are direct, indirect or merely collected by Bell and remitted to government, amounted to about $44 for each telephone in service last year. They write:

Consider that we have more than six million phones in service and you'll see why we say we deal in "huge" numbers.

The tax per phone has increased by 90 per cent since 1960. This rate of increase in taxes is four times the rate of increase in general operating costs over the same decade.

This is a typical example of how high taxes affect business, because one cannot do much business now unless one has a telephone, at least one. But with one telephone you will be stuck with $44 worth of taxes which you have to pass on to your customers.

Automotive transportation I think is considered a business necessity for the transportation of goods. What happens at present? For example, from 1955 to 1970 the oil companies got three cents less for each gallon of gasoline that they produced than they did 15 years ago. The filling station operators who distribute the gasoline receive about the same as they did 15 years ago. Federal taxes have gone up by more than half a cent per gallon in that time, and other taxes have gone up by 6 cents a gallon, with the result that now, although the industry is so efficient that the costs of production and distribution have not increased in that period, the cost of a gallon of gasoline, which is an essential element of production, has gone up sharply.

I could go on, but I want to make the point that high taxes have an inhibiting effect on industry, and when I say industry I mean business in general down to a person who is self-employed. It is harder and harder for Canadians to compete in world markets or to continue in a business which might have been prosperous under similar circumstances if the tax load were not as high. We cannot avoid taxing the means of production, and this is very unfortunate because it makes us uncompetitive in world markets.

We still feel that we live in an affluent society and should have the newest cars and everything we need. But how do we pay for this if we do not export competitively in world markets goods that have a high element of employment, that create many jobs? We are doing it less and less successfully. We are blessed with a tremendous hoard of natural resources, so we export them. They take a minimum of work and that keeps international payments in balance. But the result is that the Canadian dollar is relatively higher, compared with other currencies, than it would be if it were a measure of our competitiveness as it should be. This vicious circle makes it more difficult for us to compete in world markets, as the hon. member for Duvernay (Mr. Kierans) pointed out so clearly the other day. The kind of life we are living as Canadians can be compared to the life of a farmer who could not make ends meet and decided to pay the grocery bill by selling some of his acreage every year.

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

The Acting Speaker(Mr. Laniel): Order, please. It being six o'clock, this House stands adjourned until tomorrow afternoon at 2 p.m.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, September 30, 1971.

The House met at 2 p.m.

VACANCY

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, of Frank Duff Moores, Esquire, member for the electoral district of Bonavista-Trinity-Conception, by resignation.

Accordingly I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION FROM ORGANIZATION FOR AFRICAN UNITY

Mr. Speaker: May I announce to hon. members of this House the presence in our galleries of a delegation representing the Organization of African Unity, which is on an official visit to Ottawa. I particularly note the presence of the head of the delegation who is also President of the Assembly of heads of state of the Organization, His Excellency Modtar Ould Daddah, President of the Muslim Republic of Mauritania.

Some hon. Members: Hear, hear!

[*English*]

Mr. Speaker: To these eminent national leaders, including representatives of our sister Commonwealth countries of Kenya and Zambia, we extend a very warm welcome. We trust that their stay in Canada will be pleasant and fruitful.

[*Translation*]

Your Excellencies may be assured of the goodwill of all Canadians in regard to the African peoples represented by your organization.

Some hon. Members: Hear, hear!

• (2:10 p.m.)

ROUTINE PROCEEDINGS

HOUSE OF COMMONS

APPOINTMENT OF ASSISTANT DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE HOUSE

Right. Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like to propose, seconded by Mr. MacEachen:

That Mr. Prosper Boulanger, member for the constituency of Mercier, be appointed assistant deputy chairman of the committees of the whole House.

Motion agreed to.

* * *

[*English*]

PARLIAMENTARY SECRETARIES

TABLING OF ORDER IN COUNCIL CONCERNING APPOINTMENT AND REAPPOINTMENT

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, under Standing Order 41(2) I should like to table in both languages an Order in Council concerning the appointment and reappointment of parliamentary secretaries.

* * *

GRAIN

PROPOSED TRANSITIONAL PAYMENT UNDER STABILIZATION BILL—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask unanimous consent of the House to move a motion of urgent and pressing necessity.

This matter concerns the confusion caused by the propaganda put out by the staff of the Minister of Agriculture (Mr. Olson) and the minister responsible for the Wheat Board (Mr. Lang) with respect to the $100 million transitional payment proposed under Bill C-244.

I therefore move, seconded by the hon. member for Swift Current-Maple Creek (Mr. McIntosh):

That this House instructs Information Canada to inform the wheat producers of western Canada—now owed over $90 million by the government for storage costs under the Temporary Wheat Reserves Act—that the substitute one-shot $100 million payment proposed under Bill C-244 will be diluted in its distribution among producers of oats, barley, rye, flax, rapeseed and other miscellaneous crops.

Mr. Speaker: The hon. member's proposed motion, moved as it is under the provisions of Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. E. F. Whelan (Essex): Mr. Speaker, I would like to take advantage of Standing Order 43 to move a motion. It is similar to the motion proposed yesterday by my colleague, the hon. member for Esquimalt-Saanich (Mr. Anderson), and its urgency arises from the fact that within the next few days the President of the United States is to make a final decision on the proposed underground test at Amchitka Island.

The Canadian government and, more specifically, the Secretary of State for External Affairs (Mr. Sharp), have already expressed Canada's reservations about this proposed test. At this time I think it is important that this House, opposition as well as government members, indicate to President Nixon that we are unanimous and united in our concern about this and any such future tests by any nation.

I would propose that this House formally record its grave concern at continued nuclear weapons testing, wherever such testing may take place; that it regrets the recent high yield underground test in the Soviet Union; that it expresses its hope that the United States government will reconsider its plans to carry out a test on Amchitka Island; and that it strongly reaffirms its support of the efforts being made in the United Nations by Canada and other countries to get international agreement to ban all underground nuclear weapons tests.

Mr. Speaker: The House has heard the motion proposed by the hon. member for Essex. I must say that at first glance there does not appear to be a formal motion, unless I take the words of the last paragraph as intended to be the beginning of a motion. If this is the situation—the hon. member indicates that it is—then of course the motion can be put only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Yes.

Mr. Speaker: There appears to be unanimous consent.

Mr. McIntosh: No.

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

REPRESENTATIONS TO UNITED STATES FOR REMOVAL OF U.S. IMPORT SURTAX

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. In view of the statement made by the United States Secretary of the Treasury, Mr. John Connally, in his speech to the International Monetary Fund this morning to the effect that the United States will be prepared to remove its 10 per cent additional levy on dutiable imports if other governments make tangible progress in coming weeks in dismantling their trade barriers and permitting the establishment of realistic currency exchange rates, has the Canadian government indicated to the United States government any willingness to make moves or negotiate in this regard?

Right Hon. P. E. Trudeau (Prime Minister): Not since the statement was made, Mr. Speaker; it has just come to our attention now. But the House knows that in the past few weeks, and even before, our ministers and officials have been telling the United States that the 10 per cent surcharge should not apply to us, and that we had already done the things mentioned in Mr. Connally's statement to which the hon. member has just referred.

Mr. Hees: Mr. Speaker, since Mr. Connally has indicated that the United States government is willing to negotiate regarding this matter on a bilateral basis with any country which so desires, is it the intention of the government in the near future to sit down in a session of hard bargaining with the United States government with a view to having the 10 per cent surcharge removed as soon as possible, and will the Prime Minister be willing to participate in these negotiations in order that Canada's position may have the best chance of being understood?

Mr. Trudeau: Mr. Speaker, I thank the hon. member for the confidence he has expressed in my negotiating powers.

Mr. Hees: It is a lack of confidence in your ministers.

Mr. Trudeau: All I can do is repeat that this type of discussion has been going on for some weeks. I am not sure whether Secretary Connally wants to embark on a different type of bilateral negotiation, but certainly we have been making representations on our behalf to the United States for some time.

Mr. Hees: I have a final supplementary question, Mr. Speaker. Obviously it would be a good idea to get in touch with Mr. Connally to find out what he does mean. Is it not a fact that one of the principal reasons Canada has not been able to obtain an exemption from the 10 per cent surcharge is the very poor relations between Canada and the United States which this government has engendered during the past year?

Mr. Speaker: Order, please. The hon. member's supplementary question is in the form of an argument.

* * *

GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—POSITION IN LIGHT OF REPORTED LEGAL ACTION

Mr. Les Benjamin (Regina-Lake Centre): In the absence of the Minister of Finance I should like to direct my question to the Prime Minister. In view of reports that four grain farmers in Saskatchewan have filed a motion in federal court in the city of Regina for a writ of mandamus to have the Minister of Finance implement the

provisions of the Temporary Wheat Reserves Act, will he now instruct the Minister of Finance to implement the terms of this act?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have no intention of doing that. Beyond saying that the Minister of Finance and other members of the government will obey any order of the court, there is nothing further to be said at this time if the matter is before the courts, as the hon. member has just said.

Mr. Benjamin: Is the Prime Minister aware of the fact that this kind of action before the courts does not preclude the Minister of Finance from making the payments under the provisions of the Temporary Wheat Reserves Act?

Mr. Speaker: Order, please.

IMMEDIATE PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—SPLITTING OF STABILIZATION BILL TO FACILITATE TRANSITIONAL PAYMENTS

Mr. John Burton (Regina East): Mr. Speaker, I should like to ask the minister responsible for the Canadian Wheat Board whether, in view of the reports referred to by my colleague, the hon. member for Regina-Lake Centre, he would urge the Minister of Finance to fulfil the requirements of the law under the Temporary Wheat Reserves Act and make these required payments immediately, and is he giving further consideration to splitting Bill C-244 in order that transitional payments can be made immediately?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I am sure all hon. members know that the situation is perfectly clear. We will indeed make those payments if a decision is made that we cannot proceed with Bill C-244 because of the obstruction of the opposition in not letting it come to a vote.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

• (2:20 p.m.)

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—LEGAL ADVICE

Mr. Jack Murta (Lisgar): Mr. Speaker, may I direct a supplementary question to the Minister of Justice. In light of the Minister of Justice's admission of responsibility for omitting the Temporary Wheat Reserves Act from the Revised Statutes, can he inform the House whether he first advised the cabinet to withhold payments under the Temporary Wheat Reserves Act?

Mr. Speaker: The hon. member for York South.

An hon. Member: Answer yes or no.

Mr. Hees: Don't be shy.

Mr. Murta: Mr. Speaker, since I could not get a response from the minister to my first question, may I ask another supplementary. At that time did he consult with his legal advisers on the legality of withholding these payments to the prairie grain producers?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, the hon. gentleman is asking me for advice I may have given within cabinet. I submit to Your Honour that I am protected by the rules of this House.

Some hon. Members: Oh, oh!

Mr. McGrath: You can't have it both ways, John.

An hon. Member: The minister cannot hide behind any fifth amendment.

Mr. Lundrigan: That's pretty weak, John.

* * *

[*Translation*]

AGRICULTURE

ADEQUATE SUPPLY OF MILK FOR CHEESE PRODUCTION

Mr. Speaker: I have recognized the hon. member for Bellechasse.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Agriculture.

Could he tell the House whether production for the 1971 dairy season has been high enough so far to allow a sufficient production of cheese to satisfy the needs of the country, or whether the Canadian Dairy Commission has been forced to import a certain quantity of milk?

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, no, the dairy commission will not be obliged to import any milk. Some specialty cheeses have come in for a long time but, I am happy to say that the domestic market in Canada has improved and that there has been a satisfactory increase in the price of cheese and of other dairy products.

* * *

THE CANADIAN ECONOMY

UNEMPLOYMENT—EARLIER DATE THAN DECEMBER FOR FEDERAL-PROVINCIAL CONFERENCE—PROPOSALS TO PROVINCES

Mr. David MacDonald (Egmont): Mr. Speaker, may I direct a question to the Prime Minister. In view of the importance of more consultation with the provinces about rising unemployment and special programs to fight unemployment this winter, can the Prime Minister indicate whether further attempts have been made to arrive at an earlier conference date with the provinces in order that there may be effective collaboration and, hopefully, participation in programs that will be put forward to fight this serious problem?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as chairman of the conference I instructed the secretary of the conference to make a renewed attempt at communicating with the provincial governments and provin-

cial premiers to see if some of the set dates some had objected to earlier were now open and if they had changed their minds and could come at an earlier date. I have done this just recently and have had no report yet.

Mr. MacDonald (Egmont): In this further communication to the provinces, have the Prime Minister or his staff also made it clear that this conference will be specifically on special programs dealing with unemployment and that the federal government will be putting forward specific proposals for consideration, and perhaps even putting them forward before the meeting takes place so that the provinces may adequately consider the implications for their own responsibilities?

Mr. Trudeau: I indicated to the premiers when I wrote to them, I believe on the twenty-seventh of this month or perhaps earlier—I do not remember the exact date—that this subject would be one of those we would want to see on the agenda. I cannot say at this time what agenda will be agreed to by all the governments, but I did put this proposal to them. Concerning proposals we might make on that item of the agenda, I can only repeat what I have told the House previously. If there is any action we can take sooner, we will take it sooner. If we have any announcements to make to the provinces, we will decide whether to put them to the provinces in preliminary documents or whether to put them to them at the time of the conference.

Mr. MacDonald (Egmont): Could the Prime Minister indicate whether specific proposals have yet been made to the provinces or whether the federal government has yet responded to some of the specific proposals presented to the federal government over the last few months?

Mr. Trudeau: Mr. Speaker, the question will have to be more specific regarding what proposals have been put to us over the last few months. I am sure that a fair number of proposals might have come from a great number of sources. I cannot offhand answer yes or no to that question.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for a further supplementary and then recognize the hon. member for York South.

Mr. MacDonald (Egmont): I will be a bit more specific and ask the Prime Minister whether there has been any response to important cost-sharing programs, such as welfare programs under the Canada Assistance Plan where there is a limitation on the participation factor, or whether there has been any response with regard to the Canada Manpower programs where there are some real limitations with regard to entry or re-entry into those programs?

Mr. Trudeau: Mr. Speaker, the Canada Assistance Plan is quite wide in its participation. I believe the Minister of National Health and Welfare has always indicated he is prepared to discuss with the provinces ways in which payments can be made differently if the provinces change their programs within the framework of CAP. With regard to manpower retraining, I am not aware of any proposals we have made to the provinces recently on that score.

[Mr. Trudeau.]

EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—SUGGESTED GOVERNMENT MOTION EXPRESSING OPPOSITION

Mr. David Lewis (York South): Mr. Speaker, I want to ask the Prime Minister a question arising out of a letter I sent him last Friday, September 24. I was assured in a letter from one of his secretaries, Mr. Lawless, dated September 28, that my letter would be immediately drawn to the attention of the Prime Minister. Has the Prime Minister considered the suggestion in my letter that the government propose a motion with regard to the proposed American nuclear blast at Amchitka in order that there may be a multiparty expression of opposition to that test?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should have thought it would be obvious to the House that the government side is prepared to have such a motion put because I understood no one objected to the motions which were put yesterday and today by two of our members. If I understood correctly, the opposition to such a motion being put came from the Conservative benches.

Mr. Lewis: In view of the fact that on earlier occasions there was also opposition from the government benches when members of my party moved similar motions, in view of the fact that a government motion would not require unanimous consent and could be put on the order paper and debated in the normal way, and in view of the importance of this question, I ask the Prime Minister whether he is prepared to place a government motion on the order paper with regard to the Amchitka nuclear test without waiting for unanimous consent?

Mr. Trudeau: Mr. Speaker, the House will realize that the position of the government has already been made known in the House, in the United States and in other forums such as the United Nations. On the matter of having a motion from the government which would be debated, I suggest that we would require some guarantee from all opposition parties that the debate would be relatively short.

Some hon. Members: Hear, hear!

Mr. Trudeau: I understand that the members of the New Democratic Party are in agreement with this. Indeed, the leader of that party in his letter to me said that perhaps the motion could be passed without debate or with very little debate. Certainly we on this side had hoped this would be so when the hon. member for Essex put his motion to the House.

Some hon. Members: Oh, oh!

* * *

REGIONAL ECONOMIC EXPANSION

STATEMENT BY NOVA SCOTIA DIRECTOR INDICATING CHANGES RESPECTING GRANTS—PROGRAMS TO CREATE JOBS DURING WINTER

Mr. James A. McGrath (St. John's East): My question is for the Minister of Regional Economic Expansion. Was

the department director in the province of Nova Scotia voicing departmental policy when he indicated in his speech of Tuesday last that there would be changes made in the application formula under the Regional Development Incentives Act with regard to grants to industries?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Not to my knowledge, Mr. Speaker.

Mr. McGrath: Are changes being planned in the strategy of the Regional Development Incentives Act in response to the Prime Minister's request to the minister to come up with programs to help create jobs during the coming winter months?

• (2:30 p.m.)

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, those are different things. If the Prime Minister has spoken of special programs for next winter, those do not necessarily have a link with the department's programs.

[*English*]

Mr. McGrath: Does the minister propose to change the formula for the application of the Regional Development Incentives Act in order to expedite the program with a view to having a crash program this winter to create jobs?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, I believe a distinction should be made between the program concerning regional disparity, which is a permanent program whose purpose is to ensure better balance between the various economic regions of Canada, and programs that could be established to stimulate the general economy of this country.

* * *

NORTHERN AFFAIRS

MONEYS ALLEGED TO BE OWING TO GOVERNMENT EMPLOYEES

Mr. Heath Macquarrie (Hillsborough): I should like to address a question to the Acting Minister of Indian Affairs and Northern Development. In the light of the claim by Mr. Paul St. Jacques that the government owes perhaps a million dollars to its northern-based employees, and considering how much it already owes to the farmers of Canada, will the minister have an investigation made of this forthwith?

* * *

INDIAN AFFAIRS

RETROACTIVE PAY ALLEGED TO BE OWING TO CARETAKERS OF DAY SCHOOLS

Mr. Frank Howard (Skeena): I want to pose a question to the Minister of Justice similar to the one asked by the hon. member for Hillsborough. I ask the Minister of Justice, inasmuch as he is a staunch upholder of the law, whether he will cause an inquiry to be made into the action of the Department of Indian Affairs and Northern Development and of Treasury Board in denying Indian caretakers of Indian day schools their proper retroactive pay. This question involves at least 120 or 130 people and perhaps half a million dollars in back pay. Will the minister look into this situation from the point of view of justice to the people concerned?

Hon. John N. Turner (Minister of Justice): The primary responsibility lies with my colleague, but I will take the matter up with him.

* * *

INDUSTRY

PULP AND PAPER—SUGGESTED MEETING TO DEVISE PLAN TO AVOID FURTHER SHUTDOWNS—EMERGENCY TRAINING PROGRAMS FOR THOSE LAID OFF

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Having regard to the continuing crisis in the pulp and paper industry across Canada, a crisis which is worsening as further paper mills shut down their operations, would the Prime Minister direct that a meeting be convened between responsible departments of government, the Pulp and Paper Association and representatives of the labour movement to discuss the situation and, hopefully, to plan a course of action which would avoid further shutdowns with their adverse effect on unemployment figures and the economy generally?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Perhaps I could answer for the Prime Minister. I have already told the House the other day in answer to the hon. member that such a meeting between ministers and leaders of the industry has already been planned. It will take place in the coming week after more preparatory work has been done.

Mr. Marshall: Taking account of the recent blows to the industry, particular in Quebec and Newfoundland, mainly due to loss of markets, is the minister considering the feasibility of establishing marketing boards under federal government auspices as suggested in some provinces and in some quarters?

Mr. Pepin: I am not in a position to confirm or deny any of those reports. I can only say that a number of suggestions, a number of possibilities, are being investigated by my department at this time.

Mr. Marshall: A supplementary question to the Minister of Manpower and Immigration. Would the minister advise the House whether, having regard to the continuing lay-offs highlighted by the recent announcements of Domtar and Bowaters, his department is examining the effects of these lay-offs with a view to introducing emergency training programs as a means of providing alternative employment for those who lose their jobs?

Hon. Otto E. Lang (Minister of Manpower and Immigration): In connection with any lay-off, in the ordinary course an examination is made to see what alternative employment is available to the persons concerned, either with the company or somewhere else, as well as to deter-

mine in which cases training might be the most suitable alternative available for certain employees.

PROGRAMS TO ASSIST COMPANIES TO AVOID SHUTDOWNS

Mr. Lincoln M. Alexander (Hamilton West): I have a supplementary question for the Prime Minister. In view of the fact that a recent survey undertaken by Canadian Press shows there has been an alarming increase in layoffs caused by plant shutdowns, will the Prime Minister indicate to the House what specific programs the government has in mind to deal with this situation? I am thinking in terms of tax incentives which would assist the industries concerned and alleviate the prospect of severe unemployment this winter.

Right Hon. P. E. Trudeau (Prime Minister): I have already answered in the House that the government is considering what programs it might implement to alleviate this situation. When a decision has been reached it will be announced in the House at the proper time.

Mr. Alexander: Bearing in mind the growing lack of confidence in the economy, can the Prime Minister assure us that the statement which is to be made will be made in the very near future, perhaps in the next three or four days, in order that the confidence in the economy which seems to be lacking right now may be regained?

Mr. Trudeau: It will be made as soon as possible, if it is to be made.

* * *

[*Translation*]

PUBLIC SERVICE

ALLEGED HIRING OF UNILINGUAL TRANSLATORS FROM FRANCE

Mr. Roland Godin (Portneuf): Mr. Speaker, I should like to put a question to the Secretary of State.

As some translators recently arrived from France and recruited by his department are now taking intensive training courses to improve their command of English, can he tell us since when has his department been hiring unilingual translators and whether Canadians are eligible for those jobs?

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I am unable to answer this question immediately. As you know, this matter falls under the civil service jurisdiction. I shall find out what the situation is from the chairman of the Public Service Commission and transmit the information to the hon. member.

* * *

[*English*]

AGRICULTURE

HOGS—NECESSITY FOR DEFICIENCY PAYMENT—POSSIBLE LEVEL

Hon. D. S. Harkness (Calgary Centre): I have a question for the Minister of Agriculture. Has it now been determined that a deficiency payment will be required with respect to hogs this year because of the low prices realized for this product? If so, what is the level to which the deficiency payment will have to rise in order to bring up the general level of prices for the year?

Hon. H. A. Olson (Minister of Agriculture): A calculation will be made at the end of the year. Certainly, if the price falls below 80 per cent of the 10-year average, a payment will be made. I can advise the House that the department is making the calculations week by week. The 80 per cent level of the 10-year average is $24.14, so if the price falls below that there will be a mandatory payment up to that amount at least.

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IMMIGRATION

CIRCUMSTANCES OF ENTRY INTO CANADA OF HEAD OF BLACK PANTHERS AND TWO OTHER TERRORISTS

Mr. W. B. Nesbitt (Oxford): I have a question for, jointly, the Solicitor General and the Minister of Manpower and Immigration. Have either or both of these ministers ordered special inquiries to be made with respect to the circumstances in which one Mr. H. Newton, head of the Black Panther movement in the United States, and two other United States terrorists whose names are on the prohibited list obtained entry into Canada, stayed here for a week and negotiated with the Chinese Embassy for permission to make a special visit to Communist China?

Hon. Otto E. Lang (Minister of Manpower and Immigration): I have some information with regard to at least part of the hon. gentleman's question, though I do not have any confirmation of the entry or way of entry of Mr. Newton into this country.

Mr. Nesbitt: I wonder whether the Solicitor General might have some comments to make on this matter as it affects the RCMP?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I am not aware of the fact that this person had any public activities in Canada.

[*English*]

Mr. Nesbitt: In view of the Solicitor General's lack of information on this subject perhaps I should direct my further supplementary question to the Minister of Manpower and Immigration who at least seems to know something about it. Will extra precautions be taken at once to prevent further incidents of a similar nature occurring? This is hardly the time at which to further exacerbate relations with the United States.

Mr. Lang: Very full precautions are in fact taken at the present time in an attempt to ensure that those whose names are on the prohibited list are noticed as they approach the border and are dealt with in an appropriate fashion. It is, of course, difficult to do this in every case, bearing in mind that there are 37 million or so crossings each year.

AGRICULTURE

DIFFICULTY IN OBTAINING SPARE PARTS FOR IMPORTED RUSSIAN TRACTORS—ALTERNATIVE SOURCE OF SUPPLY

Mr. H. W. Danforth (Kent-Essex): My question would normally be directed to the Minister of Industry, Trade and Commerce, but since the Minister of Agriculture has always assumed responsibility for farm machinery maybe I should ask it of him. The minister is aware that litigation is presently prohibiting the distribution of spare parts and fulfilment of warranties with respect to Russian tractors by the Canadian distributor. Can the minister tell us whether the government is seeking to find another source of supply for these parts, lack of which is causing ever-increasing hardship to farmers who purchased these tractors?

Hon. H. A. Olson (Minister of Agriculture): I shall have to take the question as notice. Maybe the hon. member ought to direct the question to the Minister of Industry, Trade and Commerce.

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• (2:40 p.m.)

VETERANS AFFAIRS

REFUSAL OF EXCEPTIONAL INCAPACITY ALLOWANCES TO DOUBLE LEG AMPUTEES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Veterans Affairs. In view of the fact that all those veterans who are double leg amputees and who have applied for the new exceptional incapacity allowances have had their applications turned down, and in view of the concern expressed about this matter at the Edmonton convention of the War Amputees of Canada, which I believe the minister attended, would he look into the matter in the hope that the intentions of the veterans affairs committee, parliament and the government will be carried out?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Decisions of that nature are taken by the Canadian Pension Commission, Mr. Speaker, which is a quasi-judicial body. In any event, I shall be pleased to look into the matter and report to the hon. gentleman.

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THE CANADIAN ECONOMY

FOREIGN OWNERSHIP—INQUIRY AS TO POLICY STATEMENT—CONSULTATION WITH PROVINCES

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I should like to direct a question to the Minister of National Revenue in order to help the discussion of a forthcoming provincial election. In light of the criticism of the Ontario Liberal leader that the development of a foreign investment policy is taking too long and is being done in isolation from any provincial consideration, would the minister tell the House when we might expect publication of his report and whether or not consultation in fact has taken place with the provinces before the enunciation of a policy?

Hon. Herb Gray (Minister of National Revenue): Mr. Speaker, I am not yet in a position to say when the government will be in a position to state its policy. As yet, consultation of the kind referred to by the hon. member has not taken place.

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ROYAL CANADIAN MOUNTED POLICE

PROVISION OF OVERTIME PAY

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I gave notice in days of yore to the Solicitor General as to where stands the matter of overtime pay for members of the Royal Canadian Mounted Police.

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): The matter is still under study, Mr. Speaker, and it is such a complex one that we may well have to consult directly the members of the RCMP.

* * *

[*English*]

AGRICULTURE

ASSISTANCE TO POTATO GROWERS

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Following his meetings with the Ministers of Agriculture of Prince Edward Island and New Brunswick, is the minister now in a position to make any statement as to the assistance that this government or the three governments jointly might be prepared to give potato growers, especially in those two provinces?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, we had a very useful meeting and there were two or three separate avenues that required further exploration and co-operation among the three departments. I am very hopeful that this will be done, but there is no question in my mind that at least one or a combination of these three methods, which I do not have the time to spell out now, will be put in place and be of assistance to these growers.

Mr. MacLean: May I ask the minister whether he can assure the House that payments of interest and principal which may be due from the potato growers will not be pressed by the Farm Credit Corporation, at least in cases where financial distress exists, until the situation is clarified?

Mr. Olson: Mr. Speaker, that only requires a restatement of a policy that we now have in effect.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a supplementary question for the Minister of Agriculture.

Could he advise the House whether the Quebec government has made representations in view of the difficulties which this industry is currently encountering?

[*English*]

Mr. Olson: Yes, Mr. Speaker, we have had some communications with the Quebec government.

ASSISTANCE TO PRODUCERS IN LIGHT OF UNITED STATES IMPORT SURTAX

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a question for the Minister of Agriculture. In light of the fact that agricultural products are among the hardest hit under the 10 per cent surcharge, and in view of the fact that the employment support bill will provide no direct assistance to agricultural producers affected by the surcharge, what assistance is the government considering giving specifically to help the producers?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, it is not correct to say that Bill C-262 will not provide some assistance to agricultural producers. If the hon. member would look at the speech I made in the House on September 7, reported at page 7587 of *Hansard*, he would find a complete answer to his question.

Mr. Speaker: Order. I suggest to hon. members that we are running short of time and I hope that we will not at this point renew the lengthy debate that took place in the House on this subject a few days ago.

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WELFARE

CORNWALL—REFUSAL OF PAYMENTS TO PERSONS WITH LONG HAIR—POSSIBLE VIOLATION OF CANADA ASSISTANCE PLAN

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Would the minister inform the House whether the refusal of welfare officials in Cornwall to continue payments to persons with long hair constitutes a violation of the Canada Assistance Plan?

Mr. Speaker: The hon. member is asking for a legal or quasi-legal opinion. I would not think that the question as asked is in order.

Mrs. MacInnis: Then may I rephrase my question, Mr. Speaker. Would the minister investigate the situation in Cornwall with a view to seeing whether or not there has been a violation of the Canada Assistance Plan and report back to the House?

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker.

* * *

SPORTS

GRANT TO HAMILTON STADIUM FOR ASTROTURF—GOVERNMENT POLICY RESPECTING ASSISTANCE

Mr. Craig Stewart (Marquette): Mr. Speaker, my question is for the Minister of National Health and Welfare and arises out of the $50,000 grant recently made to the stadium in Hamilton for Astroturf. Does this grant to Hamilton mean that there has been a change in government policy and, if so, will community arenas that want to instal artificial ice plants now qualify for federal assistance?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the hon. member may be aware that expenditures are made on capital projects out of the Fitness and Amateur Sport budget which go to various cities that win the winter games. As far as the Astroturf is concerned, we felt that this was meritorious and are applying this policy across the country in places where it can be shown there could be a tremendous increase in the utilization of such facilities for purposes of amateur sport.

Mr. Stewart (Marquette): Then does the minister's answer mean that there is one policy for his own riding in Hamilton and another policy for the rest of the country?

Mr. Speaker: Order, please.

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PENITENTIARIES

REQUEST FOR STATEMENT ON FACILITIES AND PERSONNEL

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Solicitor General. In view of the obvious lack of facilities in penitentiary institutions across Canada, as well as lack of personnel, would the minister make a statement on motions setting forth the government's position in regard to this matter?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I would be ready to agree to the hon. member's request, that is to state the broad lines of our policies concerning Canada's penitentiary system and to give a brief summary of what we have done and intend to do in the foreseeable future. This could be done next week.

* * *

[*English*]

FEDERAL-PROVINCIAL CONFERENCE

PARTICIPATION OF YUKON AND NORTHWEST TERRITORIES IN DECEMBER MEETING

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I direct a question to the Prime Minister. Would the Prime Minister assure the people of the Yukon and Northwest Territories, who are also suffering from unemployment problems, particularly the Indian and Eskimo population of the two territories notwithstanding the statements of the Minister of Indian Affairs and Northern Development to the contrary, that representatives from their respective legislatures will be asked to participate in the forthcoming conference to be held in December?

Right Hon. P. E. Trudeau (Prime Minister): I will look into the matter, Mr. Speaker. I do know that at the constitutional conference some provision was made to have representatives from that part of the country sit as part of

the federal delegation or as federal observers, but I will examine the situation vis-à-vis the forthcoming conference.

Mr. Nielsen: In view of the fact that the invitations that have been extended have referred to representation as an observer only, with really no participation, would the Prime Minister not consider that at a conference of this nature, which is at a somewhat lower level than a constitutional conference, participation might be had in the deliberations?

Mr. Trudeau: Mr. Speaker, I repeat that I will give some thought to the matter. The hon. member will realize that these are federal-provincial conferences and that the Yukon and the Northwest Territories are not provinces.

* * *

• (2:50 p.m.)

IMMIGRATION

PROVISION OF ACCURATE INFORMATION ON CANADIAN ECONOMIC SITUATION TO PROSPECTIVE IMMIGRANTS

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, my question is for the Minister of Manpower and Immigration. Is the government taking any new measures to properly inform potential immigrants about the true economic situation here in Canada in light of concern expressed by the Quebec immigration minister that too rosy a picture of Canada is being portrayed?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, it is the constant endeavour of the department to ensure that most correct and up to date information is given to prospective immigrants. Difficulty does occur sometimes because of the time lag between when prospective immigrants visit our offices and come to Canada, but generally speaking the information given has improved in recent months and years.

Mr. Peddle: In view of the fact that the government is telling the people of Canada, and particularly the 500,000 unemployed Canadians, that unemployment is on a downward trend, is the same message of encouragement and comfort being given to potential immigrants?

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[*Translation*]

CONSUMER AFFAIRS

INAPPROPRIATE ADVERTISING ON CHILDREN'S TELEVISION PROGRAMS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would like to put a question to the Minister for Consumer and Corporate Affairs.

As our television programs, at the time when children can watch them, are flooded with advertizing designed to sell them all kinds of gadgets, could the minister tell us if measures will be taken to stop the broadcasting of such massive advertising aimed at children and which ultimately puts pressure on parents?

[*English*]

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, the private broadcasters and advertisers and the CRTC and ourselves have been having a number of discussions on this subject, and I hope an announcement will be forthcoming in the very near future.

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YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—COMPLETION OF EVALUATION—PROGRAMS FOR STUDENT EMPLOYMENT NEXT SUMMER

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Secretary of State. In view of reports that enrolment is now down in Canadian universities, could the minister inform the House when the evaluation of the Opportunities for Youth program will be completed so that we may know whether or not part of the reason students are not going back to university is because of financial need?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I must say I do not understand the relation the hon. member wants to establish between the data he has given and his question. I shall try to answer the question. I estimated the assessment report on the project would be ready by mid-October, and I do not think there will be any considerable delay.

[*English*]

Mr. Nystrom: Can the minister tell us whether or not his department is now co-ordinating and planning programs for student employment next summer?

[*Translation*]

Mr. Pelletier: Mr. Speaker, the Department of the Secretary of State, as several others, contributes to the studies the government has undertaken in that regard.

* * *

[*English*]

FINANCE

ESTABLISHMENT OF REGIONAL STABILIZATION FUND FROM WHICH PROVINCES COULD BORROW

Mr. Melvin McQuaid (Cardigan): Mr. Speaker, my question is for the Prime Minister. Has the government any immediate plans to set up a regional stabilization fund from which the provinces could borrow in order to spur economic activity in their areas, as I believe was recommended by the chairman of the Economic Council of Canada?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. No immediate plans have been made to set up that type of fund, but the House will remember that last December we did have a proposal which permitted provinces to draw upon funds in quite a substantial amount, I believe $150 million. This was in response to a request

which I believe had been made by Quebec to have a regional development fund of the nature the hon. member is describing. So the general aspect of such a fund has been examined by the government. We have rejected certain approaches but have adopted others.

INVESTIGATION OF FAILURE OF BANKS TO PROVIDE GOVERNMENT GUARANTEED LOANS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I have a supplementary for the Prime Minister. Would the Prime Minister investigate the situation with regard to government guaranteed loans which are supposed to be provided by banks and the dereliction of the banks in providing these loans to the small business sector of the community, such as small business loans, loans to fishermen and farm improvement loans?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I regret that I did not understand the question very clearly, but perhaps if the hon. member would repeat it or let it appear in *Hansard* I will try to have an answer on another day.

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AGRICULTURE

ALLEGATION THAT EDUCATIONAL FACULTIES ARE SECOND RATE AND GOVERNMENT AT FAULT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Could the minister tell us what action the government proposes to take in light of the accusation of the executive director of the Science Council that Canada's agricultural faculties are all second rate and that it is the fault of the federal government?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I do not agree with either contention.

Mr. Mazankowski: Mr. Speaker, in light of his accusation that the federal government has been monopolizing millions in research funds and starving university researchers, is the government reviewing its spending priorities and policies in this area?

Mr. Olson: Mr. Speaker, you cannot answer a question when you do not agree with the premise on which it is based.

* * *

PENITENTIARIES

INMATES STILL UNDER SENTENCE BY WARDEN OR OTHER OFFICIALS AS A RESULT OF KINGSTON DISTURBANCE

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to ask the Solicitor General whether there are any inmates in the federal penitentiaries who are still under sentence from either the warden or officials of the penitentiaries as a result of the Kingston situation?

[Mr. Trudeau.]

Hon. Herb Gray (Minister of National Revenue): Mr. Speaker, I shall be happy to take that question as notice for the Solicitor General who has just been called out of the House for a few minutes.

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GRAIN

ILLEGAL MOVEMENT OF NON-BOARD FEED GRAIN ACROSS PROVINCIAL BOUNDARIES

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. In view of the evidence of the selling of non-board feed grains at distress prices on the prairies, can the minister inform the House whether there is movement of non-board feed grain across provincial boundaries contrary to Wheat Board regulations.

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I would have to take that question as notice.

Mr. Speaker: Orders of the day.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Maclean: On a point of order, Mr. Speaker, I should like to ask the President of the Privy Council if he can inform the House now what business the government proposes to place before Parliament in the immediate future and for the next week if possible?

Mr. MacEachen: Mr. Speaker, tomorrow we will resume discussion of the tax bill. On Monday we will discuss the agricultural stabilization bill. Following that we will return to the tax bill.

I should say that in response to suggestions made earlier I would consider placing on the order paper a government resolution with regard to the Amchitka test if I could have some assurance that when it is called on Monday we would agree to limit the debate so that there would be an opportunity for one speaker for each party to speak briefly. If I could work that out I would be happy to put that motion on the order paper and probably call it on Monday.

Mr. MacLean: Mr. Speaker, we would welcome the opportunity to discuss this matter on that basis, and I am sure an agreeable formula for the debate can be arrived at.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I make two comments. First, may I say that we too would be glad to negotiate with the government House leader on this matter in the certainty that we can reach a mutually acceptable agreement. The second comment I should like to make is with regard to today's debate which is on a motion in the name of our party. I may say there have been discussions among the House leaders of the four parties and there is agreement that we will not seek

any change in the time limit provisions set out in Standing Order 58(13), but there is also agreement that no one ask for or be granted an extension of time so that as many speakers as possible might get the floor today.

• (3:00 p.m.)

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—ALLEGED FAILURE OF GOVERNMENT PROGRAMS TO STIMULATE THE ECONOMY — SUGGESTED NEW MEASURES

Mr. David Lewis (York South) moved:

This House cannot tolerate any longer the economic policies of the government which have produced massive unemployment that threatens to become more serious this fall and winter; nor can this House tolerate any longer the government's failure to implement policies to reduce Canada's dependence on a single market and to assure a strong and independent Canadian economy.

Therefore this House calls for:

(1) a large scale program, in co-operation with the provinces and municipalities, to provide jobs this winter for the growing army of unemployed;

(2) immediate reduction in taxes, particularly for lower and middle income groups;

(3) further government action to force down interest rates;

(4) large additional funds for housing;

(5) essential anti-pollution measures such as funds to municipalities to build waste-treatment plants and other necessary works; and

(6) introduction of a program designed to protect Canada's future by redirecting trade so that it will not continue to be at the mercy of a single market and by restructuring the economy to free it from foreign domination and control.

He said: Mr. Speaker, I suggest to the House and to the people of Canada that the present economic events in this country have highlighted two urgent facts facing the Canadian people. One is the unfortunate likelihood that unemployment this winter will be at least as severe as last year and probably a great deal more serious. We face the possibility of three quarters of a million or more Canadians out of work in the winter months unless steps to meet the situation are taken by the government without delay. The second fact, which the Nixon economic policies have underlined, is the danger facing our country's future if our economy continues under foreign control and our welfare continues to depend on the benevolence of Washington and of the multinational corporations. For years the NDP has warned of these dangers. At last their existence has been acknowledged by the Prime Minister (Mr. Trudeau), by the Secretary of State for External Affairs (Mr. Sharp) and by the Minister of Finance (Mr. Benson). But there is still no suggestion of policies to free our economy from the straightjacket of foreign domination. I want to deal with each of those facts, as I call them, in turn.

I want to say to the Prime Minister, who is here at the moment, and to the government that as I study the situation I see that instead of presenting to Parliament a program to deal with the present unemployment crisis we have had from the Minister of Finance pollyanna forecasts of which every one has proven wrong. I suggest on a study of the record that either the Minister of Finance should fire his forecasters or he should fire himself for being an easy prey to the defensive, bureaucratic optimism. On second thought, I think perhaps both should happen, the Minister of Finance should fire his advisers and someone should fire him for misleading the Parliament and the country.

When we face this emergency it is important to recall only a few of the minister's alleged predictions. On January 30, 1969, the Minister of Finance said "the latest monthly figures have fallen below 5 per cent", and having said that went on to paint a rosy picture for the rest of that year. What were the facts? The facts were that in October of 1969 the unemployment rate went beyond 5 per cent, that in May, 1970, it went over 6 per cent, and that from May until today it has stayed at over 6 per cent continually for 16 months.

Let me give a second instance. On November 12, 1970,—and hon. members and the people of Canada should listen to this with attention—the Minister of Finance said that unemployment had reached its peak. Everyone in this House knows that since that fatuous statement the unemployment situation has continued bad and has grown worse. On September 7 of this year the Minister of Finance said: "Unemployment will continue to decline". Unfortunately for Canada, one week later the Minister of Finance was shown to be wrong again.

I cite these examples—and I want to come to some statements made by the Prime Minister himself in a moment—because they underline the complacency and the insensitivity of this government toward the major problem that has faced the Canadian people for a year and a half at least. These are merely a few of the minister's pearls. It occurred to me as I was writing my notes that our Minister of Finance has not merely created a credibility gap, he has created a credibility desert. He can never be believed again on any of his statements about the future position of Canada's economy.

The Prime Minister himself and the government, particularly after the disastrous unemployment figures were revealed for the month of August of this year, went on a search to manufacture statistical excuses for the serious unemployment which we have seen in August, and that too in my submission is most reprehensible. I said the other day, in commenting on an answer which the Prime Minister gave me to a question, that he was playing games with the unemployment situation. It was true then, and the points I want to raise now underline the validity and the relevance of my statement.

The Prime Minister discovered, apparently for the first time, in answers to questions in the House in recent days and on a television program the other day that the young, the people aged 14 to 19, were particularly affected by unemployment in this country. Indeed, he said on a number of occasions that this was an unexpected development. I say to the Prime Minister I find that to be an astonishing statement. Indeed, as a member of this House and as a citizen of Canada, I find it embarrassing that the head of our government should make a statement so patently, factually wrong. If he found that to be an unexepected phenomenon, I do not know where he has been

living in the last few months. The facts are that in August, 1971, the number of unemployed between the ages of 14 and 19 was 132,000, and the percentage of unemployed it represented was 29 per cent. But in July, a month earlier, the number was 184,000 and the percentage was 35.8 per cent. In June of this year, two months earlier, the number was 197,000 and the percentage was also 35.8 per cent. In fact, the number and the percentage of unemployment in August among the group between 14 and 19 was lower in August than it had been in June and July.

If the Prime Minister's advisers had taken the trouble to brief him on this, he would have found that the percentage of unemployed among the 14 to 19 group has always been high in the month of August. In the years 1968, 1969 and 1970 they were a little lower than in 1971, and in the years 1965, 1966 and 1967 they were a little higher than in August, 1971. But always the number and the percentage of the unemployed in the 14 to 19 years group in the month of August have been a very large proportion. It is astonishing to me that he should find it an unexpected phenomenon that became evident only in August of this year.

• (3:10 p.m.)

Mr. Trudeau: Would the hon. member permit a question?

Mr. Lewis: Certainly.

Mr. Trudeau: I wonder if the hon. member realizes that I was talking about the participation rate of that age group, and the participation rate as compared between August of one year and August of the succeeding year? I wonder if he realizes that I was talking about the participation rate of that group in this August compared with the participation rate last August, which was substantially lower?

Mr. Lewis: Mr. Speaker, I heard the Prime Minister deal both with the proportion of unemployed in that age group and the participation rate, and I say to the Prime Minister that if he looks at the participation figures closely he will find that although the participation rate of this age group in August, 1971, was somewhat—not substantially—higher than in August, 1970, it really is not of very great significance when you consider that the participation of the total labour force was a little bit lower this year than last year. I suggest to the Prime Minister that it is not a new phenomenon, not a new development that was suddenly to be discovered, nor by any means was it the most important part of the development.

I am interested merely in underlining the fact that the government, instead of recognizing the severity of the unemployment crisis and saying, "It is bad; let us do something about it," is constantly looking for excuses, as indicated by either the pollyanna statements of the Minister of Finance or the astonishing and embarrassing statements of the Prime Minister.

If I widen this youth group, and I deal with unemployment among the ages 14 to 24, the following facts—I do not often cite statistics but it is important in this case to put them on the record—emerge. In August, 1971, the number unemployed between ages 14 to 24 was 240,000. Their proportion of the total unemployment was 52.7 per cent. In July, the number was 293,000 and the proportion was 57 per cent. In June, the number was 313,000 and the proportion was 56.7 per cent.

Indeed, Mr. Speaker, as I was preparing my notes I remembered, without going back to *Hansard,* that each time I have referred to unemployment in this country—and I am sure I am right in saying that each time other members of my party as well as members of the Conservative party who have referred to this unemployment—I always pointed out that the largest group suffering as a result of the government's economic policies and as a result of the massive unemployment was the age group between 14 and 19, and the age group between 19 and 24. If I went back through *Hansard* I could find references to this group in my statements, and in my questions to ministers of the Crown at least a dozen times in the last 12 or 16 months. It is not an unexpected phenomenon. It is an obvious thing that has been happening for the last two years. On various occasions we emphasized that when you throw young people out of school and university into society without any future, any hope, you are creating great dangers for society. I have emphasized that this may be of particular relevance to the situation in the province of Quebec. I say it is not true that this is a new phenomenon, and let not the government try to peddle it as new and unexpected. To do that is either ignorance or dishonesty and, Mr. Speaker, I leave it to you and other Members of Parliament to take your pick.

The government has indulged in other excuses for the present situation. The Prime Minister referred to one of them. Members of the government have talked about an immense increase in the labour force this year. They have talked about increases in the participation rate. On the CBC program to which I referred the Prime Minister said, "There has been more job creation than there ever has been in our economy." Mr. Speaker, without going into the statistics in detail I say that those statements are wrong. They are statistically and historically false, and they are merely a shabby excuse for the government not having taken steps earlier.

If you study them, the statistics show that even when the employment picture was much better than it has been in the last few months, for example, from August, 1964, to August, 1967, when unemployment was somewhere around 3 per cent to 4½ per cent, instead of being over 6 per cent as it is now, the growth in the labour force was much higher, and the participation rate was necessarily higher, otherwise we would have had more unemployment. And the number of new jobs created in each of those years was very considerably higher than the number of new jobs created during this present economic crisis.

The reason that I have referred to these statistics is that I want if I can, through you, Sir, through Members of Parliament, through the press—if they are interested—to nail down once and for all these excuses of the Prime Minister, of the Minister of Finance, and of the Minister of Manpower and Immigration (Mr. Lang) as being false. They are statistically wrong. They are deliberate excuses to hide the inaction and lack of program on the part of the government. Let no one in Canada be fooled by any of these games played by an insensitive government during a highly dangerous and critical unemployment situation. It is obvious to everyone in Canada, except apparently the

government, that we face an emergency this winter, and the way to deal with the emergency is to have an emergency program to create jobs this winter. That is why the very first point of the motion I had the honour to move requests that the government immediately undertake a massive program to create jobs this winter.

That cannot be done by the federal government alone. In order to accomplish it, the plans of provincial governments are needed, and the plans of municipal governments. It is not possible for the federal government alone to create a sufficient number of jobs. That can be accomplished only if the provinces and the municipalities are given an opportunity, and are given the funds, the finances, to add to the works that are needed to create the jobs. And they need time, Mr. Speaker. This is why I have been so critical of the Prime Minister about the federal-provincial conferences. And I was delighted to hear this afternoon that at last he found it necessary, or he agreed, or whatever the term may be—if I understood his answers correctly—that he found it desirable to write the provincial governments and ask if they can now attend a conference at an earlier date than December 6 which had previously been agreed to by them.

I appreciate, Mr. Speaker, that the Prime Minister may have to leave the chamber. I am sure he has important work to do, but in the Prime Minister's presence I want to say that my impression of what he has been saying throughout the last number of days on this issue of the federal-provincial conference, from reading the letters that have been made public, is that at no time had the Prime Minister called the provinces to a special conference to deal with unemployment this winter. The Prime Minister called for a conference on non-constitutional matters, on general economic matters. Maybe one is necessary, but at no time did he say to the provinces, "We face an unemployment emergency this winter. We must have a conference on this point. I invite you to such a conference."

The Prime Minister has now left the chamber, Mr. Speaker, and I have to say in his absence that had he had the understanding and the sense of urgency that as the leader of the Canadian government he ought to have had, he should have issued such an invitation for an emergency conference to deal specifically and only with unemployment. I am confident that no government in this country, not even the government of Ontario which is in the midst of an election campaign, would have failed to come to such a conference if such a conference had been called by the Prime Minister of Canada. It is only because the negotiations were for a conference on general economic matters that the normal negotiations about a date and the normal considerations about convenience were taken into account. I am confident, and I repeat, that if the provinces and the municipalities had been called to a conference to deal specifically with the threat of severe unemployment this winter, as they should have been, that conference would now be taking place and not be delayed another day.

• (3:20 p.m.)

The reason for urgency in this regard is obvious to every thinking person. Indeed, you do not need full wit to understand this. Some of those who have less than full wit on the other side could easily understand it as well. They must understand that no province or municipality could participate in a job-creating program for this winter unless the plans are made now. You cannot create jobs for November, December, January, February and March if the programs and plans are announced in October, November or December. You could create jobs for April, May, June and July of next year, but not for this winter at such a late conference. With the knowledge of the facts known to every member of this House and every member of the country, I charge this government once again with complete—perhaps that is an exaggeration—with disastrous unconcern about the unemployment crisis this winter, and I charge it with failure to take at least the initial steps to deal with it by bringing the provinces and the municipalities together to create the necessary programs.

There have been hints by the Prime Minister and other members of the government, and I have seen stories in the newspapers, which suggest that the government is considering producing a program designed, as the Prime Minister has said, to deal with unemployment this winter. If that is done without consultation with the provinces and municipalities it will likely be inadequate. If such an announcement is made, and if the program is at all adequate, I will be pleased and happy to welcome it on behalf of my party. Indeed, I hope the announcement will be made during this debate or, if not during this debate, that it will be announced within the next day or two. Every day's delay in the announcement of that program will make it more difficult for the provinces and the municipalities, as well as public and private corporations, to respond and meet the unemployment crisis this winter.

My motion sets out some other elements which are needed in such a program. I will not bother repeating them in my speech. They are not original suggestions, they have been made on many occasions, not only by me and colleagues in my party, but by other members and economists across the country. They include such things as reducing the income tax for the lower and middle income groups, lowering the interest rate, a massive injection of funds to build the homes which are needed across the country and a massive injection of funds to municipalities to fight pollution in their environment and to build waste treatment plants and other such things. All these things, such as forcing down the interest rates in this country, are known and must be done immediately. They are not original and I do not claim originality for them. They are urgently required and must be urgently applied.

The second point my motion makes and that I ask members of Parliament to take into consideration is that our present crisis is related directly to our dependence on a single market and to the foreign control of our economy. It is not only the unemployment crisis that is involved. That crisis was created by the government itself as a result of its phony war against inflation or its cruel policy of creating unemployment. Our government did that itself and it needed little help. It is now getting a little help from the Nixon economic policy. Undoubtedly, our unemployment situation is threatened further by the effect of the 10 per cent surcharge on the export of manufactured goods and some agricultural goods in this country.

This additional trouble we have and the general fear which faces Canada are directly tied to the fact that we are in a straitjacket of foreign domination over our economy. I am not saying that were we not in that situation we would not suffer some consequences as a result of the Washington policy. Obviously we would, and obviously every country in the western world has suffered from it, but we would not have the same situation we have in Canada, which is more serious and more frightening than in any other western country, if it were not for our ties to and controls by the United States economy. I appeal to the government and, if I may do so without being presumptuous, to the people of Canada, to awaken to the dangers and act now to start a new orientation for the Canadian economy so we may be free of foreign domination and free from reliance on a single market for our trade. I know this is a long term thing. This cannot be done in the course of a year or, indeed, in the course of five years. This will require a commitment over a period of years, but it must be started now.

The present emergency in Canada has underlined the importance of the problem, and this is the time to begin. This is why it is incomprehensible and heartbreaking to me that we are still waiting for a government statement on its policy on foreign ownership and a statement as to what will be done vis-à-vis the present situation and the threat of the United States economic policy extending beyond the 10 per cent surcharge to DISC and other protectionist policies. It is obvious that Liberal continentalism dies hard if it dies at all. If this government continues in its continentalist mendicant poise toward the United States this country's political independence, as well as its economic independence, is in a very serious and precarious state.

The Prime Minister said the other day that if the United States wants Canada to be merely a source for its natural resources something will have to be done about the situation. Again I am astonished by the Prime Minister's apparent lack of understanding. I can hardly believe it because he is a highly intelligent and well-trained man and should understand Canada's economic position over the years. He says "if" the United States wants to use us as a resource source; it has used Canada as that and nothing else for decades. We have always played this role for the United States. We have always been the country upon which the United States has relied for its natural resources. It has yanked out our non-renewable resources and shipped them to the United States, in most cases without refining, smelting or dealing with them in any other way in Canada.

Foreign control and reliance upon the United States market for our trade has been a fact of Canadian economic life for literally decades in our history, and that the Prime Minister should still say "if" that is the case is an embarrassment which I as a member of this Parliament have to regret. We must start moving in a new direction. We must say to the people of Canada we are ready for new directions in our economy, and that as legislators and as a government we are ready to proceed in that new direction to set a national purpose in respect of our self-reliance in the Canadian economy, independence from foreign control and domination, and that we start that process today not next year or ten years from now. I am confident that the Canadian people are ready to take that step. If that step involves some temporary dislocation, as it undoubtedly would, and some temporary costs, as it undoubtedly would, we have the ingenuity and capacity to reduce the dislocation and cost to a minimum and to do the things that are necessary for Canada's future independence.

[Mr. Lewis.]

• (3:30 p.m.)

In my last two minutes—I am informed that is all I have left—I wish to make two points. First, there are obvious steps that must be taken if we are to gain control of the Canadian economy. We must de-emphasize the export of non-renewable resources by removing the tax exemptions and holidays we are now giving to mining and petroleum corporations and by putting a surcharge on the export of oil and gas and similar, non-renewable resources that are in strong demand. We must step up the sale of agricultural and forest products. We must build labour intensive industries. We must rationalize our secondary manufacturing in this country. Above all, we must seek new trading partners, particularly in the developing nations of the world, by buying their commodities and extending to them long term credits. We must stop foreign take overs in this country. We must control foreign equity investment in this country and set up an agency to monitor foreign corporations and make sure that their actions are in the interests of this country.

My last point is this. The time has come for the people of Canada and the members of this parliament to renew their faith in our country. As one travels across this great country one never fails to be impressed. I never fail to be impressed by the immense wealth with which we have been endowed and by Canada's great beauty. I have never visited any other part of the world without feeling that there is equal beauty in this country. There is great wealth and great beauty, as I say. One never fails to be impressed by the great people that are in this country from coast to coast. A country as wealthy and as beautiful as this one, and with people as great as ours, can stand on its own feet. The time has come for us to do just that.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, it is a pleasure for me to have the opportunity of being associated with the motion in the name of the hon. member for York South (Mr. Lewis) which incorporates many suggestions that have come from official opposition members and the Leader of the Official Opposition (Mr. Stanfield) during the last several months.

While reading a few notes in the course of the preliminary preparation for my part in today's debate, I came across a passage printed in *Canadian Forum*, back in May, 1964. It impressed me so much that I should like to put in on the record. The passage reads as follows:

> Our politicians occasionally talk about unemployment, but neither the Federal nor the Provincial authorities have ever categorically declared that they would assume the responsibility of fixing the problem. In fact, the country awaits from all levels of government the elaboration of a new and adequate policy. Among other things, it is inconceivable that politicians should continue to dread budgetary deficits and that, even when resorting to them, they should continue to pay homage to the sacred cow of a balanced budget.

It continues at length in the same vein and then concludes as follows:

In effect, such policies would require either a readjustment of the external value of the dollar or a strong injection of foreign capital. Because devaluation and large scale investment from abroad are found to be unacceptable from the nationalistic point of view, the government rejects truly expansionist measures and relies upon ineffectual expedients.

That quotation comes from something that was written by the Committee for Political Realism, and the author was Pierre Elliott Trudeau.

Some hon. Members: Oh, oh.

Mr. Lundrigan: That was back in 1964. At that time we heard from a Canadian who, theoretically and intellectually, identified with the problem he raised.

Lest anybody should mistake the concern of the party I represent and of other opposition parties regarding the unemployment problems of Canada, I should like to indicate the number of times that we have raised questions in the House since September 7 on the economic problems facing the nation. These have nothing to do with agriculture, nothing to do with regional development, nothing to do with fisheries and local problems. They had all to do with the national, economic problems facing the nation. For instance, on September 27 we asked the Prime Minister (Mr. Trudeau) and his colleagues 23 questions on this subject. On September 8 there were 12 questions, right on this subject. On September 13 there were 26; on September 16, the day of the release of the highly unfavourable unemployment statitistics, there were 32 questions, for a total of 320 questions. That is the number of questions that have been asked from September 7 until the present—the figures include questions asked yesterday—on the economic problems facing the nation. If I had time, and I do not, I should have liked to catalogue all the displays of callousness that have come from the mouths of the Prime Minister and his colleagues in responding to these questions. We have had deceit; we have had distortion; we have had concealment; we have had pretence; we have had hypocrisy and insensitivity; we have had confusion and we have had pious fraud, as far as I am concerned, and deliberate deception on the part of the Prime Minister and his colleagues regarding this matter.

Some hon. Members: Hear, hear!

Mr. Lundrigan: That is what we were given in response to 320 questions that we asked on economic problems facing all Canadians, and especially the half million people who are presently unemployed.

On September 16 a number of questions were asked about the hard core unemployed. The Prime Minister used that term, we did not. He seemed to be the one who identified with it. I am, of course, referring to the 106,000 people who have been unemployed for more than six months and who make up over 20 per cent of the total number of the unemployed. Let me read what the Prime Minister said when asked about what the government intended to do to help these people. As reported at page 7867 of *Hansard*, he said:

—I believe the hon. member is referring to the hard-core unemployed and my understanding is that their number has decreased rather significantly in the past month.

I should like to say that, if you take the "hard core unemployed" compared to all those who are unemployeed, there has been a considerable increase in the number of hard core unemployed in the past four months.

Second, if the Prime Minister wants to present facts, let him give facts on unemployment as published by the Dominion Bureau of Statistics in 1971. We can see that for the past year there has been a considerable increase in the number of hard core unemployed and in the number of Canadians unemployed. If you want to go back for five years the figures would be lower. The Prime Minister tried to decieve the Canadian people by saying that we had had a reduction in the number of unemployed. I do not doubt for a moment that if you allowed him to bring in his own statistics, he could prove that to be the case. Nevertheless, on September 16 questions were asked about the astounding increase in the unemployment figures for the month of August, the largest increase in that month since 1946. The Prime Minister's response, as reported at page 7864 was:

There has been the biggest surge in job creation ever in the spring and summer months, and this has translated itself into a lowering of the unemployment figures for people 25 years old and over.

Having heard the remarks of the man I should like to be able to trust, I looked at the statistics and learned, for example, that if one compares the figures for 1970 and 1971, one will see that there has been an actual decrease in in the number of people over 25 years of age in the labour force of one-half of one per cent on a seasonally adjusted basis. In other words, people over 25 during the period the Prime Minister was referring to were actually withdrawing from the labour force. Clearly, there must be a tremendous amount of hidden unemployment that never shows up in statistics. In the period in question, that is, between August, 1970 and the same month in 1971, the increase in employment among those people was only one-fifth of one percentage point on a seasonally adjusted basis. I think statisticians will agree that is hardly statistically significant.

I could quote more of what the Prime Minister said regarding unemployment among young people. On the sixteenth we raised questions about unemployment, and the Prime Minister suggested that there has been a cut in unemployment and that the only problem was among young people; that was where the unemployment situation was the most grave. I believe, in responding to a question by the hon. member for York South, he said that he was referring to the fact that unemployment has increased because of the "participation"—that is the word he used—of young people in the work force during the month of August. On that basis he is taking his consolation. In response to a general question on September 16, he said and I quote:

Therefore the addition in the figures is caused essentially, I would say, only by the people in the 14 to 24 age group. This is obviously very serious, but the cause of it is not too well known. What we do know is that the rate of participation has increased; in other words, the number of people who at this time of year usually withdraw from the labour force have not withdrawn in that age group. We want to see the causes and reasons for that before being able to prescribe remedies.

• (3:40 p.m.)

In answer to a similar question on September 20, the Prime Minister said and I quote:

The problem is with the teenage group which has entered the

work force, or which has not left the work force after the summer period, at a vastly different rate from the past.

It is the teenage group. There is a tremendous amount of confusion. On the one hand, the Prime Minister does not admit the problem of unemployment. On the other, he says it is because of increased participation of the younger people in the labour force. He indicated it is the teenagers between 16 and 19 years of age. I can only conclude one of two things. Either the Prime Minister is deliberately trying to convey to the Canadian people some misconception of the whole problem or he is not aware of the fact that ever since the 1940's economists and demographers, or whatever these people who talk about Canada's growth are called, have been saying that the Canadian population will continue to expand through the period of the 1970s.

Everyone in Canada with any knowledge of the economy or of the population has been aware of this. I can only conclude that there must have been absolute ignorance if the Prime Minister has only now discovered we have an expanding labour force. Perhaps it is related to some of his domestic concerns or perhaps it is a deliberate attempt to deceive the Canadian people. The Liberal party can make up its mind which one it wants to choose.

When in Regina last year, the Prime Minister made reference to our expanding labour force. On December 3, as quoted in *Hansard,* the Minister of Finance (Mr. Benson) made reference to the fact that we have an expanding labour force. In 1964, when we were beginning to get a recurrence of the unemployment problem, the then Prime Minister took consolation in the fact that we had an expanding labour force. In addition to these statements, people connected with the Economic Council of Canada, economists and Canadians from all walks of life, recommended that the government accept the fact that we have an expanding labour force and adopt immediate expansionary policies in order to remedy that problem. I challenge members opposite to deny that fact.

Anyone knowledgeable of the Canadian economy knows that the traditional economic models that can be applied to countries such as Italy, the Scandinavian countries or Britain, which have a relatively static labour force, cannot be applied to Canada. All Canadian economists recognize that when you have an expanding labour force you must have an economy which is growing, developing and expanding. How contradictory it is that in the past two years the government has insisted on cooling off the economy, cutting production, discouraging investors and discouraging initiative on the part of individuals, businessmen and, in fact, the whole business community, while at the same time recognizing that we have a growing country and a massively growing labour force. This can only be the result of absolute autocratic arrogance on the part of the people calling the shots.

The Prime Minister's office, the supergroup, autocrats, inner cabinet or whatever they are called, have shown tremendous arrogance. They know better than other parties, the Canadian people, the business community, labour people and economists. They are so damned pig-headed that they feel they know this or else they are ignoring what are the realities of the situation. Because of their intellectual seclusion, long years in universities reading books, and theorizing through *Cité Libre*, they are not aware of the realities of our country.

[Mr. Lundrigan.]

I wish to quote from the September 1969 Economic Council of Canada Perspective, 1975:

—the existing high rates of unemployment among young Canadians not only represent a waste of some of our most valuable human resources and a potential source of social instability, but also partly reflect a failure on the part of our society to bring young people quickly and effectively into active participation in the economic life of our country.

Dr. Haviland, a senior economist with the Economic Council of Canada, stated at the beginning of 1970 that we must have a real growth in Canada of 5.25 per cent a year just to keep the unemployment figures at their present rate, in other words to avoid having the unemployment problem grow worse. In 1970, the gross national product rose by only 3.3 per cent.

Another director of the Economic Council of Canada, Dr. Sylvia Ostry, stated in a detailed statement to the Canadian Chamber of Commerce, the same chamber which made a number of recommendations to the Prime Minister which have been rejected, that we need 2.6 million new jobs in Canada during the 1970s. Are we going to get 2.6 million new jobs with the kind of policies being advocated by the Prime Minister of this country?

Some hon. Members: No.

Mr. Lundrigan: We might get 2.6 million unemployed but we are certainly not going to achieve this increase in new jobs in the next decade with the kind of policies being advocated by this government.

Some hon. Members: Hear, hear!

Mr. Lundrigan: I referred briefly to the proposed federal-provincial conference. Even learned members of the press were deceived when the Prime Minister first made reference to this federal-provincial conference. Day after day he has referred to the conference. He is trying to give the impression to the Canadian people that this conference on unemployment is the result of his own initiative. The hon. member for Egmont (Mr. MacDonald) placed that in proper perspective today. Day after day we have recommended an early conference specifically directed toward unemployment. The suggestion came, I believe, from Premier Davis of Ontario last year at the Victoria conference. The Prime Minister is trying to suggest that it is through his initiative that the conference will be held. This is absolute deceit, distortion, concealment and deception on the part of the Prime Minister of this nation. I hope that the Canadian people see what he is trying to do by misrepresenting the facts.

I wish I had a half hour to review some of the things we have recommended. In the 320 questions we have raised in this House, there have been numerous suggestions of a positive nature. Some of these were repeated today by the hon. member for York South (Mr. Lewis). Not one suggestion that we have made has received a sympathetic or even polite response from the Prime Minister. We have recommended immediate tax cuts, not tax cuts such as those contained in the tax package which has been almost a decade in the making. We recommended immediate tax cuts for the low and middle income groups; selective corporate tax cuts and the elimination of the 11 per cent sales tax on building materials, which my colleagues will also recommend. Because of the inability of the govern-

ment to forecast the unemployment problem with any accuracy, we recommended an economic forecasting unit. That has been sloughed off discouragingly and disparagingly by the Prime Minister. He also recommended a sort of band-aid approach to the problems of this winter. We recognize that you cannot get programs with long term effects off the drawing board and into active operation within a matter of days or weeks.

• (3:50 p.m.)

We have recommended the introduction of a winter works program and other similar approaches intended to keep people off welfare and allow them to continue their normal way of living during the coming winter. The hon. member for Hamilton West (Mr. Alexander) has recommended special assistance to industries which find themselves in difficulty, through tax incentives, direct financing and the like. We have recommended to the Minister of Manpower and Immigration (Mr. Lang), who rarely appears in the House during debates on this subject, the removal of the three-year work experience clause governing the retraining programs of his department. We have recommended a consistent effort, together with industry, to end the system under which employees have to wait until lay-offs are announced before they can take advantage of industrial training programs. Many of these recommendations have had the support of the Economic Council of Canada. We have made numerous suggestions in the fields of housing and anti-pollution. If I had another 20 minutes or so at my disposal, I could develop the logic and reasoning behind many of these proposals, especially those which relate to tax cuts.

The frustration which is felt by members who are concerned about unemployed Canadians is mounting daily in the House of Commons because we cannot get the Prime Minister to recognize that a problem exists. I am sure this frustration is felt by members of the Liberal party as well as by members on this side. Unemployment goes against the life style of the Prime Minister. How can you be a swinger, how can you be happy-go-lucky, how can you do your own thing, travel all over the world and so on, yet be concerned about the little people who are unemployed? How can you be an elegant Prime Minister and at the same time be concerned about those who are unemployed, living in small rented apartments in Hamilton, Toronto and Halifax?

Of all the recommendations we have made, there is only one I should like to put forward now, in conclusion. It is that the Prime Minister, at the earliest opportunity, give the people a chance to replace him as the head of the government in order to bring some sensitivity and concern back into Canadian politics.

Mr. P. M. Mahoney (Parliamentary Secretary to the Minister of Finance): Mr. Speaker, in the extremism of his rhetoric, in the extravagance of his proposals and in his total disregard for hard realities, the leader of the New Democratic Party has succeeded in surpassing even his own past excellent performances. I was particularly taken by his technique of disavowing the use of statistics and then proceeding to make outrageously inaccurate statements which could not possibly have been supported by statistics had he used them.

He has tried to convey the false impression to this House and to the Canadian people that the economy of our country is in deep trouble, an impression which is totally denied by the facts. He has tried to suggest that the substantial proportion of Canadian trade with the United States is somehow the result of the failure of government policies. The reality is that the high proportion of our trade with the United States is a very obvious and completely natural consequence of the fact that our country has had the good fortune to border on the richest market in the world. I am sure most Canadians are well aware, even if the NDP is not, that this factor has contributed substantially to our achievement of a very high standard of living.

In striving to gain political fortune from adversity, however, the leading Cassandra of the NDP has never allowed himself to be deterred by realities, and if adversity does not exist he seeks to invent it. Every difficulty he seeks to blow up into a calamity.

During the opening debate on second reading of the Employment Support Bill, when Parliament reconvened earlier this month, the Minister of Finance (Mr. Benson) pointed out that virtually every major indicator provided clear evidence that the Canadian economy had been expanding at a steadily accelerating rate for almost a full year.

Mr. Hees: We never had it so good.

Mr. Mahoney: While I shall avoid going over the same ground as the minister covered in his speech of September 7, let me recall to the House some of the highlights of the economic performance. During the first half of this year, the nation's real output of goods and services rose at an annual rate of 6.2 per cent, which was almost double the growth during 1970 as a whole. I can see why the hon. member for Prince Edward Hastings (Mr. Hees) disdains statistics, too. They just don't support his attitude. During the second quarter of this year, the real gross national product rose at an annual rate of 8.9 per cent, which was the largest quarterly increase in two years.

Consumer spending has paced the advance of our economy, with the increase of 4.3 per cent between April and June being the largest quarterly gain in several years. But other sectors of the economy have also contributed substantial strength. Housing starts in the second quarter amount to 225,000 at an annual rate and 243,000 in August, indicating a record number of starts for 1971 as a whole. Total capital investment rose by 5.7 per cent during the second quarter and business capital expenditures by 6 per cent.

Although the expansion has been steadily gathering momentum over a period of several months, I do not mean to suggest for a moment that we should relax or that there is not room for further progress, particularly in the creation of new jobs and faster progress in bringing down unemployment.

Mr. Hees: It is better than Alice in Wonderland.

Mr. Mahoney: George, I imagine you are the only member of the House who has recently read "Alice".

Mr. Hees: That's a lot better than some of the stuff you are saying.

Alleged Failure to Stimulate Economy

Mr. Mahoney: As the minister told the House in his speech on September 7, a number of the new economic measures announced by President Nixon in mid-August obviously pose a serious threat to the strong growth under way in our own economy.

The upturn which has occurred in the rate of price increases this year is a further matter for concern even though it is due in no small measure to a rebound in food prices after the decline last year resulting from the supermarket price war.

As I said a moment ago, we are deeply concerned about the high level of unemployment. Despite the simplistic approach from members of the opposition, this is a complex problem. The fact is, Mr. Speaker, that as a result of the steady expansion of the economy over the past year there has been a big increase in the number of Canadians with jobs. In August of this year there were a quarter of a million more people employed than a year ago. This increase of 3 per cent in Canadian employment during the 12-month period was more than three times the increase in employment in the United States during the same period and outstrips the performance of all other industrial countries. This performance is all the more impressive when it is recalled that during the early stages of rapid economic expansion a large proportion of the increases in output comes from the higher production of workers already on the job, rather than through employment of new workers.

Hon. members should know that unemployment among adults has declined over the past several months. The seasonally-adjusted rate of unemployment among those 20 years of age and over, who make up 86 per cent of the labour force, has dropped from a peak of 5.9 per cent in July, 1970, to 5.3 per cent in August of this year. In the case of men and women 25 years of age and over, who make up 70 per cent of the labour force and include most of the heads of households, the seasonally-adjusted rate of unemployment declined from a peak in July, 1970 of 5.2 per cent to 4.4 per cent last month. While I certainly do not regard these rates of unemployment among the more mature members of the labour force as being satisfactory, they do indicate that substantial progress has been made in alleviating the problem in this important and largest sector of the labour force.

• (4:00 p.m.)

In increasing measure, the core of our unemployment problem in Canada has come to be focused on youths 14 to 19. And even here the source of the problem does not stem from a slow growth in employment. In August of this year, employment of youths 14 to 19 was actually 50,000 higher than in the same month last year. This represented an extraordinary year to year increase in the number of teenagers with jobs of some 5 per cent. The source of the unemployment problem among teenagers results from a phenomenal increase in the number of these young Canadians who have entered the labour market in search of work. Let me hasten to point out, particularly for the benefit of the hon. member for Gander-Twillingate (Mr. Lundrigan), that I am not talking here about the increase that has taken place in the total number of Canadians among the population aged 14 to 19. That increase is, as the Leader of the Opposition (Mr. Stanfield) has asserted, quite predictable. What has never been predictable, and has always been subject to wide variation, is the number of youths 14 to 19 who will enter the labour market to seek jobs at any particular time.

[Mr. Hees.]

This point is perfectly illustrated by the developments of the past year. During the 12-month period ending in August, the total number of Canadians aged 14 to 19 increased by 2.4 per cent. But the number of boys and girls in this age group who entered the labour force increased by 6.3 per cent, which is about triple the increase in the population of this age group. Because even this increase in jobs was not sufficient to absorb the still larger rise in teenagers seeking work, there was an increase in the numbers of this group without work last month on a seasonally adjusted basis. This increase was the sole cause of the rise in seasonally adjusted unemployment for all workers in August. It should be evident that the very sharp jump in the number of teenagers recorded by Statistics Canada as being in the labour market, and the associated degree of unemployment among this group, presents a rather special problem which will have to be attacked in a special way. As indicated to the House previously, the government is focusing on this question urgently in order fully to understand it and to deal with it effectively.

In the motion which he presented to this House, the leader of the New Democratic Party chose to paint a stark picture of a stagnating economy and rising unemployment. He chose to ignore the fact, evident to most informed Canadians, that economic growth has been accelerating over a period of several quarters, and that the problem of unemployment as it affects our mature labour force is declining. Under the circumstances it is not surprising that he also chose to ignore the very substantial fiscal and monetary stimulus which we have given to the economy. In these circumstances, the massive nature of his specific suggestions for increased expenditures and tax reductions will not be seen by the Canadian people as anything but irresponsible. But then, Mr. Speaker, in this House the hon. gentleman has always been in the happy position of being able to advocate extreme courses of action without having to take the responsibility for the consequences. I recognize that within his party he has found it necessary on occasion to resist the still more extremist "wafflers" in his midst.

There is in the motion before the House the suggestion that tax cuts should be implemented. I point out there is a bill before the House that does propose to implement tax cuts as of January 1 next, and we are hoping that it will be through the House by January 1. Under the tax reform measure, every married taxpayer whose income is derived from salary or wages will pay less income tax. Every single taxpayer in similar circumstances will pay less tax if his income is under $8,000. Every retired taxpayer aged between 65 and 69 inclusive will pay less tax, whether single or married. Every retired taxpayer over 70 will pay less tax under the new system than under the old system if he is married, and less tax as a single taxpayer if his income is less than $8,500.

In addition to that, the prospect is held out in the tax bill of progressive reductions in the marginal rate of personal income taxes on the first $500 of taxable income from 17 per cent to 6 per cent, and a reduction of the general

corporate tax rate from 50 per cent to 46 per cent by 1976. All of these tax cuts are in legislative form and we do hope that we will be able to get them through the House in time for the people of Canada who want them to enjoy them. Perhaps members of the opposition are getting messages from their constituents different from those received by members on this side, but at least we understand very clearly that the people want these tax cuts.

The hon. member for Gander-Twillingate searched *Votes and Proceedings* and *Hansard* to find how many questions had been asked on general economic subjects by members of the opposition since the House resumed on September 7. I, too, searched *Votes and Proceedings* this morning for the same period to see how expeditious has been the work of this House. Leaving aside the previous opposition day as well as this one, on the 16 days of government business that the House has sat since resuming after the summer recess the opposition has "co-operated" in helping the House get its work done by moving no fewer than seven motions to adjourn the House under Standing Order 26; three motions to adjourn the debate, each of which required a recorded vote and consumed something between half an hour and one hour; two motions to adjourn the House, each of which also required a recorded vote and consumed between half an hour and an hour of time.

On the other hand, the government has on three occasions attempted under Standing Order 6(5)(a) to extend the sitting of the House in order that business might be proceeded with expeditiously and so that time that has been wasted by hon. members opposite in procedural manoeuvrings might be made up, to the benefit of the people of Canada. On each of those occasions more than ten members of the official opposition and New Democratic Party have stood in their places to frustrate the work of the House.

Mr. Lundrigan: Mr. Speaker, would the hon. member accept a question before he finishes reading his speech?

Mr. Mahoney: Certainly.

Mr. Lundrigan: Since there are only four or five minutes left, aside from the catalogue he has given could he, as official speaker on behalf of his party, tell us what the government proposes to do in response to the tremendous frustration manifested by the opposition which has forced it to move motions of this kind and to ask over 300 questions? What is the hon. member and his government going to do for the great number of unemployed Canadians?

Mr. Mahoney: If the hon. member would clean the wax out of his ears or adjust his spectacles and read my speech, perhaps he will find the answers to some of these questions.

When I read the portion of the motion condemning the government for its failure to reduce Canada's dependence on a single market, I could not help recalling the Right Hon. R. B. Bennett's ill-fated attempt to blast his way into the markets of the world. It also brought back to mind the stillborn attempt to bring about a 15 per cent diversion of trade from the United States to Britain promised by the right hon. member for Prince Albert (Mr. Diefenbaker) when he was Prime Minister. Can the leader of the New Democratic Party do no more than seek to revive these abortive Tory efforts?

The fact is, Mr. Speaker, that we have worked very strenuously over a number of years to open up markets for Canadian goods and services wherever they were to be found around the world. I do not recall that in the past that approach has brought much complaint from the NDP. We have participated actively in international discussions to bring about a multilateral reduction of tariff and other trade barriers. We have a large trade service to help Canadian producers take advantage of every potential opportunity for new and expanding trade around the globe.

• (4:10 p.m.)

While there has been a substantial increase in the volume of our trade with other countries, the proportion of our trade with the United States remains very high. Is the Leader of the New Democratic Party—and I hope his predecessor in office who is the only member of his party in the House at this time will convey to him my comments—seriously suggesting that we should have discouraged Canadian producers from seeking to sell their goods in the largest, richest market in the world right on our doorstep, a market very similar in character to our own? Is he suggesting that we should not have entered into special bilateral arrangements with the United States, such as the auto pact and the defence production sharing arrangement, which have enormously increased our exports to the United States market? If that is the case, I hope he will have the courage to make his stand clear to the labour movement, whose friend he claims to be.

The government is aware, as the Minister of Finance suggested to the House a few weeks ago, that we will have to give consideration to the nature of our trade and industrial policies if the protectionist measures announced by President Nixon last month prove to be part of a fundamental change in the direction of United States policy and a move towards restrictionism. It would be very regrettable if that were to be the case. The government believes that, given access on reasonable terms, Canadian producers could look to the United States to continue to provide a rich and growing market for our industries. All Canadians would be the poorer if our entry into that market should become restricted for any prolonged period of time, and that applies to restrictions imposed by the United States or restrictions gratuitously imposed in Canada in the form of such ridiculous suggestions as export taxes on some of our resources.

As the minister has made clear previously, we are of course deeply concerned about both the short and long-term threat to our economy that is raised by the new policies announced by the United States administration. Only two days ago this House gave approval to an important measure to minimize the immediate adverse effect on production and employment in Canada resulting from the imposition of the surcharge.

An hon. Member: And the NDP voted against it.

Mr. Mahoney: Yes, the NDP voted against it. Of course they did. There are other measures proposed by the United States administration which could also have an

adverse impact on our economy and we are very carefully following the course of their consideration in the Congress. It would obviously be premature to take steps in this country aimed at offsetting the impact of such measures on Canada until we know whether and in what form they will be enacted. We have made strong representations to the administration about their proposals to the Congress. The Canadian economy is moving forward. It is moving forward in response to monetary, fiscal and specific economic policies that we have introduced.

Some hon. Members: Hear, hear!

Mr. Mahoney: The United States economic policy and the international financial crisis have cast a shadow across our forward path. We are alert to this and have taken steps, as this House knows, to mitigate the adverse impact on Canada. This is a time for cool heads and responsible action. And that is the kind of action the country will get from this government. Action will be taken as required to deal with difficulties encountered by particular industries and sections of our economy. Should these developments threaten to slow down the economy, action will be taken to sustain the expansion which is now under way.

The Acting Speaker (Mr. Laniel): The hon. member for Bellechasse.

Is the hon. member for Gander-Twillingate rising on a point of order?

Mr. Lundrigan: Mr. Speaker, my point of order has to do with the allocation of time to members in the House. With the greatest respect to the hon. member who moved this motion, in view of the fact that the hon. member for Calgary South (Mr. Mahoney) did not have time to offer any positive suggestions, which he said I should read in *Hansard* tomorrow when I have my glasses—which incidentally I don't need—I suggest he should be given an extra 20 minutes to make the positive suggestions he wants to offer to my colleagues—

The Acting Speaker (Mr. Laniel): Order, please. The Chair has recognized the hon. member for Bellechasse.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, the motion before us is of vital importance for the future of our economy. In listening to the speeches delivered up to now, we have come to realize that hon. members have a special concern for unemployment and inflaton problems.

The motion is of a very general nature, but in the few minutes that I am allowed I should like to deal very briefly with the causes of this deplorable situation and show that the government is not taking the appropriate means to correct it.

It is a recognized fact that this government's economic policy has brought disaster to Canada. As a matter of fact, everyone knows that unemployment is there. Figures are quoted, but nobody agrees on them, so much so that the Montreal newspaper *La Presse* published an article entitled "Statistics are, it is said, lies under scientific cover". If this is true, the fact remains that thousands of Canadians are unemployed, although they would like to participate in the development of our country and to make an honourable living.

A former minister of the present government, the hon. member for Trinity (Mr. Hellyer), resigned precisely because he could not agree with this government's economic policy. He did not share the government's views as to the necessity of fighting inflation. He, and various other experts, proposed changes, just as we, Créditistes, have been suggesting extensive economic reform for a long time. Nobody listens to us much, but our principles are being adopted little by little, and I hope that eventually this solution—which, surely, is not asking for the moon—will be resorted to. It would not be heaven on earth, but it would at least solve many problems.

• (4:20 p.m.)

If our economic system was really good, it would give satisfactory results. A bad tree cannot bear good fruits. Our economic system has very good points, but it also has bad ones. We have to keep what is good and correct what is bad. What are the effects of our economic system? General displeasure. Let us discuss with people on the street, in service stations, in stores. We do not even have to question them. We only have to ask them: "How are you?" At first, they say that everything is fine. After a few minutes, we hear them say: "Well, I have a problem. I do not work. My business is in poor condition. The operations of my plant have been slackening".

People are complaining about the bad condition of our economic system which contributes to create inflation, unemployment, bankruptcies and disorder.

This government taxes people more and this increases the cost of living. Why does it tax? The financing system of the public sector is forcing this government to get us more into debt from one year to the other. One has but to read the annual statistics for Canada to realize that, year after year, our country, which is supposed to get wealthier, is getting deeper and deeper into debt. In order to pay for interest on this ever-growing debt, this government has to levy taxes from Canadians. We have reached the point where we are paying more than $2 billion a year in interest on the public debt.

Mr. Speaker, with $2 billion we could achieve great things in order to solve the problems that we are now facing. The increase in interest rates is a direct factor of inflation. Inflation is the main cause of the increase in the cost of living. These are related. Inflation does paralyze the economic sector of construction. All contractors say: "We are building less because we simply cannot borrow money at a reasonable rate". Since they are unable to borrow at a reasonable rate, they slow down their operations and hire fewer workers.

Inflation is a disincentive for businessmen with the result that numerous projects are postponed indefinitely. I talked with smart businessmen in several regions of Canada and they told me that they were postponing their projects because interest rates were too high and that decent profits were out of the question.

Even governments, especially the federal government, will not proceed with public works because of inflation. There are many requests for buildings and post offices to be erected in various Canadian municipalities, but pro-

jects are being paralyzed for want of money and because of inflation. Many problems for Canadians stem from inflation. Extension and construction projects for hospitals and some institutions are at a standstill and this is felt even in Montmagny where a heavy increase in unemployment is foreseen for the coming months due to the anticipated shutdown of the Chemcell plant.

This is why, Mr. Speaker, I ask the federal government to reimburse to the province of Quebec the millions of dollars collected by means of the so-called social development tax. With these sums, the Quebec government surely could pursue construction of public buildings such as hospitals, homes for retarded children and senior citizens; this could alleviate unemployment and increase the workers' purchasing power.

Unemployment stems from inflation. Unemployment erodes the over-all purchasing power of Canadians, which in turn dampens consumption of goods. A decrease in consumption creates overproduction, which then leads to a slowdown in the operations and often the shutting down or bankruptcy of industries.

Bankruptcies, while they may at times enrich some people, nevertheless impoverish many more. Victims are businessmen, traders, workers and the number of bankruptcies is constantly increasing. Businessmen are therefore concerned with this situation.

Recently, the Canadian Chamber of Commerce held a convention and the former president, speaking of government interference in the field of enterprise by way of taxation, of unduly high taxes which paralyze enterprise and hinder its development, expressed the following views:

> The speaker also dwelt on the ubiquity, the meddling and interfering of federal and provincial governments in the Canadian economy.
>
> It is the duty of business leaders, he said, to initiate more energetic action if they wish to prevent new legislation from putting an end to their operations.
>
> They are already beginning to stir in their sleep. They need a lot of time to wake up. They must be shaken very hard to voice their fear in public. They are concerned about the future of their business.

I quote further:

> Never in the past has the ability of Canadian businessmen to run their business in an efficient way, to develop it, to make a profit and to be competitive been so severely challenged by the labyrinth of laws.

To conclude he said this:

> Many businessmen will give up and all the clever young people who could have been attracted will stay away from business.

Mr. Speaker, that is a very serious note of alarm that Parliament ought to take into account if it really wants to find valid solutions before it is too late.

I shall say only a few words about agriculture because we often have the opportunity to talk about it. In that area, producers are concerned about the situation.

Most farmers are in a plight. Hog producers for instance are having extremely hard times. Costs for electricity, telephone, feed, transportation, building materials and chemical fertilizers keep rising, adding to production costs. On the other hand, prices paid for hogs are clearly too low.

I was recently visiting a hog producer in my riding and he told me that it costs $11.50 to breed an 8- to 10-week-old piglet, while he cannot sell it for more than $8 or $9. Obviously it means that he suffers a loss instead of making a profit. Those who sell carcasses on the market are not having any better treatment and their income is insufficient.

Egg producers are not in a more enviable position because it costs 36 cents to produce a dozen eggs, and the average price is 30.8 cents a dozen. Therefore, from the standpoint of income these producers are hardly any better of than the unemployed, and yet they are compelled to work hard every day.

The motion of censure suggests that the government undertake winter works. In my opinion, these as well as summer works should be undertaken because it is cheaper to carry out water, sewage and road projects in summer than in winter.

There is much work to be done in almost all municipalities but these are in no position to go ahead owing to the high cost of the price of money.

So in April the Canadian Federation of Mayors and Municipalities submitted to the Canadian government a brief from which I would like to quote a few extracts so as to draw the government's attention on the merits of this resolution. I quote:

• (4:30 p.m.)

> WHEREAS the difficulties and high cost of borrowing is one of the principal impediments to municipal capital financing, and
>
> WHEREAS there is mounting need for investment in such urban development programs as: urban transporation (including the acquisition of land for right of way), housing, pollution control, water supply, recreation facilities, industrial sites; and
>
> WHEREAS it is not in the national interest for our municipal governments to be obliged to compete with federal and/or provincial governments and private corporations in the capital market;
>
> BE IT RESOLVED that the Federal and Provincial Governments be asked to undertake, after consultation with the municipal associations, the establishment of a specialized municipal credit institution or institutions to facilitate municipal borrowing for capital works.

It ends up saying:

> We ask as well how the Federal Government can extend interest free lending privileges to underdeveloped nations while refusing to extend those same privileges to underprivileged municipalities that are so numerous in Canada.

There, Mr. Speaker, is a resolution which should not only be carefully considered, but applied so that we may immediately help municipalities achieve their projects.

There was no alternative: we had to suggest that the government use the Bank of Canada to finance the public sector, or build public works which would help give jobs to the workers and increase the total purchasing power of the consumers. Public works add to the wealth of the people in that sense that they can use public property. In addition, as I have just pointed out, they increase the total purchasing power.

Sometimes we are told: That is not possible. So, why try to use an institution to this or that end? Mr. Speaker, I can tell you that the great Liberal leader, Mr. Mackenzie King, on September 23, 1935, in Saskatoon, at a time when there was an electoral campaign to be won, knew that the

people were aware of the situation. In fact, he said, and I quote an editorial:

The Liberal party believes that credit is a public matter which does not only concern the bankers—

I also agree with this—

—Capital flow should be related to the domestic social and industrial needs of the Canadian people.

That was true in 1935, and it is true now in 1971. He was very severe when he said, quote:

Once a nation loses control over its currency and its credit, it does not matter much who in that nation makes laws. Once in control, money lenders will ruin any country.

We are being lead to ruin—

—As long as control over currency and credit has not been restored to the government and acknowledged as being its most obvious and most sacred responsibility, any talk of democracy and Parliament supremacy is vain and futile.

We have ample proof of this: Parliament falls far short of supremacy, because it has to submit to the whims of high finance, which dominates the Canadian economy.

The Right Hon. Mackenzie King also stated, I quote:

If my party is re-elected, we will assert our monetary policy in the greatest battle between high finance and the people ever witnessed by Canada.

The great battle announced by Mackenzie King never took place. As a consequence, and because of a series of acts of treason, we are now close to ruin—

Mr. Speaker, I would say in conclusion that changes should be brought about in order to allow the whole population to reach a reasonable standard of living and the guaranteed annual income, which is possible in Canada. All there is to do is simply use the remaining crumbs of our rich resources.

If that is not done, I think we will be guilty of a great treason as a great economist once said and I quote:

He who strips someone of his clothes will be called a thief; and he who does not cover a naked man when he can do it, is he worthy of another name?

The Holy Scriptures contain a part which should make us think. Being Christians, we have the right to take our inspiration from them. There was a rich man and at his gates laid a beggar. All the beggar wanted was the crumbs which feel from the rich man's table, but the latter kept turning him down. And it came to pass that both died. But they were carried to different places: the rich man was in hell and saw Abraham afar off and Lazarus in his bosom. And he cried and said: "Father Abraham, send Lazarus that he may dip the tip of his finger in water and cool my tongue, for I am tormented in this flame". But Abraham said: "Son, remember that in your lifetime you received the good things and likewise Lazarus the evil things. Now, he is comforted and beside all this, between him and you, there is a great gulf fixed: so that he which would pass from hence to you cannot; neither can you pass to him, that would come from thence".

In these circumstances, one could derive pleasure from this situation. But I am serious when I say this. I mean that if we do not take the steps required to assure a minimum guaranteed income for each Canadian, destitution will continue to increase; it will widen the gap between men and contribute to enrich those who hold the credit monopoly and who can use it for their own purposes, by refusing morsels to the less fortunate. The day will come when this destitution will give rise to agitation among the people, but it will be too late.

It is essential to work together to assure a minimum income to each Canadian citizen and we will thus have done our duty.

[Mr. Lambert (Bellechasse).]

[*English*]

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I believe it is important that we continue to bring these motions before Parliament and the people of Canada in order to remind the people of the crisis with which the country is faced as a result of the attitude of the government. I was very disturbed that the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) had the unmitigated gall to repeat the same ineffective, asinine speech that he gave the other day, attempting to lead the people of Canada into believing that we never had it so good.

Mr. Mahoney: I just used the statistics.

Mr. Alexander: The parliamentary secretary is living in a dream world, and is using all his vigour and enthusiasm to entice the balance of the Canadian people into that same dream world. Earlier today when I read the list of government supporters who were thought deserving of Christmas presents by being appointed parliamentary secretaries, some 28 of them, I wondered what Christmas present the government was going to give the 750,000 Canadians who will be unemployed this winter. Regardless of whether or not the Parliamentary Secretary to the Minister of Finance knows it, there is a role for the opposition in Parliament. The survey which he made in respect of opposition motions was as academically untrue as that made by Dr. Roman Marsh with regard to the attendance of members during recorded votes. The parliamentary secretary was not honest enough to indicate the subject matter of all those motions. They were not introduced frivolously. They were introduced as a result of the economic policies of the government.

The Official Opposition and hon. members to my left have tried continually, and will continue to do so,—

Mr. Olson: To adjourn the House.

Mr. Alexander: —to focus the attention of the Canadian people on situations that have been brought about as a result of the government's fiscal and monetary policies. I am very pleased that the hon. member for Gander-Twillingate (Mr. Lundrigan) has placed on record the attempts made by the opposition to help the government reach some conclusions about what it should do regarding unemployment and the state of the economy.

• (4:40 p.m.)

We on this side of the House believe we are in a crisis, but those on the other side believe we are only approaching it. As I listened to the parliamentary secretary telling us how good things are in Canada, I wondered whether he was aware of the latest report in the Ottawa *Journal*. I want to put it on record because it deals with lay-offs. It will show that the parliamentary secretary is definitely in a dream world if he thinks things are good, particularly when we look at the results of this government's fiscal

and monetary policies and its strategy in the fight against inflation. We see a frightening picture, and I do not use these words lightly. It reveals a stagnant economy, regardless of what is said, with an intolerable rate of unemployment and business failures.

It can be quickly concluded that all these matters spell disaster for the Prime Minister (Mr. Trudeau) and his government, and a tragedy for Canada and Canadians. Confidence in the economy is now absent, or at best a rarity. How can our quality of life be improved without that confidence? How can we reach full employment without that confidence and how can we reach full productivity? There is an alarming and ever-growing concern being registered by people from all walks of life and in every segment of our society regarding the frightening and bleak economic future of Canada.

In order to bring the parliamentary secretary back to reality, so he can see the picture as it is now painted, let me refer to some facts as reported in the Ottawa *Journal* of today. I quote from the front page which reads:

A cross-Canada survey by the Canadian Press shows lay-offs—some permanent, some temporary—hitting a wide spectrum of industries.

No industry appears immune because of size alone. Some lay-offs involve 2,000 workers.

Let me put on the record figures in respect of the lay-offs about which we are talking to show that these do not hit just the large urban centres but small rural areas as well. At General Motors in Ontario and Quebec there have been 2,000; at Domtar, Trois-Rivières, 650; at Toronto *Telegram*, 1,200; at Bowaters in Newfoundland, 350; the pulp and paper industry in New Brunswick, at Ste. Anne, Mackawic Pulp and Paper Company, 423; Scott Maritimes Ltd., Sheet Harbour, Nova Scotia, 310; Alcan Aluminum, Quebec, 300; Boyles Industries, Orillia, 112; Polymer, Sarnia, 60; International Nickel, Toronto, 50; Heywood-Wakefield, Goderich, 30; Savage Shoes, Galt, 125; TCF of Canada, Cornwall, 22; Courtaulds of Canada, Cornwall, 100; Domtar Fine Papers, Cornwall, 135; Chisholm Lacrosse Manufacturing Company, Cornwall, 110; Continental Insurance, Winnipeg, 40 and more at B.C. forest industries. How can the parliamentary secretary stand in his place and talk about this country being in such great shape? How can he attempt to impress upon the Canadian people that the country is in good shape?

Mr. Olson: He never said that.

An hon. Member: The fishing industry in Nova Scotia has just about been eliminated.

Mr. Alexander: I heard someone say that the fishing industry in Nova Scotia is just about finished. Let me impress upon hon. members just what unemployment means. Let me reiterate what has been said on numerous occasions. Unemployment affects everyone. To those persons unemployed, it means loss of jobs and income. To the government, it means a loss in tax revenue and an increase in expenditures as welfare and unemployment benefits increase. The Prime Minister, in answer to a question the other day, suggested that those who are unemployed this winter could take advantage of the Unemployment Insurance Fund. He was being a little less than honest because he did not point out that there are some 1.5 million people who are not covered by the unemployment insurance fund. I note the Minister of Labour (Mr. Mackasey) looking at me. I am sure he will indicate I am right when I suggest there are 1.5 million people who cannot take advantage of the unemployment insurance fund until January 1, 1972. This is what the Prime Minister did not say, and at the rate we are now going those 1.5 million people could be out of work this winter yet not be in a position to obtain unemployment insurance. It was for this reason I asked the Minister of Labour whether something could be done to move this eligibility date forward, keeping in mind the extremely serious circumstances we will be facing this winter. Perhaps the minister will say something about this later, because in this way these people could find some relief.

Mr. Mackasey: In the guise of a question, Mr. Speaker, will the hon. member permit me to agree that at least one million people, including civil servants of the Tory province of Ontario, cannot draw unemployment insurance if they do not take advantage of the plan.

Mr. Knowles (Winnipeg North Centre): It won't be Tory then.

Mr. Alexander: Let me continue because the remarks of the Minister of Labour are not even worthy of a reply. I am surprised he would intervene in this very serious debate to make such a facetious remark. That should be beneath his dignity. To those who are employed, unemployment means reduced prospects for advancement and promotion. As a result of massive unemployment industries stagnate, and so do the prospects of those still working. For those not in the work force, such as students, wives, mothers and young people, massive unemployment reduces or eliminates the prospects of these people getting jobs once they enter the work force. Accordingly, Canada adds these groups to the unemployment rolls and loses the benefit of utilizing their talents and skills.

For the elderly and the poor, unemployment means increased hardships and/or premature retirement. An economy riven with unemployment has no capacity to increase its treatment of the marginal worker. Massive unemployment is the tip of an economic iceberg, and it causes our economy to suffer an irretrievable loss in output and income. I should like to repeat that the greatest asset of this country is its human resource and it is terrible to see that we have so many employable people who are not able to obtain employment as a result of the fiscal and monetary policies of this government. What is the government trying to do? It is trying to blame everybody.

A short time ago the parliamentary secretary blamed the opposition because they were obstructing and refused to pass Bill C-244. How can we discuss that bill when the government does not bring it before us?

Mr. Olson: It has been before the House since spring.

An hon. Member: It has been before the House for 12 hours.

Mr. Ricard: At least be honest.

Mr. Alexander: As I said, the government is now trying to blame the opposition. It has in the past blamed numer-

ous groups, organizations and individual people. The Prime Minister at a press conference on July 27 said:

> But now with the very heavy quasi-monopolistic power exercised by the unions and by many of the industries, we can be in hard times and still the unions won't lower wages and the industries won't lower prices and the shareholders won't lower profits, which means you can have—well, you do have a worse trade-off.

The Prime Minister has lumped a number of people together who must take the blame. Let me read an excerpt from a federal government advertisement. It reads in part:

> Canada's economic future is very much in your hands. Our economy depends on the private sector to create new wealth and employment.

The government is now blaming the Canadian businessmen and the workers. The latest organization upon which it has laid the blame has been the Nixon government. We must keep in mind that this state of affairs existed long before Nixon made his economic moves which have only been in effect for a month. I am sure the Canadian people will not buy the kind of garbage that has been thrown across the House from the government side. If you ask me who is to blame for this situation, I say the blame lies with the federal government in Ottawa. If I were the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney), and had made the two speeches he has made in recent days, I would hold my head in absolute shame after reading about the number of lay-offs I have mentioned today.

• (4:50 p.m.)

Mr. Mahoney: Surely, the hon. member is not serious.

Mr. Alexander: That certainly is no laughing matter and does not call for facetious remarks from the parliamentary secretary.

Some hon. Members: Hear, hear!

Mr. Alexander: Mr. Speaker, there is one thing that bothers me about this government. They continually say they have a mandate. I admit it. For goodness sake, I say, use the mandate responsibly; use it to give confidence to the people of Canada. The business sector hesitates to make decisions. Why, Mr. Speaker? They do not know what the future holds.

Mr. Mahoney: Then, pass the tax bill.

Mr. Alexander: That is another farce and fraud. Mr. Speaker, I have continually asked the Prime Minister to stand in his place in the House, or do as he always does, go before the television cameras, and give a state of the economy address to the people of Canada. Let him tell them in all sincerity what we face, where we are heading, what will happen and what the government intends to do. What are the projections for unemployment? What are the targets for employment? We do not know the answers, those answers have not yet been given. These are extremely important questions. How can you develop programs and policies to fight unemployment without possessing a survey to indicate what the unemployment picture will be. Why does the government not tell me, the members of the House and the Canadian people what the unemployment picture actually will be this winter. The government has the figures and it is reluctant to release them.

I hope the Prime Minister will answer the question I asked today regarding the types of policies to be established for those industries that are suffering and that will continue to suffer more drastically, because some relief must be given to them. I hope, as the Leader of the New Democratic Party suggested, that we shall have a statement within two or three days. With every passing day, the crisis becomes more pronounced. Surely, we are entitled to know the facts from the Prime Minister rather than from ministers whose competence is in question. Actually, the government's backbenchers question their competence. Let me repeat that—I see the parliamentary secretary standing up. I do not know for whom he is about to speak. According to the latest reports, it appears that there is a split within the caucus of his party. The good guys are on the "opposition" side and the bad guys are on the government side.

Mr. Mahoney: We don't do things that way in our party.

Mr. Alexander: I have reason to believe that a revolt is going on among the backbenchers of the Liberal party.

An hon. Member: No, no.

Mr. Olson: The hon. member is referring to the wrong caucus.

Mr. Alexander: I see members on the government side shaking their heads. There is one thing for which I must admire them.

An hon. Member: The hon. member's party is revolting.

Mr. Alexander: If I am revolting, then so is the Parliamentary Secretary to the Minister of Finance.

Mr. Mahoney: No, no. The hon. member's party is revolting.

Mr. Alexander: It does not matter what the hon. member said. I take objection to whatever it was he said, and if he wants to call that obstructionism that is fine with me.

Some hon. Members: Oh, oh.

Mr. Alexander: I know that there is the cut and thrust of debate, but I say in all sincerity that we are in very, very serious times. All that we on this side of the House are saying, with due respect to the government, is this: no matter what you have done or what you have meant to do, it is not good enough. We say that the government must come up with better answers and better policies. Not only must it bring forward better policies, but it must do that immediately, otherwise Christmas for some will be very, very bleak. Let the government listen not only to what is said by the opposition but to what is said by all segments of society. People are looking to the government for leadership in the formulation of economic policies that will bring about increased productivity which, in turn, will lead to greater employment. I am not being smart when I say this. I hope the government does that so that many people, and particularly those who do not have any hope, will have a merry Christmas.

Mr. Hugh M. Faulkner (Parliamentary Secretary to Secretary of State): Mr. Speaker, I want to start off on a dispassionate note and suggest that it is fair to say that every hon. member in this House, regardless of the side on which he sits, is deeply concerned about the chronically high levels of unemployment.

Mr. Orlikow: Except the Prime Minister.

Mr. Faulkner: Not excepting the Prime Minister.

Mr. Orlikow: Except the Prime Minister.

Mr. Faulkner: If the hon. member really believes that, let him say it.

Mr. Orlikow: I have said it.

Mr. Faulkner: I know the hon. member for Winnipeg North (Mr. Orlikow), and I really doubt that he believes that statement.

Mr. Orlikow: Mr. Speaker, could I ask the parliamentary secretary a question?

Mr. Faulkner: Mr. Speaker, no, not now, if the hon. member does not mind.

Mr. Deputy Speaker: Order, please. The parliamentary secretary has the floor.

Mr. Faulkner: The hon. member for Winnipeg North will have an opportunity to speak. I expressed doubt as to the truth of that particular statement. I do not believe the hon. member believes it. I do not think any hon. member really believes it. It may be politically advantageous to say it, and perhaps that is why it has been said.

Mr. Orlikow: The Prime Minister said it himself.

Mr. Faulkner: We are all concerned and frustrated about the problem and the difficulty encountered in dealing with it.The hon. member for Hamilton West (Mr. Alexander) recited a series of sad and, in some cases, no doubt tragic lay-offs.

Mr. Alexander: That is all my point was.

Mr. Faulkner: He conveniently ignored the fact that this country enjoys the fastest employment growth of any industrialized country in the west. That was not mentioned because that does not fit in with his theory.

Mr. Alexander: That is what we question.

Mr. Faulkner: Mr. Speaker, I listened patiently to the hon. member, so perhaps he can extend to me the same courtesy.

Mr. Alexander: Why not say that to the Parliamentary Secretary to the Minister of Finance.

Mr. Faulkner: This particular problem, brought forward on an opposition day, has been treated, I suggest, in a fashion which is less than satisfactory to me and, I am sure, far less than satisfactory to those people about whom the opposition seems to be concerned. The remarks made so far, and I will deal with the hon. member for York South (Mr. Lewis) in a moment, have contained an appalling lack of constructive suggestions. Surely, an opposition day is designed for the making of constructive suggestions by the opposition. Without question, we face difficult circumstances. Without question this problem is one of agonizing, personal dimensions for those people affected. The problem, obviously, has been compounded by recent events in the United States. There is the 10 per cent surcharge, the proposed job development credit plan which is now before the American Congress and, even more ominous than that, the proposal for "Domestic International Sales Corporations", or the DISC proposal.

All these compound the problem which we are all aware of and pose, I suggest, serious threats to employment levels in this country. Therefore, given this situation, the opposition could at least address itself to the sort of adjustments it would expect the government to undertake. One would expect that opposition suggestions would be responsible and precise, and that there would not be an insistence on a response to hypothetical problems. May I say that some of the suggestions made recently as to what we ought to do in the event of the DISC proposal going through Congress are not serious or responsible.

Mr. Knowles (Winnipeg North Centre): What will the government do?

Mr. Faulkner: The hon. member for York South, the lead-off speaker on the NDP motion, spoke for 20 minutes but it was not until the last two minutes—

Mr. Knowles (Winnipeg North Centre): He spoke for 30 minutes.

Mr. Faulkner: For 30 minutes; that's even worse. It was not only the last two minutes, as will be recorded in *Hansard,* that he came to the point of addressing himself to the precise proposals that his party would recommend in the face of these difficulties.

Mr. Orlikow: That is all in the motion.

• (5:00 p.m.)

Mr. Faulkner: I am going to deal with that. We all acknowledge the difficulties, but it was not until the last two minutes of a 30 minute speech that the leader of the New Democratic Party came up with anything precise. In my judgment, the proposals he did make were thoroughly inadequate and not worthy of a motion worded with the strength of this motion. I will now turn to the motion.

An hon. Member: Tell us what the government is going to do.

Mr. Faulkner: The hon. member is asking what the government is going to do. The government has taken steps. I am going to deal with them. The hon. member has been in this House longer than I. He should know that proposals are not announced on an opposition day. These sort of gratuitous comments are not in keeping with the hon. member's understanding of the purpose of opposition days.

I now wish to deal with the specific motion before us. The first proposal is for a "large scale program". In his speech, the hon. member for York South made no mention of the dimension of that scale. He did not attach any money figure. He made a grandiose suggestion at a time when we face serious and precise problems.

The second proposal is for an immediate reduction of taxes. Everyone in this House and the Canadian public know that there is a tax bill before this House which, by all predictions, is not likely to get through this House until some time in November because members want to debate it at length. This bill makes precise proposals dealing with tax reductions such as higher exemptions for senior citizens, the elimination of the 3 per cent surtax on personal income and a whole series of proposals dealing with employment expense allowances which would permit wage and salary earners to deduct 3 per cent of their income up to $150 a year. Also, child care expenses will be deductible up to $500 per child up to 14 years of age with a maximum of $2,000 per family. Some of these proposals also deal with deferment of transportation costs for members of the labour force who move from one part of the country to the other.

The set of proposals will take one million people off the tax roll, reduce taxes for 4,700,000 and generally accomplish the purpose outlined in this particular motion. No mention was made of this. No mention was made of the fact that the government is behind these tax adjustments and would like to get them through as quickly as possible. We believe the Canadian people are also behind them.

The third proposal deals with forcing down interest rates. This is also a general and attractive statement. No precision is attached to it. I will deal with interest rates for a second. As the hon. member for York South knows, in recent years there has been an expansionary monetary policy which has had a lowering effect on interest rates. What has been the effect? The most important effect has been that short term interest rates are at their lowest levels since the early 1960's. For example, the yield from 91 day Government of Canada Treasury Bills in last week's auction was 3.98 per cent. A year ago the yield was 5.61 per cent. Yields on 90 day finance papers have been in the range of 3.25 to 4.5 per cent a year, also substantially lower than levels in recent years. It is somewhat irresponsible to frame a strongly worded motion such as this and not say anything about what the interest rates should be. This is just a general statement about interest rates.

The approach taken by the New Democratic Party in this debate can only be described, and I am trying to be as generous as possible, as opportunistic and irresponsible. They know the government's record. How much further would they go? If they are talking about a fund for municipalities, how much money are they talking about? If they are talking about interest rates, how much lower should they be? The leader of the New Democratic Party did not say a single word on those points. He simply presented a broad set of proposals, all of which are attractive. He has not made any precise suggestions. I do not see how these proposals can be treated as other than opportunistic, irresponsible and a systematic attempt to play with a very serious and agonizing problem.

I now come to the fourth proposal. The Minister of State for Urban Affairs (Mr. Andras), a very competent minister, will be dealing with housing matters. The motion suggests large additional funds for housing. This is another grandiose statement, undisputably attractive. The opposition knows the government's record. They know the budget for housing this year is something like $942 million. If they are serious about this, how many more million are they talking about? Why has the leader of the New Democratic Party not enough intellectual honesty and political courage to define precisely what he means by this rather grab-bag omnibus motion? He did not say a word about details. I again dismiss this as a general and attractive statement. It again is opportunistic and irresponsible because it fails to go beyond what the government has done in precise terms. Our budget is $942 million. We are aiming at 220,000 new housing starts this year. The government has paid particular attention to providing money for low income housing. Where does the New Democratic Party stand on this particular question? We have not heard a word about that. It has been dismissed in a way which is not worthy of the hon. member for York South. We did not hear a word about the $200 million that has been designated for experimentation and innovation to provide housing for low income families. There was no recognition of this imaginative proposal, not a word.

The fifth suggestion deals with money for waste treatment plants. In the past 10 years this government has spent $432 million to assist municipalities and others to build waste treatment plants. If the hon. member for York South is serious, and I hope he is, how much is he talking about? If this amount is inadequate, how much more would he put into it and from where would he draw the money? Would he increase taxes or shift money from other government programs and, if so, which program? Until we get these precise answers from that party, we can legitimately accuse them of being opportunistic and irresponsible for introducing a motion such as this.

Some hon. Members: Hear, hear!

Mr. Faulkner: The sixth suggestion talks about redirecting trade from the U.S.A. I find this particularly galling. The speech by the hon. member for Gander-Twillingate (Mr. Lundrigan) was of the type that we expect from him. I have studiously avoided dealing with it. It was replete with unattractive adjectives and offensive. It was the type of speech which opposition members have often made containing snide, critical comments about trips abroad by ministers. No person has been subjected to more snide and critical comments than the Prime Minister. We know and the opposition know that the trip to the Soviet Union and the trip to countries in Asia were primarily designed to deal with expanding and diversifying our markets. They know that perfectly well. They have made snide comments about those trips, taken political advantage and exploited them. Yet they have the unmitigated gall to come before this House and, as part of an omnibus resolution, ask us to take steps to diversify our trade. This is an indication of the degree of integrity embodied in a motion before the House today. Let me deal with the trade question.

• (5:10 p.m.)

Mr. Lewis: Let's hear you.

Mr. Faulkner: The hon. member says "Let's hear you", and I shall be delighted to oblige him. Over the past decade, that is, from 1960 to 1970, total Canadian exports have increased from $5.4 billion to $16.9 billion, an expansion which is more than threefold. Exports to overseas

markets, that is, to markets excluding the United States market with which the hon. members opposite are so concerned, increased from $2.35 billion to $5.9 billions, or by 250 per cent. Exports to the United States have increased from $3 billion to $11 billion, an increase of 350 per cent. Among the major industrial countries, the most rapid growth in Canada's trade has been with Japan. Exports to that market have increased by 450 per cent. These are the facts. Yet the motion refers to the introduction of a program designed to protect Canada's future by redirecting trade so that it will not continue to be at the mercy of a single market.

As I say, trade with Japan has increased by 450 per cent. The hon. member for York South knows this to be the case, or, at least, ought to know it. But no mention of this aspect was made by him. Exports of manufactured products now comprise nearly two-fifths of our total exports as compared with 12 per cent a decade ago. The preponderant proportion of this increase has been in exports to the United States. Highly manufactured products now comprise about one-half of Canada's total exports to the United States, and the United States now absorbs about 85 per cent of Canada's exports of highly manufactured products. Again, the hon. member for York South knows this. I would have thought that since the new economic policy of the ited States is presently, in part, before Congress for consideration the House would have heard some suggestions from the New Democratic Party as to what Canada's posture should be. It would be helpful, not only to the Canadian people but helpful generally if it were recognized that there were some risks and difficulties attached to trade in any export market. They are not peculiar to trade with the United States. It could be that in future we will encounter similar difficulties with respect to, say, Japan, or the German market. We support the idea of diversification. Achievement in this area has been part of the government's record. But it is important to recognize that diversification alone would not eliminate the risks which are essentially involved in the export business.

I wish to deal with the situation as it is today, with special reference to the final point made in the resolution before the House. The implementation of recent United States measures, particularly the surcharge and the investment tax credit feature has introduced a disruptive element in the development of north-south trade in manufactured products. The Canadian government has remonstrated strongly against the application of these measures to Canada, not only in terms of damage to Canadian industries but also in terms of basic United States self-interest. If it should turn out that these measures reflect a new and continuing intention on the part of the United States to frustrate the development in Canada of a mature and balanced structure, then clearly Canada must adapt to such a circumstance.

I do not believe we should respond to these measures until there is a much clearer indication that they will be approved by Congress. To me, it seems a symptom of the obsession in the minds of members of the New Democratic Party that they should ask the government to declare what its position would be in the event of a measure going through Congress. It seems to me that a mature party would not give way to an obsession of that kind. Yet this is the approach opposition members are taking. In support of the general attitude being taken by the government, let me quote from a speech made by the Minister of Industry, Trade and Commerce (Mr. Pepin) in Houston, Texas, yesterday:

> If we were now to find that United States policies were turning inward and that the United States considers it as in their interest to import our raw materials and our energy resources but to impede and obstruct the development of our secondary industries, we would have to take a very hard look at our whole economic relationship with the U.S. Indeed, in that case, we would need to fundamentally reassess our own trade and industrial policies. It would be an "agonizing reappraisal".

It would, indeed. We should not for one moment minimize the importance of United States trade. If the hon. member for York South had some single scheme in mind whereby Canadian trade could be directed away from the United States without producing the most serious consequences for Canada I should be glad to hear it. He should come to my riding, and I will get some of my steel workers to talk to him about the realities of the situation.

Mr. Deputy Speaker: I regret to have to interrupt the hon. parliamentary secretary. I do so to advise him that his time has expired.

Mr. David Orlikow (Winnipeg North): We have now listened to two speeches from the government side. The first was from the Parliamentary Secretary to the Minister of Finance, the hon. member for Calgary South (Mr. Mahoney). I intend to ignore that speech because I know, as do most members of this House, that in the light of recent political trends in western Canada it is almost certain that that hon. member will not be back here next session.

An hon. Member: Don't get political.

Mr. Orlikow: I turn to the speech made by the Parliamentary Secretary to the Secretary of State (Mr. Faulkner). He began by saying that every member of this House was concerned about unemployment. When I intervened to say that the Prime Minister (Mr. Trudeau) was not, he chided me and suggested I was not telling the truth. Let me remind the parliamentary secretary that some 18 months ago, when the Prime Minister was attempting to deal with the inflation which was facing this country, he said he would not be deterred from pursuing his anti-inflationary policies even if the country had to face unemployment at the rate of 6 per cent. Well, the rate is now 6½ per cent. I say, as I did when I interjected, that the Prime Minister does not give a damn about unemployment. The statement which the Prime Minister made was a heartless, unfeeling and uncaring statement by a man of wealth who never had to think about what it means to be unemployed, a man who, when he thinks of unemployment if he thinks of it at all, does so in terms of the kind of statistical gobbledygook we have been getting from ministers in this House.

The Minister of Regional Economic Expansion (Mr. Marchand) was here a few minutes ago. Before he came here he was president of the National Federation of Trade Unions. He understands the significance of the recent announcements of lay-offs by Domtar and Alcan. He must know, because he led these men in the strike at the end of which they gained recognition in 1941. The present Minis-

ter of Labour (Mr. Mackasey) knows what it means for a person who has been employed at relatively high wages to find himself out of work with payments due on a mortgage, or on an automobile or on a television set. He understands the uncertainty they face when they are laid off without knowing when, if ever, they are to be called back to work. Working people caught in a situation like that can look forward only to living on unemployment insurance until that runs out, and then going on welfare. Those other ministers I have mentioned may be concerned, but the Prime Minister has never been concerned about the unemployed. We have heard all kinds of rationalization. We have been told that the participation rate in the labour force is higher now. We have been told that the situation has improved, but that suddenly and unexpectedly there has been a sharp increase in the number of young people unemployed.

• (5:20 p.m.)

The facts are crystal clear. We need not take the word of Members of Parliament, or academic economists, or labour economists, or business economists: Statistics Canada gives us the figures each month. What do these figures show? For 16 months we have not had a seasonally adjusted unemployment rate of less than 6 per cent. The government can squirm and argue, but nevertheless this is the fact and it cannot be wished away. In August 1971, we had 455,000 people unemployed, an increase of 7,000 over August 1970. This was the month before President Nixon announced his new economic policies which, according to the Minister of Industry, Trade and Commerce (Mr. Pepin), will mean that if these policies are continued for a year there will be an extra 90,000 people unemployed.

We have been told that with the exception of unemployment among young people things are better. Just what is the situation as far as these young people are concerned? In August 1970, among the age group 14 to 24 there were 217,000 unemployed. In August 1971, there were 240,000 young people unemployed, an increase over the previous year of more than 10 per cent. We have been told that long term unemployment is getting better. If it were not unparliamentary, I would say that statement was a lie. Let me give the House the facts. In August 1970, there were 79,000 people in Canada who had been unemployed for more than six months. In August 1971, there were 106,000 people who had been unemployed for more than six months. Is this an indication that the situation is getting better? To me it indicates an increase in the number of these unemployed of 25 per cent or more.

We have also been told that the participation rate has improved. You can do anything with figures, Mr. Speaker, but at least this statement is true. In August 1970, the participation in the labour force was 57.9 per cent. In August 1971, it was 58.1 per cent, or 0.2 per cent better. These are the real facts and government ministers, and parliamentary secretaries who would like to be ministers, can argue all they want. The fact is that we have not done enough for the unemployed. One would think that by some accident, that through some act of God, Canada has the largest unemployment rate of any industrial country in the western world. That is not an accident; it results from deliberate government policy. I pointed out earlier that when the Prime Minister inaugurated his anti-inflation policy he said that even a rate of 6 per cent unemployment would not deter him from his policy of restraint. Well, we have that amount of unemployment. In addition, this year we have a rapidly rising increase in the cost of living.

On the same day the unemployment figures for August were published, the *Globe and Mail* carried an article headlined "Cost of living, jobless rate up". I have said something about the jobless rate, and let me put on the record what this article had to say about the cost of living:

> Official statistics on jobs and prices in Canada showed yesterday that high unemployment has stubbornly resisted the loosened economic policies that have permitted a new upsurge in the cost of living.
>
> The seasonally adjusted unemployment rate rose in August to 6.5 per cent of the labour force. It was 6.3 per cent in July, slightly below the 6.4 rate for June.
>
> At the same time, the cost of living went up 0.7 per cent, following a 0.8 per cent increase in July, pushing the total increase for the 12 months from August, 1970, to 3.4 per cent.

More than two-thirds of this rate of 3.4 per cent is attributable to the latter half of the year and the early months of 1971. We are now experiencing an increase in the cost of living at an annual rate of 5 per cent or more. I am simply saying that the government's policy regarding full employment has been a failure. The government's policy to combat rising costs has similarly been a failure. We have the worst of both possible worlds.

This afternoon we have had the same sort of speeches from the "juniors", the would-be ministers, the parliamentary secretaries, that we have had for a couple of years from the big chiefs.

Mr. Mahoney: And you keep ignoring what we say.

Mr. Orlikow: Let me put on the record a couple of the gems. The Prime Minister said on March 18 last in this House that the government had taken a series of steps intended to alter the course of the economic policy, but that some time must elapse before those steps could be fully productive. Then, he continued by saying he thought that all the economic indicators showed that the economy was moving. At the time the Prime Minister made that statement in March, 1971 we had an unemployment rate, seasonally adjusted, of 6.2 per cent. Six months later, in August, the unemployment rate had risen to 6.5 per cent.

Then, the Minister of Finance (Mr. Benson), who is always so optimistic, said on November 12, 1970, that he had recently publicly suggested that on a seasonal basis unemployment had about reached its peak, and he expressed confidence that we could look forward to continued improvement. At the time he made that speech in November, 1970 the seasonally adjusted rate of unemployment was 6.5 per cent. In August last, it was once more 6.5 per cent. Recently, the Minister of Finance said in this House, on September 7, in response to some comments made by the Leader of the Official Opposition (Mr. Stanfield), that unemployment would continue to decline. He challenged the Leader of the Opposition to resign his leadership if the predictions made by the Leader of the Opposition to the effect that unemployment this year would not go below 6 per cent did not materialize.

I challenge the Minister of Finance, who has made repeated speeches in the House as well as statements outside the House in which he claimed unemployment was going down and that things were getting better, to follow the suggestion he made to the Leader of the Official Opposition, and if unemployment does not drop in any month for the balance of this year below 6 per cent, seasonally adjusted, that he resign his position. I say this because if ever there was a minister who has given the people of this country bad advice, it is the Minister of Finance.

We had a new, novel and ingenious explanation by the Prime Minister a few days ago of why the rate of unemployment, according to latest figures, was 6.5 per cent. The Prime Minister said that things are better all round; that it is only among the age group 14 to 19 that things are worse, and that this was a completely unexpected development that no one knew about. Economists inside and outside the government service have been pointing to the very large number of young people, a product of the postwar baby boom, who would be entering the employment market during the next few years.One does not have to consult professional economists on this subject; I have a column written by Douglas Fisher in the Toronto *Telegram* for December 11, 1970, headlined "Unemployment hits young people". He is talking about the unemployment figures published for November, 1970 and the article reads:

• (5:30 p.m.)

The breakdown for November, however, showed an inordinate increase in unemployment among the 14- to 24-year olds. This is what the opposition focused on, not the slightly-dipped rate.

This was not something unexpected. The government had every reason to know that the number of young people looking for work would be much greater than had been the case in recent years. The Parliamentary Secretary to the Secretary of State (Mr. Faulkner) says we have not put forward any concrete proposals. Of course, that is not true, like most of his speech.

Some hon. Members: Oh, oh!

Mr. Orlikow: The resolution we have put forward is pretty specific. It is as specific as any resolution can be in outlining the kind of program we think is necessary. We have gone into detail month after month in speech after speech concerning what is to be done. Last February the Premier of Manitoba showed his concern about unemployment, as the Prime Minister has not done. He announced a provincial program to meet unemployment, in so far as it could be done by the provincial government, in the province of Manitoba. I made a number of speeches in which I placed on the record the specific kind of thing the government of Manitoba is proposing. Let me summarize again for the parliamentary secretary, who said we were not specific, what the Premier said last February and what he proposed last week for the province of Manitoba.

Mr. Faulkner: Never mind the Premier; what are you saying?

Mr. Orlikow: I say that the government in Ottawa ought to follow the specific kind of proposals the government of Manitoba has already produced. Then I will tell you what we say.

I heard someone just say the Premier of Manitoba is going off to Europe. That comes with ill-grace from a member of a cabinet which has done more travelling around than any other. The Premier of Manitoba made clear that the trip he proposed to make to Europe would be postponed or cancelled if the Prime Minister should call a conference when he would have been away. He will be at that conference next week, next month or any time the Prime Minister calls it. The Minister of Agriculture (Mr. Olson) knows this.

What the government of Manitoba proposed last February, and implemented, was a program providing $70 million for public works' projects and an expanded housing program. The province of Manitoba spent $110 million in capital works. That is what the government of Manitoba did. The parliamentary secretary asks what we would propose, specifically. I will tell him what we propose specifically, but I say that this country is entitled to, and can have, full employment. It is the responsibility of any federal government to be, if necessary, the employer of last resort. The federal government has the responsibility of seeing that people are put back to work.

Mr. Faulkner: Mr. Speaker, would the hon. member permit a question?

Mr. Orlikow: No. I have no more time than the parliamentary secretary. I say the federal government should inaugurate a program of putting 250,000 people to work for the four winter months. Who are those people? I am thinking particularly of people in Peterborough, Hamilton, Montreal and Quebec City who have been unemployed for so long. They are unemployed and their unemployment insurance benefits have run out. I am thinking particularly of the young people who have not worked long enough to qualify for benefit.

I say we ought to find work for 250,000 people. How can we do it? I suggest the federal government should grant to the provinces and municipalities $250 million toward capital costs in order that the municipalities and provinces may build things which are necessary and which are not make-work programs. To do that we have calculated it would involve a wage bill of $500 million. I am suggesting that half of that $500 million, in other words $250 million, be paid by the municipalities and provinces and that the other half be provided by the federal government in the form of long-term, low-interest loans.

Need I tell the Parliamentary Secretary to the Secretary of State that 250,000 jobs provided in this way would have a dramatic effect in cutting back welfare costs which are beginning to strangle the municipalities of this country, including Peterborough. Need I remind the parliamentary secretary that 250,000 jobs would have a tremendous multiplier effect. He wants some specifics. I suggest to him that he remember and recreate a program begun by a Liberal government, if I remember correctly, under the then minister responsible for housing, now President of the Privy Council (Mr. MacEachen).

I refer to a program which subsidized the building of houses in the winter by the payment of $500 per unit. Such a program would have a very dramatic effect in increas-

ing house building and construction this winter, and Lord knows we need it. That is the kind of specific program I have been talking about. It is common knowledge in Ottawa that the government will not just let things go. Even if the Prime Minister has no heart, he wants to be re-elected, so there will be a program. What will it be? It will be another program of job training.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but I do so to advise him that his time has expired.

Mr. Perrault: Mr. Speaker, would it be possible to direct a question to the hon. member?

Mr. Deputy Speaker: The parliamentary secretary may ask a question if there is unanimous consent.

Some hon. Members: No.

Mr. Perrault: I think it is very important that this question be asked. May I have unanimous consent?

Mr. Deputy Speaker: Order. The Chair could ask for unanimous consent, but I suggest to hon. members that the House leader of the party of the parliamentary secretary and the House leader of the hon. member have indicated to the Chair a desire that as many members as possible speak. It seems to me that there should be no extension.

At this time I would read the proceedings of the adjournment motion.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hillsborough (Mr. Macquarrie)—External Affairs—Proposed Amchitka nuclear test—Possible reference by Canada to United Nations or International Court; the hon. member for Parkdale (Mr. Haidasz)—Bilingualism and Biculturalism—Representations by ethnic organizations—Policy statement on commission recommendations; the hon. member for Halifax-East Hants (Mr. McCleave)—Temporary Wheat Reserves Act—Legal action to compel government to make payments under Temporary Wheat Reserves Act.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—ALLEGED FAILURE OF GOVERNMENT PROGRAMS TO STIMULATE THE ECONOMY—SUGGESTED NEW MEASURES

The House resumed consideration of the motion of Mr. Lewis:

[Mr. Orlikow.]

—This House cannot tolerate any longer the economic policies of the government which have produced massive unemployment that threatens to become more serious this fall and winter; nor can this House tolerate any longer the government's failure to implement policies to reduce Canada's dependence on a single market and to assure a strong and independent Canadian economy.

Therefore this House calls for:

(1) a large-scale program, in co-operation with the provinces and municipalities, to provide jobs this winter for the growing army of unemployed;

(2) immediate reduction in taxes, particularly for lower and middle income groups;

(3) further government action to force down interest rates;

(4) large additional funds for housing;

(5) essential anti-pollution measures such as funds to municipalities to build waste-treatment plants and other necessary works; and

(6) introduction of a program designed to protect Canada's future by redirecting trade so that it will not continue to be at the mercy of a single market and by restructuring the economy to free it from foreign domination and control.

Hon. Robert K. Andras (Minister of State for Urban Affairs): Mr. Speaker, I will not surprise anybody by taking part in this debate since there is in the opposition motion a reference to housing. There is a simplistic reference to it. Even if we accept the bald assertion in this motion that the economic policies of the government have produced massive unemployment, which I certainly do not, I do not think the House accepts that one of the simplistic solutions is captured in these few words of the motion, "large additional funds for housing". That phrase certainly has a nice ring to it. Who would not, least of all a minister responsible for housing, call for large additional housing funds? But I think in the very best of circumstances this somewhat self-righteous and overly simplistic generalization hides and distorts what this government has done and is doing for housing in Canada.

• (5:40 p.m.)

Of course, we are always considering the provision of more funds for housing. I hope that if and when we do inject more funds into housing, it will be done with full recognition of the complexities of the housing market. I will say now that I hope we never subscribe to the idea that this is totally an economic regulator and thereby withdraw funds from housing for limited objectives, nor will we simply force-feed funds into housing solely to reduce unemployment.

What we do, what we have done and what I hope we will continue to do is to achieve the basic housing goals of this country and at the same time seek to maximize employment benefits generated by residential construction. Certainly that will be apparent in the 1972 program which will be announced in this House in due course. It will take into account the twin objectives of the government, housing and employment.

I think, also, that we would be very wise to recognize that the residential construction industry is now operating at its highest level in Canadian history. NHA insured mortgage loans approved during the first eight months of this year exceeded the volume for any previous full year in the history of the National Housing Act.

Some hon. Members: Hear, hear!

Mr. Andras: I would say that this is a highly significant achievement. I think it is fully reflected in the actual 12 months' housing starts measured month by month from January, 1971, which at that time stood at 191,800, to a steadily increasing level in April of 203,800, in June to 220,400, and a further increase in July to 225,200. As of the end of August the actual starts in the previous 12 months were 230,000, which is by far the biggest record of housing starts this country has seen. I repeat that those are actual starts for the previous 12 months, and not forecasts. Speaking of forecasts, I would remind hon. members of the figures for August, which show that we were at the seasonally annually adjusted rate of 243,000. I think that heralds the continuance of a high performance during the winter, a performance of which we are not ashamed.

There is also reference in the resolution to this subject. In our CMHC sewage-treatment program, our achievement since 1968-69 is very real indeed. Federal outlays in 1968 for sewage-treatment facilities, loans to municipalities, were in the neighbourhood of $37 million. In 1969 they were $56 million and in 1970 well over $72 million. Indeed, in 1971 we will have committed $97 million.

I think these statistics reflect an upward and onward commitment to the housing and pollution control priorities of this government. The federal government's financial participation in housing since 1969 has increasingly been concentrated in the area of accommodation for those who cannot afford to obtain adequate shelter in the market. Here I refer to direct federal contribution. The 1969 capital budget of CMHC was set at $680 million, of which more than half, $359 million, was allocated for housing for low-income families and elderly people, while another $55 million was applied directly to accommodation for students. Of the balance, $170 million was devoted to direct CMHC loans to homeowners. This program began at that time to give special emphasis to the needs of those in lower-income brackets in areas outside urban centres where access to the private market was limited.

This activity in 1969 resulted in a commitment under the direct budget of CMHC which provided 27,470 dwelling units for low-income groups in that year. That trend was continued and expanded in 1970 when an unprecedented budget of $1,094 million was approved. It included several special programs. The Parliamentary Secretary to the Secretary of State (Mr. Faulkner) mentioned the $200 million innovative program, and there was an additional $240 million direct lending program inaugurated in late August of 1970. This year, 1971, again our direct CMHC investment in housing and related infrastructure will approach $1 billion. Of this amount, $789 million has been allocated to housing and virtually all of this sum is being utilized for housing for people in the lower half of the income scale.

I wish I had had the time to do more research and checking before coming to the House this afternoon. However, I think I remember when the hon. member for Broadview (Mr. Gilbert)—who challenges me from time to time on housing—spoke in the standing committee which studied the CMHC estimates almost three years ago and said that the minister had better make a commitment to members of the House that he would invest at least $300 million a year in low-income housing from the CMHC budget. That figure was passed that year and we have more than doubled it every year since. There was no mention of that in any of the comments of the hon. member. I think the credibility of that party would have been much higher if this kind of fact had been placed before us along with their criticism.

All this means that in the three-year period 1969, 1970 and 1971 we will have produced 117,000 housing units for low-income people. In other words, more than one-quarter of all the housing that has been produced annually goes, by deliberate direction, to those whose needs are most urgent. In those three years we will have begun, in terms of housing starts, 50 per cent more housing units for low-income people than in all previous years under the National Housing Act.

We were assured, on the private side of operations, in my consultations with approved lenders late last year that there would be a high level of private lender support, and this has been realized.

Our approach to 1971 has been taken on the basis that if we are to deal effectively with the variety of housing problems in Canada, and even within particular communities, we must introduce a flexible program and a more flexible use of instruments available to us under NHA. In 1971 we have been trying to exercise the increased flexibility which we began under last year's $200 million innovative program. This year, the CMHC capital budget commitment for federal initiatives of that nature in fact amounted to $451 million. Close to $100 million was allocated for a new program of assisted home ownership. Here we are utilizing reduced interest rates and extended amortization to get down, in some cases, to people with incomes a little in excess of $3,000, for the first time in a long time letting them experience home ownership.

I must say that most provinces are continuing to cooperate. They are providing various forms of assistance to complement federal efforts. These vary from interest rebates to homeowner grants with which most hon. members are familiar. The major elements of this program include interest rates which are now down to 7-3/4 per cent, and extended amortization to 40 years if the lower interest rate is insufficient to bring monthly repayments within the financial capability of the purchaser. About a quarter of the funds to which I have referred were committed in the first nine months of the year. We anticipate that projects will move into the "start" stage at a faster rate in the weeks ahead, providing for continuing on-site activity for many months to come, the many critical months to which hon. members are referring, in the winter of 1971-72.

Within the $451 million we allocated another $100 million to support the activities of non-profit organizations building rental housing for low-income families and individuals at rents agreed in the contractual obligation that goes with such loans from CMHC. That includes the section 15, formerly section 16, activities of the Quebec Housing Corporation. This section is used mainly for the provision of housing for elderly persons, for the handicapped and other disadvantaged people. Here again some provinces, but not all, provide assistance through capital or operating grants, and in these remarks I must recognize the very valuable contributions made by church

groups, service clubs, charitable organizations and many others who are co-operating with us.

• (5:50 p.m.)

For the first six months of this year our program of non-profit loans produced commitments for 1,085 units and an amount of more than $15 million for new construction. Many of the projects are moving into a position where starts can be effected in the later part of the year and will be very valuable in creating employment in the winter months.

As part of the section 15 activity we also arranged for close to $100 million to be used for projects in 28 centres across Canada using the proposal call technique. We did this on a considerably smaller scale in 1970 and were encouraged by the results. We are extending it this year to provide needed rental accommodation throughout the country. Close to 3,000 units and $41 million have been committed under this special program to date, which will provide for new accommodation in such centres as Vancouver, Regina, Moncton, Pointe Gatineau, Hamilton, Brantford, Toronto, Ottawa, Windsor, Halifax, Calgary, Sudbury, Winnipeg, North Bay and St. John's. I hear my hon. friend from Peterborough (Mr. Faulkner) interjecting, but I do not see the name of his town on the list. In addition to these special efforts there is the direct CMHC lending program under section 58, formerly section 40, and a number of initiative and development projects where we are attempting new approaches in such areas as rehabilitation of existing homes.

So, Mr. Speaker, when we take into account all the lending activity under the National Housing Act for new construction, for the first six months alone we are talking about more than 70,000 dwelling units and close to 7,000 hostel beds, for an investment of close to $1 billion with many more projects in train now approved. I think that as a result we will have a record housing accomplishment this year. I think we can predict with conviction that 1972 will be another year of high production, with the housebuilding industry fully engaged. I also think that our low-income housing achievement in the 1969-71 period, which I fully intend to see carried forward into 1972 and beyond, is most gratifying. We will continue to thrust for an increasing proportion of our housing production to go into this area. I think it will be one of the thrusts that will serve to keep the housebuilding industry alive and fully active in 1972.

Having set some of those facts on the record, I wish to refer to some of the comments made by my hon. friend on this side of the House, the Parliamentary Secretary to the Secretary of State, who asked some very pertinent questions as to the precision of the recommendations made by the leader of the New Democratic Party (Mr. Lewis) and other speakers who used such fine phrases as "more funds for housing." I ask: How much more funds? Where will it come from? What programs will it displace? Where will it be placed, and what of the capacity of the industry?

All sorts of questions are left hanging in the air by hon. members opposite. These are questions that must be thrown right back at them. We will be delighted to receive constructive suggestions that go far beyond the superficial, in-favour-of-motherhood expressions contained in the motion before the House.

[Mr. Andras.]

Mr. Lundrigan: May I ask the minister a question?

Mr. Deputy Speaker: The point is whether the minister will accept a question. He has a minute or two left. I note that he will receive the question.

Mr. Lundrigan: I ask the minister a question raised in the House a few days ago concerning a gentleman who is eminently qualified to speak on housing; I believe he is president of the Canadian national housing association. He made a statement at St. John's, Newfoundland, speaking on behalf of his association, and indicated that for a good many reasons, all of which were outlined, there will be a substantial increase in interest rates during the last quarter of 1971 which, despite the 225,000 housing starts predicted, means we will not get the full amount of housing that we should get.

Would the minister take his last minute to respond to that kind of criticism and indicate whether he is willing to make an effort to bring down interest rates and to reduce the 11 per cent sales tax on building materials?

Mr. Andras: Mr. Speaker, it would take another 20 minutes to answer the questions raised by the hon. member. I have not yet had an opportunity to see the remarks of which he speaks. I presume he is referring to the president of the Housing and Urban Development Association of Canada, Mr. Shipp. I noticed some reference in the newspapers to his speech. Much as I enjoy the co-operation of that body, I do not share the premises contained in his remarks. I do not agree that we will see a fall in housing starts and a tremendous increase in interest rates during the next quarter.

Mr. Lundrigan: The minister referred to a Mr. Shipp.

Mr. Andras: Yes, I think that is his name.

Mr. Lundrigan: In his speech he referred to an impending increase in interest rates which might put a damper on housing starts. Has the minister any plans in mind to try to curb any increase in interest rates which will make it more costly and difficult for people to own their own homes? Also, will he speak for a few seconds in reply to the suggestion made by this party regarding the elimination of the 11 per cent sales tax on building materials?

Mr. Andras: I do not wish to elaborate further on the 11 per cent sales tax question because on several occasions I have placed my views with respect to it on record in this House. But I may repeat that I would be glad to see it removed if somebody can tell me where the funds thereby displaced will come from, because I would like to get my share of them for housing just as other ministers want their share to meet their responsibilities. With regard to interest rates, I do not agree with the premise of the remarks made by the president of HUDAC.

Mr. Deputy Speaker: The hon. member for Battle River (Mr. Downey).

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

Mr. Deputy Speaker: It being six o'clock I do now leave the chair, to resume the same at eight o'clock p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

ROUTINE PROCEEDINGS

PARLIAMENTARY SECRETARIES

NUMBER OF APPOINTMENTS REDUCED FROM 28 TO 27

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like permission of the House to revert to motions.

The Acting Speaker (Mr. Laniel): Does the House agree to allow the right hon. Prime Minister (Mr. Trudeau) to revert to motions for the purpose of making a correction, I believe it is?

Some hon. Members: Agreed.

Mr. Trudeau: Thank you, Mr. Speaker, and the House for allowing me to refer to this matter as soon as possible.

A few hours ago I tabled an Order in Council providing for the appointment of 28 parliamentary secretaries, pursuant to the provisions of the Government Organization Act, 1971. I am advised that this number is based on a misinterpretation of the legislation under existing circumstances. This legislation is new and has not previously been applicable.

So there may be no question concerning the validity of the government's action in this matter, the hon. member for Laprairie (Mr. Watson) has graciously agreed to decline appointment as parliamentary secretary to the Minister of National Revenue. This leaves the number of appointments at 27, which is the number that coincides with the strictest possible interpretation of the law.

I should like to add that the government and myself, personally, appreciate the co-operation of the hon. member for Laprairie.

An hon. Member: He should be a Senator.

Some hon. Members: Oh, oh!

An hon. Member: You are starting to obey the law.

Mr. Bell: There are so many parliamentary secretaries it does not really matter.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—ALLEGED FAILURE OF GOVERNMENT PROGRAMS TO STIMULATE THE ECONOMY—SUGGESTED NEW MEASURES

The House resumed consideration of the motion of Mr. Lewis:

This House cannot tolerate any longer the economic policies of the government which have produced massive unemployment that threatens to become more serious this fall and winter; nor can this House tolerate any longer the government's failure to implement policies to reduce Canada's dependence on a single market and to assure a strong and independent Canadian economy.

Therefore this House calls for:

(1) a large-scale program, in co-operation with the provinces and municipalities, to provide jobs this winter for the growing army of unemployed;

(2) immediate reduction in taxes, particularly for lower and middle income groups;

(3) further government action to force down interest rates;

(4) large additional funds for housing;

(5) essential anti-pollution measures such as funds to municipalities to build waste-treatment plants and other necessary works; and

(6) introduction of a program designed to protect Canada's future by redirecting trade so that it will not continue to be at the mercy of a single market and by restructuring the economy to free it from foreign domination and control.

Mr. Cliff Downey (Battle River): Mr. Speaker, it is a privilege to take the floor after that earth-shaking announcement by the Prime Minister (Mr. Trudeau). I thought he might have said something in another vein, but I suppose he is still trying to solve the unemployment problem in his own way before calling an election. I am pleased that the Prime Minister is in the House this evening. It was regrettable that government members who were present this afternoon had to take so much abuse from hon. members on this side, because I think we all appreciate that they are not responsible for the mess the country is in.

The Prime Minister and what I might term his little power group of three or four make decisions in this country while the bulk of the members on the government side have to take the abuse. Any admiration I may have for them in this regard would be the same kind of admiration I might have for a flock of sheep.

When the Prime Minister came into the chamber this evening I thought we might have the good fortune to hear the announcement of an election.

Mr. Trudeau: Any time.

Mr. Downey: We would then see a group of unemployed Liberal Members of Parliament. I think it is time we put the present policies of the government to the test.

The Parliamentary Secretary to the Minister of Finance, the hon. member for Calgary South (Mr. Mahoney), and the minister in charge of housing told us this afternoon how good things are. They referred to a lot of statistics in respect of housing and unemployment to show how good things are. As an hon. member to my left said, they gave us the old numbers game. But when you have been around here for a year or two you realize that statistics do not mean very much. They are adjusted seasonally and in any other way in order to make the picture look as rosy as one wants. I think it is safe to say that no one actually believes this government or any of its members.

Let me read part of a letter I received from a farmer in Kelfield, Saskatchewan, in which he complains about taking out a cash advance. It compares the announcement by the government with the legislation passed. He said he took out a $2,400 loan on the basis of a statement by Otto E. Lang as recorded in the July issue of the Prairie Grains Policy Progress Report. He took out a cash advance. I will

read from that report issued by the office of the minister responsible for the Wheat Board (Mr. Lang):

• (8:10 p.m.)

Repayments will be made at the same rate as advances. If, for example, the advance is made at the rate of 50 cents a bushel, repayment will be made at the rate of 50 cents a bushel as the grain is delivered.

The farmer I am talking about read that statement, took out the loan on the basis that collections would be made at 50 cents a bushel, but discovered, as he says in his letter, that repayments were on the basis of 95 cents a bushel, the maximum rate allowable under the legislation. Yet the ministry of misinformation, as I prefer to call it, puts out this garbage which does not coincide with what is going on.

Referring to our debate of the last few days with regard to the Temporary Wheat Reserves Act, what has the Minister of Justice (Mr. Turner) said? On page 8276 of *Hansard*, for September 29, 1971, we find this entry:

MR. TURNER (OTTAWA-CARLETON): Mr. Speaker, the government of Canada recognizes that there is a debt due to the farmers of western Canada in the amount of $38.5 million.

Yet the Minister of Agriculture (Mr. Olson) stood blandly in front of the television cameras the other night and said that $60 million is owing under the Temporary Wheat Reserves provisions. Whom are you to believe? Let me refer to page 58:15 of issue No. 58 of Minutes of Proceedings and Evidence of the Standing Committee on Agriculture. Mr. Treleaven, assistant chief commissioner of the Canadian Wheat Board, is reported as saying:

The $60 million was due as of August 1, 1970.

Under questioning he went on to say, as reported at page 58:24:

—$30 million is the amount approximately that would be due on August 1, 1971.

Nevertheless, the Minister of Justice mentioned $38.5 million yesterday in the House. The Minister of Agriculture did not say anything in the House. He went in front of television cameras and made erroneous statements. Whom are we to believe? Obviously, the assistant chief commissioner of the Wheat Board. He has no political axe to grind. He has no fear of being defeated in an election. I would be inclined to think that the farmers of western Canada would believe him. We will see who the people of Canada will believe if this government wants to put its policies to the test.

The government, in the same vein, of course, has accused the opposition of obstructing passage of the stabilization program. It has been pointed out time and again that the stabilization bill spent 27 hours in committee. Until last week's debate only 12 hours had been spent in the House on that important bill which supposedly is to form the basis of farmers' incomes in the years ahead. We spent only 12 hours on it in the House, and the government calls the debate a filibuster.

An hon. Member: Shame!

Mr. Orlikow: You've seen nothing yet.

An hon. Member: They can't stand it.

[Mr. Downey.]

Mr. Downey: Some discussions on bills in committee have had face-saving value. Last year, when discussing Bill C-176, the Standing Committee on Agriculture saved the Minister of Agriculture from himself. It saved him from making, I hesitate to use the word, a fool of himself. At any rate, it saved him from himself in front of the Canadian people. If that bill had not been examined carefully and had been allowed to go through, I submit that the Supreme Court ruling of last summer would have rendered the bill useless. We are talking about an international trade war now, and we are worried about it. Yet if that bill under the aegis of the Minister of Agriculture had gone through, it would have precipitated the greatest interprovincial trade war imaginable. The international situation would have been as nothing compared with what might have happened interprovincially.

Government supporters have given a glowing report of our economy. They have tried to make their points from the right kinds of statistics. I recall, looking over newspaper headlines of September and October, 1929, that there were glowing reports then, too. Everybody said the economy would advance. That was the big point everyone made. There may have been little paragraphs on the back pages which indicated otherwise. But government and officials were saying that everything was fine. The same thing is happening today. Certainly, what the government says bears no relation to fact and to what is going on in this country.

I know the government is genuinely worried about the state of the nation today, but look at their priorities three years ago. Then they could have done something to avert the situation that is upon us today. What were their priorities? One of them was language, another was the bedrooms of the nation. Day after day we asked the Prime Minister questions. He did not answer, he just shrugged. That is the fashion now; if you do not want to do anything or say anything, you just shrug.

Then there is this business of skiing. I think the hon. member for Peterborough (Mr. Faulkner) talked about the Prime Minister's trips and how necessary they are. I believe heads of state should get around and maintain relations with other countries—personal relations. It is this continual round of skiing events and the Prime Minister's participation in that type of activity when the economy and the country are going downhill that bothers people to whom I have talked. They are not bothered by his visiting other heads of state.

Anybody who has watched closely the reign of this Prime Minister must conclude that his policy has been to confuse and to divide. Look at what happened to the Post Office Department. When I first came to Parliament you could receive a letter from my constituency in two days. How long does it take now? It could take two days or two weeks. Look at what the white paper on tax reform has done to the country and you will understand why today there is no prosperity in the country. People have no faith in the government, they do not know what the government is about to do next and hence business is reluctant to invest because investment may come to nothing. I think businessmen prefer to invest in other countries or keep the money in their own pockets.

Look at our youth and you will see the policy of confusion at work. Only a few years ago our youth were being

told that business was bad, that they should "do their own thing" and that type of thing. Now the Prime Minister is saying to the youth of this nation that they should help business. He is telling them to go along with business and that it is necessary. That was not his message two or three years ago. Look at our present situation. It is the direct result of this policy of division and confusion. Whether there has been any point in the attempts to divide and confuse the nation we shall have to wait and see. Much has been said on the subject and according to some sources that policy may have been intentional.

• (8:20 p.m.)

Opinions on foreign ownership have continually been voiced in this House. This fact has been deplored many times by my friends to the left. Foreign ownership and capital coming into this country have been deplored in many speeches made in this House. It is not the matter of foreign capital that should bother Canadians. However, there is a situation we should seek to correct. It is the matter of foreign industry coming into Canada being financed by the Canadian banking system. Hon. members will recall the stir in the House created by the sale of Ryerson Press last spring. No Canadian firm would purchase it. An American firm purchased it and then borrowed 90 per cent of the purchase price from one of our chartered banks. If there are to be any consequential changes to improve the system, perhaps should begin by studying our Bank Act which was last revised in 1967 and should be revised again.

We must discontinue ranting and raving about the United States which, basically, is our friend. We should not have expected to receive preferential treatment when our ministers visited that country a short while ago. We have betrayed them, in their eyes. The United States is a fact of life on the North American continent that we cannot ignore. The only way, I am sure, we will have prosperity with this government is if they start printing money again which will make our currency even funnier than it is today.

Some time ago I looked through the Bank Act. I noticed with regard to deposit reserves that the ratio is something like 12 per cent on demand loans and 4 per cent on contract loans. Of course, this is averaged every month. The last time I inquired, the ratio was 6.12 per cent. With the deposits which the chartered banks in Canada now have, which I think amount to approximately $33 billion, they could issue credit of approximately $428 billion. Whether this monopoly to issue credit to this extent is realistic in terms of maximum benefit to Canadians is something that should be reviewed by the House.

In conclusion, until we have in power a government that will do something other than divide and confuse we will be in continual trouble.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, while listening this afternoon to the motion which we are now debating, I could not but think: This has already been seen, heard and repeated.

If there is in this motion a theme, a common denominator, it is the word "additional". This government is on the right track, obviously, but the motion states: Do a little more. You are reducing taxes, the motion seems to say, for people with a low income and for those with an average income. Do some more. Interest rates are low, but take

—further action—

Housing is doing great, but vote

—additional funds—

Pollution control is well undertaken, but build additional

—waste-treatment plants—

I was going to tell the hon. member for York South (Mr. Lewis) that his motion was entirely lacking in originality, but in a rare moment of moderation, he has recognized this himself by saying—

[*English*]

There is not an original suggestion in this motion.

[*Translation*]

Those are his own words, Mr. Speaker. One must admit that the fact of being told by the mover of the motion that this has already been said many times will not encourage hon. members to take part in this debate.

In my field of responsibilities, however, especially with regard to foreign trade, I must admit that the motion is more provocative. That is why I am taking part in the debate tonight.

If the tone of paragraph (6) of the motion with regard to trade, and especially its first part, had been more in harmony with the rest of the resolution, the hon. member for York South would have said: "By redirecting trade in a more intensive and better way". If he had continued by saying "so that it will not be so much at the mercy of a single market", if he had used the same tone as in other parts of his motion, if he had made the distinctions appearing elsewhere, then, I admit, I would not have had anything to say. I would have agreed that Canada should continually strive to diversify its foreign trade in a more intensive and better way instead of reducing its American share. This would have been logical. In business as well as in other fields, it is a good thing to refrain from putting all the eggs in the same basket. This is peasant wisdom.

Mr. Speaker, I do not claim to be an expert in international trade. It is quite evident. Everybody knows that I am Minister of Industry, Trade and Commerce because I am rather industrious and quite easy to deal with but in looking at this motion, I cannot help but think that it is ill-informed, extravagant, simplistic and pessimistic.

It gives the impression that Canada is always given the choice either of exporting to the United States or of exporting in the rest of the world, in short, exporting this or that, exporting manufactured products or raw materials. It is the impression it gives. It gives the impression that Canada may choose between exporting—

Mr. Lewis: At the present time, we have no choice. That is the problem.

Mr. Pepin: —renewable raw materials and exporting non renewable raw materials. But the hon. member has just said it himself—we do not have that choice, because Canada must export everywhere in the world all exportable materials, whenever the price is reasonable. Canada

cannot and must not try to favour one market more than another. It is a luxury we cannot afford and people working in such or such a sector would point out, I believe, to the hon. member that his proposition would not suit them very much.

The hon. member gives the impression that external trade is a tap one can turn on or off at will, a heating system one turns on in the morning and off in the evening. It is not that at all.

The resolution is also a defeatist one, because in the face of our present difficulties in our trade with the United States, the hon. member gives the impression that we must give up and export in the rest of the world, namely give up what we have and look elsewhere. Mr. Speaker, that is a defeatist attitude and it would be bad policy. It is not the one the government is taking and I do not believe it would be the one the Canadian people would approve.

In the present crisis, there is a struggle to engage in and as for me, I intend to pursue the government's efforts.

For the information of the House, I should like to comment on the efforts made in order to reach the valuable goals referred to in the motion, that is diversification of foreign markets. Later on, I should like to refer to the American market.

There is nothing new in trying to diversify our foreign trade and, this afternoon, the hon. member for Peterborough (Mr. Faulkner) as a matter of fact mentioned results achieved in the diversification and enlargement of our foreign trade.

For the past ten years, Canada's foreign trade has increased three times that of the United States three and a half times; overseas trade, two and a half times; Japanese trade four and a half times, etc. The hon. member for Peterborough has also established the fact that such increase has not only happened with raw materials and semi-finished products, but also with manufactured goods, because ten years ago our manufactured goods made up 12 per cent of our exports, whereas now they represent 40 per cent of such exports. I know for a fact that a good portion of those exports are the result of the auto pact. That I know very well! However, I fail to see why we should dissociate the auto pact from Canada's foreign trade.

Efforts are made all over the world—as I have said before—in all sectors, through a great variety of means; I might say that we are using all commendable means to succeed.

Diversification is not easy to achieve. As a rule, when the minister or the government makes a special effort in South America, for instance, hon. members say in the House: You ignore Europe! Whenever an effort is made in Europe, we are told: You ignore the Pacific area! When we are selling wheat, they say: You neglect manufactured goods. When we sell manufactured goods, we are told that we are forgetting pulp and paper. This is indeed, an easy kind of criticism to level at someone and personally, I find it quite educational. Also, I often say that here as elsewhere there are conflicting interests; for instance, we have a legislation to promote textiles and clothing.

Mr. Speaker, undoubtedly you are aware that the textile people's interests are different from those in the clothing business. For instance, the suit, skirt and shirt manufacturer must find raw materials at the lowest possible price and sometimes he will have to import. Obviously he is then acting against the interests of the Canadian raw material manufacturer.

Mr. Speaker, every day I get advice in the House. Some say: Stop all importations. Others urge me to sell more abroad and, above all, to protest against the Japanese and the Americans when they use protectionist measures against us. Each time I hear this contradiction I smile because this is the way I am made. I am a mixture of stoicism, catholicism and—

Mr. Lewis: —unfortunately of liberalism too.

Mr. Pepin: —and also liberalism. But I believe that there is good Christian liberalism as there is also good Christian socialism particularly that of the Manitoba premier. I think there is also a good Jewish socialism represented by the member for York South (Mr. Lewis). I figure that nobody has a monopoly over intelligence and goodwill.

Mr. Speaker, I will try to deal with the government's efforts to increase our foreign trade with the other countries and mainly the United States. All departments and many Crown agencies are precisely devoting themselves to that. Why does the Minister of Energy, Mines and Resources (Mr. Greene) visit Japan—and we are all sorry for what happened to him—if not to increase our foreign trade with Japan in certain areas such as uranium? When the Prime Minister (Mr. Trudeau) makes a trip to China, or rather to Russia—I hope he will soon visit China—when he flies abroad it is obvious that foreign trade is one of his main concerns. Actually, as soon as he goes to Russia he is told to go to the United States, and as soon as he goes to the United States, he is told to go to Asia without considering that he has already been to the United States and Asia. Finally, he has gotten used to that kind of criticism and has resigned himself to it.

In my department, Mr. Speaker, we work unceasingly to broaden overseas markets for our Canadian goods. For instance, we are now conducting negotiations with Hungary, Australia, New Zealand and Columbia, and in a few days we will travel to Algeria, Zambia, the Philippines and so on. We are constantly endeavouring to obtain better conditions of access for Canadian products in these countries.

We are improving our methods and devising new ones. We have created "departmental committees". Ministers from various countries meet together. We have set up a committee with the United States and another one with Japan. A few days ago, we held a meeting in Toronto with the Japanese ministers and another meeting was held in Mexico City. An inter-departmental meeting with the ministers of Mexico will be held next month.

There are now so-called "mixed" missions. From early 1971, I have headed "mixed missions" to Germany, the USSR and China. This formula is advantageous. The mission is headed by the minister who is sometimes accompanied by parliamentarians and the mission in question includes officials and businessmen. This is one way of making contacts which otherwise would not be possible. It is sometimes enough that an embassy should call up the manager of a company saying that Mr. So and So is here

with a group headed by the minister—it can be me or somebody else of course-to open doors, which hitherto had remained closed.

It is a formula, Mr. Speaker, and we take advantage of it. Indeed we hope to have one soon in Algeria and Japan. I say all this, Mr. Speaker, so that the public in general, to which the hon. member for York South was addressing himself today, know also that the government is making efforts, that the idea of diversifying trade has not been born today in the mouth of the hon. member for York South, but that others thought of it before him.

I am even prepared to acknowledge that some of my predecessors, the hon. member for Prince Edward-Hastings (Mr. Hees) for instance, have made serious efforts along those lines. It is not a new idea to try to diversify trade. Is it being done adequately? Maybe not. Therefore, we may be criticized on the means we are taking, but let us not be asked, as in the motion before us, for "introduction of a program designed to protect Canada's future by redirecting trade so that it will not continue to be at the mercy of a single market . . . " and so on, as if the hon. member for York South had just invented that yesterday.

That "introduction", Mr. Speaker, has already taken place. For instance, we have the "scientific and technological agreements" formula. That is another means of increasing trade. We seek to know the inventions, the breakthroughs of such and such a country, in order to take advantage of them, and we also draw its attention to imaginative technologies developed in Canada.

We are also committed by scientific and technological agreements with Belgium, the USSR, Germany, and we also hope to conclude similar agreements with other countries. Furthermore, we are trying to persuade Canadians to turn to the metric system more rapidly, precisely in order to increase our trade possibilities with countries where in most cases that system is in use.

Together with the USSR, we have established "workshops" comprising Canadian and Russian experts. There are six such "workshops" at the present time, and they meet once or twice a year precisely to seek trade opportunities between both countries.

We are setting up export consortiums. If there is a power dam to be built in Brazil, Zambia or somewhere else, consortiums are set up, which are associations of persons having material, services or knowledge they can pool so that they will be well enough organized in that country to offer a single project instead of 18.

We have opened lines of credit for some countries. We have said, for example, to the people of Iran: Listen, here is $100 million that we are going to lend you so you can come and buy from Canada. And they did.

An hon. Member: Were they convinced?

Mr. Pepin: What I am trying to do is show the efforts that are made. There are programs to help exporters of goods and services explore foreign markets. Here is a group of men who heard that it was possible to export in a country, Uruguay for instance, but to get down there, to make a survey and a submission, requires a lot of money in somes cases. A company can do that two or three times a year, but to do it five or six times is sometimes too costly. So we are going to help them and provide them with 50 per cent of the expenditures envolved and if they get the contract they will pay us back the money we invested in that project.

The hon. member from York South said this afternoon that we should be making more credit, particularly to developing countries because they need it very much to pass orders. On the other hand, is he aware of the efforts made by the Export Development Corporation in that regard? In the period from 1966 to 1969 the corporation granted loans of approximately $50 million. Last year they totalled $96 million. In 1971 they were up to $400 million.

• (8:40 p.m.)

So, when the hon. member says that more credit should be granted to underdeveloped countries, all I can say is that this has already been done. Should one billion dollars be allocated for that purpose? Possibly! But this is where government expenditures must be shared between various departments; some must be left for the Department of Regional Economic Expansion and for some other undoubtedly important departments.

Another thing, Mr. Speaker. As some people know, I am a former tennis player; in that game, as you know yourself—especially before you break a leg—one of the most important things, according to champions like Perry, Budge and Vines, is the followthrough, that is what happens after you have hit the ball. This is how a trajectory can be given to the ball. In our department, we are "obsessed"—this is the true word—by the importance of the followthrough. We are sending missions to Germany and China and we remain in contact with our trade commissioners; we call them back every two or three months to see what progress has been made, to encourage and stimulate them, to give them the information we have gathered and that they sometimes do not have. As I say, we are "obsessed" by the necessity for continuity, by the followthrough.

Sometimes, Mr. Speaker, we achieve fairly fantastic results which are not always recognized by this House. This is normal and I am not complaining. For instance, when the Secretary of State for External Affairs (Mr. Sharp) and myself returned from Europe where we had made certain representations to negotiate the enlargement of the Common Market and had obtained most interesting terms for pulp and paper producers, for the producers of Douglas fir plywood, for the producers of phosphorus, etc., I remember full well having complained that the members of the opposition were not paying attention to what I was saying. That is not very encouraging; yet,—

When we went to China, Mr. Speaker, we obtained three very important things. First of all, when they need wheat the Chinese will come to Canada first. That is an advantage other countries would have loved to have had: I obviously need not specify which countries they are. As we know, the Chinese came over the other day and bought 30 million dollars' worth more wheat than they had on their previous order which was prodigious as everyone will recall.

We have also obtained from the Chinese—I remember quite well that the word "consider" was used—that they consider the possibility of Canada making further

exports. In addition, we have obtained from them that each year they indicate what they intend to import the following year. Incidentally, in a few weeks in Pekin, there will be a meeting of Canadian and Chinese officials and the latter will tell us what they intend to import in 1972. It is a break-through and a considerable advantage.

The Russians have done the same as far as wheat is concerned. They told us that they were coming to Canada and they did so a few days after the Prime Minister's visit. But obviously few members opposite saw the connection between the two events. We are not complaining, that is normal. But one is surprised at being told to make greater efforts. I only ask the hon. member for York South (Mr. Lewis) that if he is getting extraordinary inspirations from Yahweh, God or Jesus, he should enlighten us because we are extremely anxious to find new ways of expanding our exports to other markets than the United States, because we know as well as he does that we should diversify our external trade.

Mr. Speaker, there are many things I would like to say on that subject, but I shall only add this: We are now being told that we rely too much on the American market. We might also consider that it could get just as dangerous to depend on other overseas markets, if we were to follow the advice of the hon. member for York South.

• (8:50 p.m.)

To trade is to take a chance, and you have to take a chance, no matter where you trade. I think we try, as much as the hon. member for York South (Mr. Lewis), to find the right mix, the best possible balance between our exports to the United States and our exports to the rest of the world, our exports of raw materials and our exports of manufactured goods.

Mr. Speaker, I would like to say a few words concerning the American market. Why do Canadians do more trade with the United States? As everyone is aware, we do about two thirds of our import and export trade with the United States. Why so? For a very simple reason—in fact, it is the most natural thing in the world. From a geographical viewpoint, we are Americans: it is, therefore, quite natural that we should do more trade with American than with Asian countries.

Our export goods are well accepted in the United States, corresponding to American fashions and customs, much better perhaps than they meet the requirements in India, the Philippines or elsewhere, because we belong to the same civilization, the same culture, the same way of life.

Our trading patterns—

[*English*]

Mr. Gleave: You speak English, don't you?

Mr. Pepin: Yes, I do. Depending on the way I feel on the subject, I speak either mostly in English or mostly in French. Tonight just happens to be a night when I am speaking mostly in French.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Pepin: Canada and the United States also have common trading patterns. There is also economic complementarity. Some Canadian products round out the American arsenal, and vice versa. There is also much specialization between companies on either side of the border.

This afternoon I heard the hon. member for York South criticizing multinational corporations, but I should very much like to know what he intends to substitute for them. The trend toward multinationalism in industry and trade is general.

I feel there can be no going back. The trouble is that Canada does not have enough of those companies. I believe if we had more we would be stronger economically.

Moreover, there is the fact that the United States do not need preferential credits, dealers or foreign aid. That is obvious. And, Mr. Speaker, they are right there, they are next door, their market is a natural extension of our market. Exporters do what comes naturally. Yes, Mr. Speaker, there is continentalism because precisely we happen to belong to the same continent. As far as I am concerned, I believe that the Canadian people consider the American market as a natural market for Canada, and I think that they consider it also as a stable one, made of sensible, distinguished people who above all do pay well and I do not think that the hon. member will be very successful in advising the people to export more to Africa or to the other developing countries. We do that as far as possible but it seems to me that, with regard to the economic future of Canada, it would be unwise to depend largely on the African or Asian market.

Mr. Speaker, we regret that the Americans do not take into account, especially at present, the special and unique nature of the relations between our two countries and, as far as I am concerned, I do not miss any opportunity—and I wished that the hon. member for South York did so more often—to draw the attention of the Americans to the unique nature of our mutual trade relations.

I was in Houston yesterday. I suppose that some hon. members would like to take note of my speech which, I think, is fairly good and where I show exactly the importance of economic and trade relations between Canada and United States. Only a detail, we receive 35 million visitors from United States.

Does the hon. member intend—no, surely not—

Mr. Deputy Speaker (Mr. Laniel): Order, please. I regret to interrupt the minister but his time has expired even though the Chair has recognized him as the official spokesman for his party and has allowed him 30 minutes. Unless, of course, the House gives unanimous consent—

Some hon. Members: No.

• (8:50 p.m.)

[*English*]

Mr. Deputy Speaker: Does the House agree to allow the hon. member to continue his remarks?

Some hon. Members: No.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I wish to deal with the second part of the motion moved by the leader of this party, as follows:

—nor can this House tolerate any longer the government's failure

to implement policies to reduce Canada's dependence on a single market and to assure a strong and independent Canadian economy.

I am sure there is no need for me to enumerate to the House the catastrophic effects which would ensue if the United States continued the 10 per cent surcharge on imports and retreated into some of the protectionist devices which are at present being discussed in that country. I agree with the Minister of Finance (Mr. Benson) when he says that if these policies are continued it will be disastrous for Canada. The estimate of the Minister of Industry, Trade and Commerce (Mr. Pepin), that it would mean a loss of at least 90,000 jobs in Canada, is probably too low.

It seems to me we must ask ourselves how we came to be in this predicament and what we can do to rectify it. We should begin by asking how we came to be in this very difficult situation. I suggest the reason Canada is more adversely affected by the United States recent action is because we have virtually become a United States economic colony. Ever since the end of World War II the Liberal party has been the advocate of economic integration with the United States. Whenever we attack the government for its continentalism we get the kind of hoary answer given to us this afternoon by the hon. member for Peterborough (Mr. Faulkner) who asked, "Do you not want us to trade with the United States?" or the statement of the minister who has just resumed his seat that it is only natural that we should trade with the United States.

No one quarrels with that. Of course we must trade with the United States because of our proximity. The late President Jack Kennedy, when he visited Ottawa some years ago, said of our two nations that "geography has made us neighbours and history has made us friends." But there is a great deal of difference between trading with a country and being owned and dominated by that country. There is a great deal of difference in the relations between neighbours and the relations between tenants and landlords.

Of course we support trade with the United States. But what has happened in the process of continentalism is that we have gradually been losing the capacity to make our own economic decisions in this country. It is not that the government has not been warned of the apparent dangers of allowing the economy to be dominated and manipulated by another country. When some of us have been making these statements over the years we have been attacked as being anti-American or Canadian nationalists. We have not been alone. Many newspapers in Canada, and other publications, such as the Toronto *Star*, the *Financial Post*, the *Financial Times* and *MacLean's* magazine have been speaking out on this subject for the last ten or 15 years.

People in the academic community have warned the government of what is likely to happen. As a matter of fact, a former Liberal Minister of Finance, Mr. Walter Gordon, tried valiantly in the years between 1962 and 1967 to do something about this growing encroachment by the United States corporate power on the Canadian economy. We know what happened to him.

In order to appease public concern, the Liberal government set up the royal commission headed by Professor Watkins. This commission reported in 1967, and nothing has been done. For the past two years the Minister of National Revenue (Mr. Gray) has been making a study of foreign ownership and now we understand he has made a report to the government. We are still waiting for some action. Even the Leader of the Liberal party in the province of Ontario, Robert Nixon, the other day in a public speech criticized the government and said it had been too slow in dealing with this crucial matter.

The fact is that the chickens have come home to roost, and the chickens look very much like vultures. The *Globe and Mail* said in an editorial today that Canada now is in the position of being like a branch plant arguing with head office. In a television interview the other day the Prime Minister (Mr. Trudeau) said he was surprised that the United Sates wants to make Canadians hewers of wood and drawers of water. He need not have been surprised. Like Rip Van Winkle, he has just awakened to the world of today. They have been making us hewers of wood and drawers of water for decades, particularly since the end of World War II.

Instead of being aware of the situation, the Prime Minister has poured ridicule again and again upon those who have expressed their concern about the growing control of the Canadian economy by foreign investors. He has referred to them as Canadian nationalists and superpatriots. If we take the trouble to make a survey of the Canadian economy we find that foreign control has now reached the stage of economic domination. I shall not go over again the long, depressing catalogue of what the results of foreign ownership and control have been. Most members are familiar with it. In the last ten years the book value of foreign capital invested in Canada has doubled in size. The foreign ownership of the manufacturing industry is now 60 per cent of its total assets. Tobacco, rubber, machinery, transport equipment, petroleum, coal products and chemicals are all virtually in foreign hands to the extent of anywhere from 70 per cent to over 90 per cent.

• (9:00 p.m.)

The number of takeovers by foreign-owned and foreign-controlled companies has been increasing since the end of World War II, and the rate of takeover has increased sharply in the last three years. In 1945 there were 20 mergers in Canada. For the last three years there have been about 200 mergers a year, which has resulted in increasing control by foreign investors. Foreign ownership and control in Canada is the highest of any other country in the modern industrial western society. Two-thirds of the total investment in resource-based industries is foreign-owned. Three-fifths of the investments in manufacturing is foreign investment and four-fifths of that investment is American.

The United States investment in this country is growing rapidly. From 1945 to 1967 it rose from $5 billion to $28 billion and is now in excess of $30 billion. In 1955, American investment in this country averaged $500 a year. It is now in the neighbourhood of three-quarters of a billion dollars per year. This is so not only in the field of investment but in the field of technology. Some 95 per cent of the patents issued in Canada are registered to foreign owners, and of these two-thirds are owned by U.S. residents. Of the list of 25 leading countries in the world, Canada is first in the percentage of patents that are

foreign-owned and last in the percentage of patents which are owned by its own nationals.

An hon. Member: So what?

Mr. Douglas: The hon. member asks, "So what?" When patents are owned outside this country I ask my friend to stop and ask himself who he thinks controls the economic activities of our nation. Of directorships of firms which are 50 per cent or more foreign-owned, only 44 per cent are held by Canadian citizens. The result of all this is that the Canadian economy has become more vulnerable than that of any other country to changes in U.S. economic policies, and we have reduced our capacity to respond effectively to any actions taken by the U.S.

American investment has had two main thrusts. Their major concentration has been on resource industries. The subsidiaries set up in Canada are producing for the parent company. They are not seeking world markets, they are seeking to produce raw materials for their parent companies, supplies that can be cut back when they do not need them or when they find other sources. These are raw materials which are sold to the parent company at an agreed price, not the world market price, with the result that the profits are very small in Canada and the wages are 25 per cent to 30 per cent less than those paid in the U.S.

These subsidiaries have no incentive to process or fabricate their raw materials in Canada. That is why we have a large trade surplus with the U.S. and why we have between half a million and three-quarters of a million unemployed, because these extraction industries are capital-intensive and not labour-intensive. What we have been doing is exporting jobs by sending our raw materials to the U.S. and elsewhere to be processed and fabricated.

The second thrust has been to set up a branch plant economy in Canada which was designed largely to benefit from the Commonwealth preferential tariff. The result is that many of these companies are producing only for the Canadian, or at the very most the Commonwealth markets and have not been anxious to enter world markets in competition with their parent companies.

It is all very well for the Minister of Industry, Trade and Commerce to say that he is not against diversification. Of course he is not, and I compliment him on the efforts which he and his department have made to diversify Canadian trade. But to what extent can they be effective in diversifying Canadian trade when they do not control the decisions that are made with respect to diversifying trade? If the Canadian subsidiaries of American companies are prevented by their parent companies from energetically entering the world markets, then all the trips that the minister and his colleagues make to various parts of the world will not be effective in bringing about the kind of diversification which is necessary.

The result of this branch plant economy is that most of our research is being done now in the U.S. and most of the patents, as I have already pointed out, are held in the U.S. The crux of the matter is that ownership means the power to make the decision that affects the economic livelihood of the Canadian people. It means that if the demand at any time lessens, then of course it is the subsidiaries that will be cut back, not the parent companies. The economic decisions affecting this nation are not made by Canadians. In the main they are being made by gigantic corporations in the United States, and they are not being made in the interests of Canadians. It is bad enough to be hewers of wood and drawers of water, but it is even worse when someone else decides how much wood you will hew and how much water you will be allowed to carry.

Some hon. Members: Hear, hear!

Mr. Douglas: Let me say just a few words about some of the things we think must be done to meet the present crisis. Mr. Speaker, everyone readily concedes that there is no quick and easy answer. We cannot undo in a few weeks or months the drastic results of 25 years of economic integration. What we need, first of all, are immediate policies to begin regaining control of the Canadian economy, to stop mergers, to limit the impact of foreign investment and to put a limit on the amount of foreign investment in various segments of our economy.

• (9:10 p.m.)

The House of Commons committee on foreign affairs recommended that there should be at least 51 per cent Canadian ownership. I think that in some areas, for instance finance and investment companies, it should be 100 per cent. We should be using the Canada Development Corporation to develop Canadian industry with government participation. We should be setting up a state trading corporation so that we can expand our trade, on Canadian terms, not only with the United States but with other countries of the world.

Let me finish on an optimistic note, Mr. Speaker. The Kennedy round and GATT have already been breached on a wide front. I hope they will not be destroyed and that we will be able to maintain multilateral trade in the world. But if that does not happen, if we must resort to bilateral trade, then Canada is not without great bargaining power. We have two main bargaining powers. First of all, Canada gives greater access to its market than most other countries do. Of the 18 leading trading nations, Canada allows a larger percentage per capita of imports, some $700 per capita compared with $180 per capita in the United States and $150 per capita in Japan. We are a valuable market. Although we are only one-tenth the size of the United States, we are her best customer. We buy large quantities of goods from the European Common Market. Our market is a valuable asset to these countries. I repeat that we have bargaining power there.

We also have natural resources, particularly energy resources, which some countries, notably the United States, must have. We have bargaining power there. We ought to be able to do what we have never done until now but which we have urged the government repeatedly to do. If we have surplus energy resources, we ought not only to sell them for cash but be prepared to say that in return for selling them we want more of our natural resources fabricated and manufactured in this country, and we want access to the American market and other markets for our fabricated and manufactured goods.

It may be that the crisis through which we are passing will have a salutary effect. I hope the U.S. surcharge will be removed. I hope that the difficulties which have arisen will finally be resolved. But that should not allow us to

lapse into a state of lethargy. This crisis ought to teach us the lesson that we must begin in Canada to regain control of the Canadian economy. We must now begin to make our economy more diversified. We must begin to process more of our primary products in this country. The hon. member for Duvernay (Mr. Kierans) warned the government about this in a recent speech when he pointed out that the whole tax structure of this country has been designed to give special assistance to the extraction industries which are capital-intensive, rather than to the manufacturing industries which are labour-intensive.

As a deliberate government policy we should be encouraging industries which create jobs, producing goods that will give our people work and opening up new markets for the products of our industries. If we do that, Mr. Speaker, this country will be much less vulnerable and we will be able to provide employment for our growing labour force. There is no use in the government complaining that we have the fastest growing labour force in the world and therefore it is very difficult to provide jobs. We have been warning the government for ten years that a quarter of a million young people a year are entering the labour market. We must now gear our economy so that it will expand at a sufficiently rapid rate to provide jobs, not only for those who are now unemployed but for the hundreds of thousands of young people who are entering the labour market each year.

Mr. Deputy Speaker: As the hon. member concluded his remarks I was rising to my feet to say that his time had expired. As I said earlier today, because other members want an opportunity to speak I hope extensions of time will not be sought.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, this evening I would like to touch on two points. The first is that I feel we need much more centralized economic planning, and the second concerns the youth unemployment problem. With respect to my suggestion that we need more centralized economic planning, it is my feeling that in the present situation we do not have enough planning at the centre and we do not have enough co-ordination among the many departments and agencies of government which produce economic effects.

There are a great many departments of government which do produce economic effects: for example, there is the Department of Finance, the Department of Regional Economic Expansion, the Department of Industry, Trade and Commerce, the Department of Transport, the Department of Agriculture, the Department of the Environment, the Department of Manpower and Immigration, and the Treasury Board.

I suggest that we should have a minister whose primary concern would be the co-ordination of the economic policies of all these departments and the development of general economic policies. I suggest that we should have a minister of state for economic policy who would undertake this task. I understand that at the present time the job is being done by a committee of ministers, the principal member of which is the Minister of Finance (Mr. Benson) who is assisted by other ministers who have responsibilities in the area of our economy. I believe these ministers have other administrative concerns to occupy their time to the extent that they cannot concentrate primarily on developing economic policies both for the long-run and the short-run.

At present we have the Economic Council of Canada, but it has basically a long-term role. For short-term economic planning we have two branches within the Department of Finance, the economic programs branch and the economic analysis branch. I suggest that a minister of state for economic policy should have jurisdiction over these two branches, which should be taken out of the Department of Finance, and that such a minister should report to the House for the Economic Council of Canada in the same way as the Minister of State for housing reports for CMHC. He would also be in a position to submit problems and programs to the Economic Council for long-term study and analysis.

Mr. McGrath: Would the hon. member permit a question?

Mr. Allmand: Yes.

Mr. McGrath: Can I conclude from the hon. member's remarks that he no longer has confidence in the Minister of Finance (Mr. Benson) since he recommends a minister of state for economic policy?

Mr. Allmand: No, indeed. Mr. Speaker, I listened to several of the speeches made today. While I heard a great litany of the economic problems facing the country, I did not hear many positive suggestions to solve those problems. It is my impression that a debate like this should be one during which Members of Parliament put forward our ideas for discussion and consideration. Our ideas may not all be good, there may be shortcomings in them, but this is the place to express them.

One of the best speeches on economic policy that I heard in this House was made by the hon. member for Duvernay (Mr. Kierans), a former minister. His was one of the most thought-provoking speeches made to the House in a long time. But it seems that all the opposition do is think in terms of personalities.

• (9:20 p.m.)

I think we would be much better off if we could have our discussions on a policy level—but instead we hear the kind of remark just made by the hon. member for St. John's East (Mr. McGrath).

I said I intended to refer to two matters. My first point is that I think we need more co-ordination of our economic departments and a minister should be appointed whose prime concern is economic analysis and planning. The other matter I should like to deal with is youth unemployment; and I admit, as does the government, that this is a serious problem. The government has tried to develop a program to deal with the unemployment of youth. I would refer the House to the report of the Youth Committee entitled "It's Your Turn". I think this report has been much maligned. Unfortunately, the media has concentrated on two very minor aspects of the report, one dealing with the legalization of marijuana and the other with cadet training.

If one reads the report he will find that the principal concern of the Youth Committee was the problem of youth unemployment and most of its recommendations

relate to a program and policy to solve this problem. It is unfortunate that the report has been maligned and criticized for matters which are not dealt with principally. The analysis of the youth unemployment problem in this report is excellent. At page 15 of the report, in the summarization of the youth unemployment problem the following is stated:

—Canadian youth experience a consistently high rate of unemployment, even when the economy is at or near full employment;

—the variations in youth unemployment during the business cycle exceed variations in all other groups in the labour force;

—the ratio of the youth unemployment rate to the national unemployment rate has increased during the latter part of the 1960s and reflects a general deterioration in their employment prospects;

—there are distinct regional differences in the employment opportunities for the young.

The report goes on to analyse the reason for this problem among our young people—which is growing worse each year—and states that without any relationship to the general level of our economy, even when our economy is good things are not good for our young people. Let me suggest to the government and the House that we must do more for our young people in the way of giving them training, but not merely at the university level. A few years ago it was part of the Liberal party platform that we provide young people with 100,000 scholarships. That program was replaced by the Canadian student Loans Plan, which is a good one. I suggest that we reconsider a national scholarship program, but let it be a scholarship program directed not only to young people going to university and college but young people going into trade school, going abroad to learn different trades, professions, or the arts, including music and similar skills.

The scholarships should also be used in conjunction with industry and commerce so that young people can be trained while on the job. This would work in a way similar to the apprenticeship training program of the past. If we look back to the 1920s and the 1930s we will remember the apprenticeship programs. In those days employers were willing to hire young people under the apprenticeship program for a period of four or five years, during which they received training in all aspects of commerce or the industry concerned. They did not pay very much but they were being trained while working. When they finished the training program they were in a position to accept and carry out work responsibilities, which many of our young people are not prepared to do today.

We should provide grants directly to industry, business or to the young people in conjunction with grants to industry and commerce, to promote this type of training. Perhaps this could be done through tax incentives, grants or scholarships, but I think it is essential that it be done. This would not only help our young people, it would help employment generally by keeping young people off the labour market for a few years and giving job opportunities to older people who are raising families.

Let me refer to another very good suggestion in the Youth Committee report. The suggestion refers to a Canadian youth employment directorate. This would be a special directorate to assist the Canadian government in resolving the problems of youth unemployment. One of the principal recommendations of the report appears at page 168 as follows:

[Mr. Allmand.]

Therefore the committee recommends that the federal government set up the Canadian Youth Employment Directorate (CYED) to take immediate action in the following areas:

a) in the area of structural youth unemployment, given the high ratio of youth to adult unemployment and the variations in success at finding a job associated with region, socio-economic status and ethnicity,

i) the CYED act as an interlocutor in all governmental social and economic development programs to ensure that the specific employment problems of youth are taken into consideration;

ii) the directorate undertake extensive research into the nature of youth unemployment with a view towards defining and evaluating the range of alternatives for public action;

iii) the directorate establish, if necessary, direct programming to create viable alternatives to present training and retraining programs—

The report also suggests that we reconsider the three-year delay we have in our manpower training program which prevents young people benefiting from these programs unless they have worked for three years. Our government and this House must take a close look at this recommendation. It is one that has been made by others.

I do not wish to take up much time of the House as I know other members wish to speak, but my principal purpose in intervening in the debate was to make these two points. I shall repeat them. We need more economic planning and co-ordination, and I suggest we should have a minister whose sole responsibility is directed toward this end. My second point is that we should pay much more attention to the Youth Committee report "It's Your Turn", especially those parts of it which relate to youth unemployment. I think it is a good report in that respect.

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, it was gratifying to listen to the hon. member for Notre-Dame-de-Grâce (Mr. Allmand). I am pleased he is so trenchant in his views. Perhaps that is one reason his name was not on the list today. Perhaps he is too frank, forthright and realistic about what has to be done in this country if we are to get some action in respect of unemployment.

In 1968 we had a Prime Minister and a party which had all the answers. There was no problem they could not solve. The just society was around the corner. That corner was difficult for many people to reach. Many have fallen in the gutter trying to get there.

• (9:30 p.m.)

Mr. Alexander: Right on.

Mr. Coates: Unfortunately, before we reach the end of this year many more people will have fallen by the wayside.

Mr. Alexander: The hon. member is right on, again.

Mr. Coates: This government has shown, above all else, that it has no answer for any problem. The hon. member who spoke was quite right. He said there is not enough planning. My conclusion, having watched this government operating for three years, is that they do not plan at all. The cupboard is bare. It has been bare for three years. There are no plans and no alternatives. The government is bankrupt of ideas and of alternative programs for the people of Canada. Worse than that, the government does not even know what to do tomorrow. That is why today

we are not sure whether a federal election will be called next week, next month or next year.

Mr. Mahoney: The hon. member is coming closer all the time.

Mr. Coates: They cannot make up their minds because they have no alternatives to place before the Canadian people. I have been a member of this House for some time and have watched governments operate. I have tried to appreciate the problems that cabinet ministers face, as well as some of the problems they encounter in running a country as large, diversified and complex as this. In 1957, when I first came to this House, the government I supported faced pretty serious problems it had not known about. There was the hidden report of 1957 that we did not know about. The Canadian people did not know about it either. The report told the government of the day that a recession was on the road and that we should prepare for it.

The previous government had not prepared for it. We had to prepare for it. We had to face the fact that there would be a recession, and there was a recession. We fought it by coming up with new, imaginative schemes for putting Canadians to work. We keep asking the present Prime Minister what programs and plans the government intends to bring forward to create jobs for people this winter. We are worried about unemployment. We know there will not be enough jobs around to keep employed all the people presently working. We want something to be done about this.

We did not do anything unique in 1957, but at least we did something. We employed people through the Department of Public Works. We made the Department of Public Works the main vehicle by which people were able to work during the winter months. We put many people to work. We improvised, I would say effectively, by producing a winter works program. We introduced the roads to resources program and considered the disadvantaged provinces, the prairie provinces. We brought out the Atlantic provinces adjustment grants under which we gave the governments of these regions more money which they could pump into the economy and thereby put more people to work.

These days members of the opposition direct questions at the Prime Minister (Mr. Trudeau) day after day. They ask, "What are you going to do?" The Prime Minister says, "We will do something some day." We say to the Prime Minister, "You are running out of time; provincial governments are running out of time; municipalities are running out of time. If you do not tell them what you intend to do, how can they tie their programs to what you will do?"

Mr. Alexander: Absolutely right.

Mr. Coates: We want the government to produce a program that will provide jobs for people. That is what we are interested in today. We know, as the hon. member for Hamilton West (Mr. Alexander) has said, that many people will not enjoy a merry Christmas on December 25 if this government continues in its ineffectual and ineffective way. All the government says is, "Well, maybe tomorrow we will have a program for the unemployed of Canada."

I think we all like listening to the Minister of Finance (Mr. Benson). We wish he were right about the stories he tells, stories that he got from "Alice in Wonderland."

Mr. Mahoney: I see the hon. member is another reader.

Mr. Alexander: The parliamentary secretary is in the same dream world as the minister.

Mr. Coates: Although the Minister of Finance may look into the looking-glass, we do not know what to say to our own constituents about how they are to survive this winter. More important, we do not want to see a repetition this winter of the sort of half-baked, ill-conceived summer programs this government has produced. I am referring to programs such as Opportunities for Youth. Surely to goodness the government will not try to introduce for the unemployment this winter the same type of program that it introduced for our youth this summer. Surely to goodness there need not be the nutty, "weirdo" schemes that under the aegis of the Secretary of State (Mr. Pelletier) were produced for students this summer. Those programs put into disrepute the government, the people involved and Members of Parliament.

It seems that the government is willing to gamble on anything in the hope of providing some sort of employment for somebody. That is what happened this summer and I do not think the members of this or any other opposition would be willing to go through that again. Yet we get nothing except lame and hair-brained excuses from the government. Perhaps part of the blame should be laid at the feet of members of the government. As I see it, Liberal Members of Parliament—this includes a great many members of the cabinet—have abdicated their responsibilities and allowed the growth of an oligarchy headed by the Prime Minister. He surrounds himself with people who are not elected, people like Marc Lalonde, Ivan Head and a great many more.

Mr. Alexander: Oh, oh!

Mr. Coates: —who run this country.

Mr. Alexander: That's a fact.

Mr. Coates: We in the opposition have suggested to cabinet ministers that these fellows are really the ones who are in control. It is nice to know that the Prime Minister can bring out lists and say, "I am promoting this fellow, that fellow and some other fellow to the position of parliamentary secretary, and those who are left I will make ministers or chairmen of committees so that everybody in the Liberal party will have a position."

Mr. Alexander: That is shameful.

Mr. Coates: The Prime Minister says, "Really, though, when it comes down to power and control, the technocrats in my office and around me run this country." That is the situation we have arrived at in this country. Elected representatives, excepting the very favoured few whom the Prime Minister likes, have nothing to do with governing this country. The rest of them sit by and condone and accept this situation because the pay cheque at the end of the month is bigger, because the Prime Minister has appointed them to this, that or the other position or acknowledged that they should be chairmen of this, that

or the other committee, or ministers of state of this, that or the other department. But the technocrats have proven over three years that they do not have any answers to anything. They get large salaries, a lot of help and are well paid—and they know that we have a great deal of unemployment and lots of inflation.

• (9:40 p.m.)

It is time the Liberal party again took over the Liberal party and started producing some action and results. Let us look at a few facts—inflation, for example. We watched this government create unemployment, hardship and misery because they were fighting a great battle against inflation. What are the facts? The rate of increase in the consumer price index, January to August, 1971, is a little short of 5 per cent, 4.8 per cent to be exact. Last month there was a monthly increase in the consumer price index of no less than 7 per cent, or an annual rate of increase of 8.9 per cent. That is some battle! That is some victory! That is a pretty poor performance.

What about the Atlantic provinces? The Atlantic provinces are more adversely affected than at any other time in their history. The Prime Minister said that he was really going to look after regional economic disparity. The only way he has looked after it is by spreading it across the whole nation. That is not what we wanted to see. We wanted to see it eliminated, not spread. We do not want the cancer to go across Canada; we want to cut it out and eliminate it completely. But that is not the way it happened.

What about unemployment in the Atlantic region? Our people received really good news in August: they were told that 9.4 per cent of the people in the Atlantic provinces were unemployed! The same is true for July. In August, 1970, it was 8 per cent. It increased 1.4 per cent in one year. The sad fact is that the situation is no better in Quebec. Quebec keeps talking about separating. I do not know why we in the Atlantic provinces do not do the same. We face the same adversity as the people in Quebec.

What about Nova Scotia? We had a change in government in Nova Scotia. Things were going to be good with a Liberal government in Ottawa and a Liberal government in Nova Scotia. Oh boy, things were going to be good. This is how good things are in that province: in August, 1970, the rate of unemployment was 5.6 per cent. In August, 1971, it was 6.5 per cent, an increase of almost 1 per cent. The number of unemployed in Nova Scotia has increased from 14,000 to 19,000. The rate of unemployment has gone up from 5.1 per cent to 6.8 per cent.

We used to be proud of the fact that Nova Scotia had the lowest rate of unemployment in the Atlantic provinces. Now only Newfoundland exceeds us. If Nova Scotia continues with a Liberal government we will probably pass Newfoundland. I am sure we will pass them because in the very near future the clock will run out on the Premier of Newfoundland and there will be a Conservative government in the province. Things are bound to be better. They cannot be worse.

Mr. Gibson: Oh, oh!

Mr. Coates: I have the great distinction of having the hon. "Hoot" Gibson hooting again. Every time I get up, he hoots like an owl. He only comes out at night. He never says anything. He is not a very wise owl. As a matter of fact, he is rather stupid. I have never heard him make a speech. If he ever does, I will be willing to come here and listen.

An hon. Member: That would be a waste of time.

Mr. Coates: I wish to give an example of what is happening in my constituency. For 22 years we had an engineering office of the Department of Regional Economic Expansion. It looks after many things for the three Atlantic provinces, in co-operation with the federal government. It has been there since the Maritime Marshland Rehabilitation Act was passed. It has been very effective and very valuable to the area. What does the present Department of Regional Economic Expansion intend to do? It is going to close this office. The department talks about bringing industry to the area, but it is going to close an office which contains more expertise and information than ever existed in any one body at any one time. Rather than try to keep these people working at a time of high unemployment, the department suddenly decides to lay off these 65 people. They are going to eliminate the problem of those 65 people being unemployed by putting them on welfare or unemployment insurance. That is the way they are going to correct the situation in the Atlantic provinces.

This government is bankrupt of ideas. It has been ever since it took office. They are a bunch of technocrats, most of them not elected, who are trying to run this country. The sooner we get rid of this government, the better the country will be.

Some hon. Members: Hear, hear!

Mr. Steven Otto (York East): Mr. Speaker, if I had spoken earlier today I would have dealt with our position with regard to the United States, our industrial potential and our balance of payments, situation—but charity takes a little time and I do not have much time. It may appear that I am being rather ruthless with our party and the government tonight.

It is about time we got away from the state of shock into which we were thrown when the surcharge was announced by the President of the United States. It is understandable that for a time the surcharge will leave us a little shocked, not quite certain what we can do and hoping that it will disappear. The surcharge will disappear. We went to the United States. We asked for concessions. We did not get them. The newspapers said the surcharge might be lifted. Because all of these things might happen, I decided yesterday to go to Washington to find out whether we are going to be exempted or whether the surcharge is going to be lifted. I was told that I would never be able to get this information.

Mr. Speaker, I spoke to the highest officials and elected representatives in the committees of ways and means, finance, and rules. They laid out the whole program. There is no doubt in the world that the surcharge will be lifted. When? When the DISC program is passed, when the United States gets its own terms as far as world trade is concerned, as far as its economy is concerned and as far

as the monetary exchange situation is concerned. As far as Canada is concerned, they do not even know we exist.

One gentleman I spoke to in Washington said, "Mr. Otto, did you try to buy anything in Washington with Canadian money?" I said, "yes, I tried to buy something. The storekeeper who had been dealing with Canadians for 40 years looked at the money and said, I think this is Canadian money, isn't it? It is no good here'." I say without any rancour toward the United States that as far as they are concerned, we do not exist. They meant the surcharge to be applied against us. The DISC program is against us, everyone else is against us—and to hope that things will get better is absolute fallacy. This government has to come to the conclusion that this situation is with us. There are going to be no world trade agreements outside of a great favour by the United States. If they leave, they will leave in their favour. They admitted this. Kennedy is gone; the Kennedy program is gone. They are in a position where they must protect themselves against the onslaught of many other nations.

• (9:50 p.m.)

Let me deal with the DISC program. I wonder if Your Honour is aware of the awful results it might have for us. This program is designed, in brief, to set up a corporate tax haven in the United States for all export companies. Congressmen and Senators told me, "We know we have multinational corporations spread all around the world because they can get tax advantages by operating outside the United States. We cannot legislate to bring them back but we shall create a tax haven in the United States which will give them tax-free profits."

Mr. Speaker, there will be loopholes so wide that all the expenses can be charged against domestic production and all the profits counted against exports. No subsidiary company can possibly exist in Canada when the DISC program takes effect, unless they are out of their minds, because the advantages will be fantastic and every United States corporation which is responsible to shareholders will pull any of its subsidiaries right out. This will reduce our industrial potential by 20 per cent. This is a fact. I hope everyone will realize it is a fact because then we may be able to get on with a program without all these political repercussions, a program which will give us a chance to exist and to grow.

My time is running short, Mr. Speaker. I suggest that apart from pulling in subsidiaries, the United States move will result in an increased tendency among Canadians to invest in the United States. It is said it would mean a $100 million loss to the treasury, which is equivalent to $200 million profit by corporations, which is equivalent to about $3 billion in exports and, as the Minister of Industry, Trade and Commerce (Mr. Pepin) has said, since we do about 70 per cent of our import and export business with the United States most of that export portion will be thrown on Canada, so we are in double jeopardy.

The first essential is this: the Prime Minister (Mr. Trudeau) must tell Canadians that we can be independent of the United States. We can be industrially and economically independent. Let us wash away all this supposition that we cannot do something because we are merely 22 million people. This is the first time in our history that we have a Prime Minister with such a great following among Canadians. They will listen to him. If he has confidence, and I think he has, he will say, "We must expand our export endeavours, increase our research activities and develop our independence along worth while lines."

I see the house leader for the NDP is making a sign as if to cut my throat. I gave him an undertaking that I would be very brief and I hereby stick to that undertaking. The task now falls upon the Prime Minister to tell Canadians that we can do great things, that there is a great destiny ahead of us if we only have the will, without the help of the nebulous United States which will disappear as far as we are concerned, anyway.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I thank the hon. member for York East (Mr. Otto) for permitting one of our party to wind up the debate on our motion. I do not know that I can do much better than he was doing.

Mr. Otto: Maybe you should have let me finish.

Mr. Gleave: I did not prevent the hon. member from finishing. All I will say is this. The action taken by the United States in imposing a surcharge against Canadian goods is forcing us to reassess our position. There were members on the government side who sought to bring about such a reassessment in days not long gone by. Some of us remember Walter Gordon. He brought in a financial policy which was designed to enable the Canadian economy to become less dependent upon the United States, an economy which was viable and able to protect itself. All of us recall perfectly well what happened to Walter Gordon. Since then we have consistently followed a policy which has made the Canadian economy increasingly vulnerable in the kind of situation in which we now find ourselves.

The economic policy which the government has followed since I came to this House in 1968 has made us increasingly vulnerable to measures of the kind taken in the United States. It has sought to make the dollar increasingly expensive. The Canadian dollar has been protected, and those who own Canadian dollars have been protected. But the worker and the farmer have been made the fall guys. If I had 20 minutes in which to speak I would fill in the background. The government has sewn us up piece by piece, month by month. As the hon. member for York East said, it is now time for them to come up with some of the answers.

Mr. Speaker, they do not have the answers. They have placed the Canadian people and the western farmers in a vulnerable position. I could see this coming. Anyone could have seen it coming right from the time the United States refused to renew commodity agreements—the sugar agreement, the wheat agreement. Now we are standing out in the cold. At no time have members on the other side produced a policy which would enable the Canadian people to survive as a community and provide for themselves what they need to enjoy, well-being, jobs and security. We are waiting for the government to come up with solutions and quit shadow-boxing. There was an excellent cartoon in one of the papers not long ago on this very subject.

An hon. Member: Ten o'clock.

• (10:00 p.m.)

Mr. Deputy Speaker: Order. It being ten o'clock p.m., it is my duty to inform the House that pursuant to section (11) of Standing Order 58 proceedings on the motion have expired.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

EXTERNAL AFFAIRS—PROPOSED AMCHITKA NUCLEAR TEST—POSSIBLE REFERENCE BY CANADA TO UNITED NATIONS OR INTERNATIONAL COURT

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I anticipate that the reply to my remarks will come from the Parliamentary Secretary to the Prime Minister (Mr. Danson), so may I take this occasion to congratulate that courtly and courteous gentleman on his reappointment and say how pleased I was to see him on the survivors' list.

On September 16 I asked the Prime Minister (Mr. Trudeau) whether he intended that the Canadian delegation would bring before the United Nations General Assembly the question of the proposed Amchitka nuclear blast or if consideration was being given to having the matter brought to the attention of the International Court. On several other occasions in the earlier part of this session I inquired of the government's intentions in reference to this matter.

The Prime Minister's statement that the United States had not accepted jurisdiction of the International Court was probably an unintentional exaggeration of the reservations made by the United States Senate at the time of the ratification of the United Nations charter, which of course embraces the International Court statute. The Connally amendment, which interposed a self-judging aspect on U.S. acceptance of court jurisdiction, was designed to give the United States the right to determine unilaterally whether a subject matter of litigation lies essentially within its domestic jurisdiction. This is not quite the same thing as a blanket non-acceptance of the court's jurisdiction.

There is insufficient time to discuss this important question of international law in this short debate, but it can be said that contemporary developments and concern for the universal environment, if I may call it that, have internationalized many aspects of national behaviour which were once regarded as purely domestic.

Since my question was asked, the Secretary of State for External Affairs (Mr. Sharp) has made his contribution to the general debate at the United Nations and discussed the very serious question of nuclear explosions. There can be little doubt that there is grave risk in the escalation of nuclear testing. The nuclear family is growing and the number of tests is dangerous. There may be some argument about the degree of fall-out danger, but there can be no doubt that the world is a little more polluted and the environment a little more poisoned after each detonation.

This is why there should be continuing, vigorous protest against proliferating tests. I well remember the minister to whom I was parliamentary secretary discussing nuclear tests at the United Nations. The Hon. Howard Green always made the Canadian case with great clarity and with directness. He used to say, "We are against nuclear tests—period". So I agree with what I am advised the present minister said the other day at the United Nations. Not having had a copy of his address I must be general in my appraisal.

I believe we must be relentless in pushing for this final stage of the ban on nuclear explosions. It would be magnificent if the United States, which has given leadership in so many areas, were to set the example in this case and abandon its proposed Amchitka test, the test of a five-megaton bomb, a project which could so gravely affect the environment in such a broad area of the world. The project is called "Cannikin" and I hope that the United States will "can the Cannikin".

So serious is the situation that the Environmental Protection Agency of the United States has allegedly declared the test to be too dangerous to carry out. I must use the word "allegedly" because the report is secret under the imprimatur of the White House. But what we do know is that both Houses of the United States Congress have passed a bill banning the test unless the President gives his direct approval of it. In the House of Representatives the vote was 377 to 9 in favour of the ban; in the Senate no opposition was recorded.

The soul-searching and anxiety within the United States itself should surely prompt Canada to do its utmost to oppose this and all nuclear tests by all powers, and to push for international agreement that this particularly dreadful aspect of our modern technology be relegated to the discard of disuse.

We were shocked and astounded that the Prime Minister has not yet contacted the President on this matter and I hope that every effort will be made to do so. Speeches at international assemblies are important, but all channels of communication must be used to this end. This country must watch closely and make every effort it can to see that no opportunity is left untended that can push toward internationalizing a ban on this heinous aspect of our modern civilization. So we will watch what our delegation does at the United Nations now that our participation in the General Assembly debate is over.

Mr. Barnett J. Danson (Parliamentary Secretary to Prime Minister): Mr. Speaker, I should like to thank the hon. member for Hillsborough (Mr. Macquarrie) for his very extravagant remarks. I believe he was as extravagant in calling me courtly as I would be if I called him portly, but I do appreciate the sentiments he expressed.

On the question of further representation to the United States concerning the Amchitka test, the Prime Minister (Mr. Trudeau) and the Secretary of State for External Affairs (Mr. Sharp) have both very recently informed the House that no decision had been taken at this time to make additional representation. The Canadian government acted very promptly as early as February 22 of this year to make known to the United States government in

unmistakable terms our serious concerns about the Amchitka test. The text of the note delivered on the instructions of the Secretary of State for External Affairs was tabled by him in the House on March 29, 1971. Further representations, of course, would not be ruled out if it were thought that Canadian views were not already appreciated.

In this case, however, there can be no doubt that the United States government knows our concerns very well indeed and that these will be taken into account when the final decision on whether to proceed with the test is made at the highest level. At the present moment, the situation is that President Nixon has not given the necessary approval for the test and there is room to hope that the United States will reconsider its plans, as Canada has already formally requested it to do.

Canada's position has been further strengthened by debate in this House, by questions such as this by the hon. member for Hillsborough and by virtual unanimity in this House in backing the government's stand in opposing these tests. I hope agreement will be reached among the House leaders so that we may proceed with a debate to express that unanimity this coming week.

Canada has been actively pursuing a ban on all underground nuclear weapons' tests for over two years now in the appropriate international forum, the Geneva Disarmament Committee, as well as in the last two General Assemblies. At the forthcoming General Assembly we shall again be registering our concerns about and opposition to all underground tests, including the proposed test at Amchitka, as well as continued tests in the atmosphere. These latter tests in fact represent a greater threat to the environment from radioactive fall-out than do underground tests carried out by the United States and the Soviet Union.

The Amchitka test question is, in one dimension, a bilateral problem between the United States and countries such as Canada and Japan which are particularly concerned about it. In the United Nations context, however, nuclear weapons testing is dealt with as a general international issue, involving as it does a very considerable amount of testing underground by both the two major nuclear powers and in the atmosphere by the two nuclear powers—China and France—that have not adhered to the partial test ban treaty of 1963. At the twenty-sixth General Assembly, Canada will therefore continue to work actively, along with like-minded nations, for the ending by agreement of all nuclear tests.

Mr. Deputy Speaker: Order, please. The parliamentary secretary's time has expired.

BILINGUALISM AND BICULTURALISM—REPRESENTATIONS BY ETHNIC ORGANIZATIONS—POLICY STATEMENT ON COMMISSION RECOMMENDATIONS

Mr. Stanley Haidasz (Parkdale): Mr. Speaker, since my question to the Secretary of State (Mr. Pelletier) on June 23, 1971, asking for information on the federal government's policy with respect to the recommendations of Volume 4 of the B and B Commission report, interested Canadians have been waiting with patient expectation for a long-overdue policy announcement. The commission set up on July 19, 1963, was instructed to inquire into, among other things, the contribution made by the other ethnic groups to the cultural enrichment of Canada and the measures that should be taken to safeguard that contribution.

• (10:10 p.m.)

Since that time the commission heard many briefs from organizations and private citizens, and on October 23, 1969, it presented to the federal government a report entitled "Book Four, the Cultural Contributions of Other Ethnic Groups". This report was then studied by various ethnic organizations in Canada who later presented their observations in the form of briefs to the Secretary of State. For approximately one year after that no official statement from the federal government was heard until September 12, 1970, when the Secretary of State delivered a speech at the Canadian Conference of the Arts in Toronto. I might add that the text of that speech was widely publicized and was favourably received by ethnic organizations in Canada.

I wholeheartedly endorsed in my public speeches the declaration which the Secretary of State made in that address, especially when he stated:

> When we speak of cultural pluralism, we are making a fundamental choice for Canada both now and for the future, for we are talking about the development in Canada of a multicultural society. Canada is not a melting pot, and the government is opposed to any measure aimed at assimilation. It encourages all initiatives which have as their object the promotion and dissemination, along side the two main cultures, English and French, all other cultural values.

At this time I should like to say that the report of the commission dealing with the cultural contribution of other ethnic groups is an interesting and historic document deserving the serious study especially of the federal and provincial governments. Of the 16 recommendations in this report, ten are the responsibility of the federal government. I should like to urge that recommendation No. 14 be implemented as soon as possible. It deals with financial assistance to cultural and research organizations whose objectives are to foster the arts and letters of cultural groups other than the British and French. Furthermore, there is a great need to assist the ethnic groups of Canada in collecting and preserving their documents in the Archives of Canada.

Although six other recommendations deal with the teaching of languages other than English and French and are the direct responsibility of provincial governments, I believe the federal government should assist at least by providing funds for the publishing of language and history textbooks. Official bilingualism at the federal level in no way precludes the promotion and protection of other languages at the various provincial levels if other ethnocultural groups form a large enough body in these provinces.

I believe that retention of a language is an important factor in the evolution, development and expansion of a culture. Therefore, if any encouragement can be given to the teaching of more languages in Canada, it is important that such encouragement be given. That this encouragement is important is without question. That it should be provided I think becomes clear after one reads the 655

paragraphs in volume IV of the B and B commission's report. We all proclaim equality of opportunity as an aim of the western democratic civilization to which we are committed.

I should like to urge the Secretary or State to appeal to his colleagues in the government to do everything in their power to assist in the preservation and promotion of the various ethnic groups making up the fabric of Canadian society. I believe that these efforts are worthy of our support because they can be defended on a realistic assessment of Canada as it is today. The very premise to the uniqueness of our Canadian plurality is based on the association of various cultural components in our society.

Identity does not just happen but must arrive out of a healthy, positive experience fed by tradition, current interest and future aspirations. Just as an individual person, to be healthy, must have a wholesome acceptance of oneself, so does a nation. Although Canada, which was inhabited by Indians and Eskimos, was first colonized by the French early in the seventeenth century and then by the British, immigrants from various other countries began arriving on Canadian shores as early as 1750. There was even a Canadian of Polish origin in Canada's first Parliament in the House of Commons in 1867.

The history of Canada truly is composed of multi-ethnic and multi-cultural contributions. This is Canada's unique identity. Financial support from all levels of government will be necessary to preserve and develop this identity. Furthermore, I believe that constitutional recognition should be accomplished explicitly in the future by a statement in the Canadian constitution acknowledging the multi-cultural nature of Canadian society and, implicitly, by adopting measures such as a bill of rights which would have the effect of protecting minority rights.

Mr. James Hugh Faulkner (Parliamentary Secretary to Secretary of State): Mr. Speaker, first of all in reply I would like to pay tribute to the assiduous and continuing concern of the hon. member for Parkdale (Mr. Haidasz) for the interests of ethnic groups in this country. I assure him and the groups in question that the government shares this concern.

Originally, the hon. member raised this question on June 23 last. At that time the Secretary of State (Mr. Pelletier) responded and pointed out that the recommendations contained in volume 4 of the report of the Royal Commission on Bilingualism and Biculturalism were before the cabinet. The matter has advanced even further since then and I am optimistic that the government will be making its position clear very shortly. I hope, and in fact I am sure, that the hon. member and the ethnic groups will be pleased as a result of this thoughtful and careful study of a matter that is important to all Canadians.

GRAIN—LEGAL ACTION TO COMPEL GOVERNMENT TO MAKE PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, the other day I intruded myself, perhaps with some trepidation and timidity, into the question of the payments under the Temporary Wheat Reserves Act, and having received the answer that I did from the Minister of Justice (Mr. Turner) I got my dander up. I thought it was about time members from other parts of Canada interested themselves in a rather delicate subject, because one can turn to the Bill of Rights passed by the British Parliament in 1689 and find therein that he will be—

—assuming and exercising a power of dispensing with and suspending of laws and the execution of laws without consent of Parliament—

That was the name of the game in those days—to see it never happened. Later in that preamble we find:

By levying money for and to the use of the Crown by pretence of prerogative for other time and in other manner than the same was granted by Parliament—

That is the name of the game in Canada, because that is precisely what is happening here. We have been asked in the tax year six months removed to levy moneys for uses of Canada and under the statutes of Canada, and they have been diverted to other purposes: or at least now, since we do run at a deficit, we have been asked to say, "Oh, that was only a mistake. We have to use the money for some other reasons." Sir, that cannot be done.

The fight is joined because the farmers in western Canada have taken the measure of issuing a writ against the Minister of Finance (Mr. Benson) and serving it on him. And yesterday, in the Toronto *Globe and Mail*, one finds at page 7 two assistant professors of the faculty of law at Queen's University, Kingston, namely, David J. Mullan and John D. Whyte, writing to say that they have written to the Minister of Justice asking him to give them the right to sue, to see that the law of Canada is obeyed. I talked to those two professors today, and they did not receive an answer from the Minister of Justice. I would have been awfully surprised had I phoned them and found that they had received an answer, and more especially if he had said, "Go ahead, boys; sue the Minister of Finance or the Prime Minister of this country." But that did not happen.

We know the Minister of Justice, for all his posturing, is a lovely fellow, but he still has to posture because in the just society he simply cannot instruct the cabinet on what is the law and what their duties are. Let us take two cases in recent times. One was fought in the British Columbia Supreme Court, before Mr. Justice Norris, on October 19, 1960, where it was held;

It is the duty of members of the executive—

That is the Prime Minister, the Minister of Justice, and so on.

—to obey the law, not to disregard it, and they must ascertain the law in order to obey it.

• (10:20 p.m.)

I am glad to see the Parliamentary Secretary here tonight. He is a nice fellow and I am delighted about his attendance, because I know he has the onerous job of representing a boss who did not have the guts to attend this evening. I quote further:

It is the duty of members of the executive to obey the law, not to disregard it, and they must ascertain the law in order to obey it. Matters of the practice and policy of the government or any department thereof cannot override the duty of obedience to the law, nor will it avail a minister of the Crown to say that he acted on legal advice where it turns out to be wrong.

We do not know whether the Minister of Justice gave advice that turned out to be wrong, because we do not have him here tonight. I am sure we will never hear his side of the story until his memoirs are published many years hence.

The fact is there is abuse of the law in this matter. There is a statute which obligates the government of Canada to collect money for a certain purpose. That money was not collected for this purpose. We have the Revised Statutes, and the fact is that the Minister of Justice decided to see that the law we are dealing with tonight was not included in those statutes. In addition to the case I have mentioned in of British Columbia there was a case some years ago in Quebec where Premier Duplessis directed the chairman of the Liquor Licensing Board to see that the bar licence of one Roncarelli of the city of Montreal was not renewed because the individual involved supported Jehovah Witnesses by signing bail bonds. The courts of that day had the guts to stand up, as I hope they always will, and awarded damages and substantial costs against the Premier of the province.

Finally, chapter J-2, section 4(b), provides:

The Minister of Justice shall

(b) see that the administration of public affairs is in accordance with law—

He has not done that in this case. In section 5(d) it is stated that the Attorney General of Canada, which is the same individual, shall—

—have the regulation and conduct of all litigation for or against the Crown for any public department, in respect of any subject within the authority or jurisdiction of Canada—

It shall be written on the tombstone of the present Minister of Justice that because of the schizophrenia of the time he was supposed to do one thing but did another and that this finally caught up with him. I regret, indeed, having to say that in view of the appointment of the hon. gentleman.

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I first of all want to thank the hon. member for his kind words in respect of my appointment as Parliamentary Secretary to the great Minister of Justice whom we have in Canada. In answer to the hon. member for Halifax-East Hants (Mr. McCleave), yesterday the Minister of Justice said:

Mr. Speaker, the gentlemen concerned can take any action they want. Whether the courts will receive it is another matter.

Further, in answer to a supplementary question by the hon. member for Calgary North (Mr. Woolliams) the minister said:

I have not received any request for mandamus action. I would have to consider it when I get it. But the final result remains with the courts, as the hon. gentleman knows.

In fact, as the hon. gentleman knows, the minister was away in Saskatchewan during the weekend and Monday and Tuesday, and this matter was brought to his attention late yesterday. I think the hon. member must be aware of the commencement of proceedings in court yesterday. A notice of motion was filed in the trial division of the Federal Court of Canada by Pedersen, Norman, McLeod & Todd, barristers and solicitors, 403 Sterling Building, Regina, Saskatchewan. It is as follows:

BETWEEN:

The Attorney General of Saskatchewan . . .

Etc.

- and -

William Surdia, of Assiniboia, Saskatchewan;
Clarence Lucas, of Mazenod, Saskatchewan;
Roy Ames, of Milestone, Saskatchewan; and
James Bradley, of Milestone, Saskatchewan, . . .

Applicants

- and -

The Minister of Finance

Respondent

The first part of that notice of motion reads as follows:

Take notice that an application will be made to this honourable court on Wednesday, October 6th, 1971, at the hour of 10 o'clock in the forenoon, central standard time, or so soon thereafter as counsel can be heard on behalf of the applicants, at the Court House, at the city of Regina, in the province of Saskatchewan, for a writ of mandamus, directing the respondent Minister of Finance to pay to the Canadian Wheat Board forthwith all sums of monies required to be paid to the Canadian Wheat Board by the respondent minister by virtue of the provisions of The Temporary Wheat Reserves Act of Canada, chapter 2 of the Statutes of Canada, 1956.

The hon. member for Halifax-East Hants, being a distinguished member of the bar, will know that it is inappropriate for the Minister of Justice and others to comment on this subject at this time.

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Friday, October 1, 1971.

The House met at 11 a.m.

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF MR. SPEAKER DHILLON OF THE LOK SABHA OF INDIA

Mr. Speaker: I have particular pleasure in bringing to the attention of hon. members the presence in the Speaker's Gallery of an eminent visitor to our country, Mr. Speaker Dhillon of the Lok Sabha of India.

Some hon. Members: Hear, hear!

Mr. Speaker: Mr. Speaker Dhillon's visit to Canada as the official guest of the House of Commons honours us greatly. I am pleased that his presence here today provides an opportunity to thank him for the most generous hospitality which he personally extended to our colleagues who, last year, attended Interparliamentary Union and Commonwealth Parliamentary Association meetings in New Delhi.

As you prepare to return home, Mr. Speaker, we ask you to take with you our message of friendship and of good will to the members of the Lok Sabha and to the people of India.

Some hon. Members: Hear, hear!

* * *

BUSINESS OF THE HOUSE

PRAIRIE GRAIN STABILIZATION BILL—LEGALITY OF PROCEEDING WITH DEBATE IN LIGHT OF COURT ACTION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. Last evening at the very end of the sitting the Parliamentary Secretary to the Minister of Justice (Mr. Béchard), speaking for his minister in reply to a question that had been put to him by the hon. member for Halifax-East Hants (Mr. McCleave), declined to answer the question or to comment on it because of a situation that has developed.

The parliamentary secretary read the terms of a notice of motion filed in the Federal Court of Canada at Regina having to do with the government's position under the Temporary Wheat Reserves Act. The parliamentary secretary took the position that matters related to that situation are now sub judice and therefore cannot be the subject of comment in the House of Commons.

Points of order are not usually raised during the adjournment debate. Therefore there was no objection taken last night and no ruling given. But I feel I must at the earliest opportunity call to Your Honour's attention the fact that yesterday the government House leader indicated that the business to be placed before the House on Monday would be Bill C-244. I remind you, Sir, that that bill includes a provision for the repeal, effective July 31, 1970, of the Temporary Wheat Reserves Act.

It seems to me that at some point we must have a ruling on this matter. Either it is sub judice and, if so, we cannot proceed to discuss Bill C-244, or it is not sub judice, in which case questions and discussions on this matter are still in order.

• (11:10 a.m.)

I felt I should raise the point of order at the earliest opportunity, though perhaps Your Honour will feel you should not be called upon to rule on it until the issue is before us again. In any event, if it is not raised earlier I shall raise it on Monday when Bill C-244 is called. I hope that in case Your Honour finds the sub judice contention is correct the government will be ready to proceed with some other item of business.

ROUTINE PROCEEDINGS

AGRICULTURE

STATEMENT ON ASSISTANCE PROGRAMS FOR UNPROCESSED PRODUCTS

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I want to make a brief statement providing further information on agricultural assistance programs designed to cover unprocessed agricultural products which will not be eligible for assistance under Bill C-262, the Employment Support Act. You will recall that I gave notice of this assistance when I spoke on second reading of Bill C-262 on September 7, 1971.

I can advise that the Agricultural Stabilization Board and the Agricultural Products Board have been authorized to come forward with individual commodity programs designed to help producers adversely affected by the surtax. The programs will take any one of several forms, namely, purchase of the product, deficiency payments or payment to distributors for the benefit of producers. In this latter connection distributors to be eligible must have been exporters of the unprocessed product to the United States in the base period, must demonstrate that the price paid to farmers for raw products was maintained at a level consistent with that which would have been expected in the absence of surtax, that distribution volume and employment were maintained. I say the latter because employment in the agricultural distributing industry is important as well as in the agricultural processing industry.

As with processed products there will be no requirement that exports to the United States be maintained.

I am issuing a press release today inviting applications from the agricultural industry both from producer groups and distributors. Applicants are asked to provide basic data relative to the criteria and on the impact of the surtax on their operations to supplement the information already accumulated by the department.

In conclusion, I want to say that I am very conscious of the need to put these programs in place promptly and consistent with the need of those affected and the international situation.

Mr. Cliff Downey (Battle River): Mr. Speaker, we are pleased, as we always are, when at least some token recognition, no matter how small, is given to the agricultural industry. It is unfortunate that over the past year the government has not seen fit to maintain farmers' incomes at a realistic level by using the mechanics of the existing Agricultural Stabilization Act which received Royal Assent on January 1, 1958, I believe. Far more use could have been made of that act to keep farmers' incomes at realistic levels. It will be interesting, and we will all be watching, to see the extent to which the assistance indicated by the minister will filter down to the actual producer.

Mr. A. P. Gleave (Saskatoon-Biggar): Briefly, Mr. Speaker, the minister's statement indicates that he is keeping the commitment he made earlier to provide some support and assistance for farm products affected by the United States surtax. He says that it will be up to those concerned to make application. I suppose the procedure will be clarified as we go along. For example, I am not sure who would make application on behalf of barley growers. Would it be the Canadian Wheat Board or one of the farm organizations? It would be fairly clear, of course, who would make application on behalf of meat packers or other processors. I hope the procedures will be clarified and that the minister will advise the House what the process will be for different products having in mind the various ways in which they are marketed.

* * *

ROYAL CANADIAN MOUNTED POLICE

INVESTIGATION OF USE OF ROBERT EADIE AS INFORMER—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I rise to move a motion under Standing Order 43 arising out of last night's CBC program "Midweek" during which Mr. Eadie, his father, and several other young men denied almost every detail of the Solicitor General's statement in the House on the Eadie case. I therefore move, seconded by the hon. member for Saint John-Lancaster (Mr. Bell):

That this House, being deeply concerned by the conflict between statements made in this House by the Solicitor General and the participants in the CBC program "Midweek", instructs the Solicitor General, the officials involved in the Cornwall informers investigation, and the program participants to appear before the Standing Committee on Justice and Legal Affairs for an investigation of the situation.

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

Some hon. Members: Agreed.

[Mr. Olson.]

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the hon. member's motion cannot be put.

* * *

CAPITAL PUNISHMENT

RESTORATION FOR PREMEDITATED MURDER—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, under Standing Order 43 I ask the House to give unanimous consent to a motion based upon urgent and pressing necessity. I call the attention of the House, if that is needed after the vicious kidnapping and killing of an innocent boy within a mile or two of this chamber, to one of the most horrible symptoms of the permissive society. That symptom is the licence to kill attitude of an increasing number of criminals since the abolition of hanging by the Criminal Code amendment of four years ago coupled with the total and indiscriminate use of the power to pardon. I therefore propose to move, seconded by the hon. member for Victoria-Haliburton (Mr. Scott):

This House calls upon the government to act immediately to restore capital punishment for the crime of premeditated murder.

Mr. Speaker: Again, this is a motion proposed to the House under Standing Order 43 and as such requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

* * *

BROADCASTING

TELEVISION SERVICE TO RURAL MANITOBA—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O.43

Mr. Jack Murta (Lisgar): Mr. Speaker, I request the unanimous consent of the House to propose a motion under Standing Order 43 in a case of urgent and pressing necessity. This matter concerns a threat to the television service provided to the rural population of Manitoba. The Canadian Radio-Television Commission has recommended that stations in neighbouring states be prevented from effectively serving Canadians by making their continued operation economically impractical. I would therefore move, seconded by the hon. member for Battle River (Mr. Downey):

That in regions served inadequately by alternative broadcasting media, the government shall not by tax legislation, amendment or other subterfuge, cause the level of broadcasting service, or the diversity of program choice, to be reduced in rural Manitoba or in any other part of Canada.

Mr. Speaker: The House has heard the motion proposed by the hon. member. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not and the motion will not be put.

* * *

INDIAN AFFAIRS

INDIAN EDUCATION IN NORTHEASTERN ALBERTA—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O.43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to discuss a matter of urgent and pressing necessity, namely, the withdrawal of Indian school children from schools in northeastern Alberta. In view of the escalation of difficulties that has occurred in the past two days and in view of the failure of the minister to take effective action in the matter, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the House do instruct the Minister of Indian Affairs and Northern Development to travel to northeastern Alberta for consultation with the chiefs of the Saddle Lake-Athabasca district about this problem.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Athabasca. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

• (11:20 a.m.)

ORAL QUESTION PERIOD

GRAIN

PRAIRIE GRAIN STABILIZATION BILL—ACCEPTANCE OF OPPOSITION AMENDMENTS—GOVERNMENT AMENDMENTS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, in the absence of the Prime Minister I wish to direct my question to the Minister of Agriculture, knowing that he is fully conversant with the topic I am about to raise. In light of the Prime Minister's admission that the government is breaking the law and is anxious to rectify the situation by passing Bill C-244, is the government now prepared to accept any of the 15 amendments proposed by the opposition parties or is the government prepared to put forth any amendments of its own which will make the bill more acceptable and workable for prairie farmers?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, when the bill was before the House there could have been discussions of this kind and there can be when it is again brought forward. I do not think that in the question period we should discuss what amendments might be made when the bill is properly before the House.

Mr. Mazankowski: Can the minister advise if any new proposals or amendments will be put forward as a result of the meeting this morning between the prairie Ministers of Agriculture and the minister in charge of the Wheat Board and if there will be a statement made to the House today with regard to that meeting?

Mr. Olson: Mr. Speaker, I suggest that the hon. member address that question to the minister responsible for the Wheat Board when he is in the House. I am not even sure if that meeting has yet concluded.

IMMEDIATE PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, in the absence of the Prime Minister I shall direct my question to the Acting Prime Minister. In view of the Prime Minister's statement as reported on radio and television in western Canada that the government admits it is in default on payments under the Temporary Wheat Reserves Act, can the Acting Prime Minister inform the House that by virtue of a directive either from the Prime Minister or the cabinet the payments now due are going forward to the Canadian Wheat Board?

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, I think the Prime Minister made it perfectly clear with regard to this particular interview, as he has previously on a number of occasions in the House, that the government will be proceeding as rapidly as it can to do justice to the prairie farmers and with the alternative conditions which are offered to them.

Mr. Gleave: Mr. Speaker, I am sure the Canadian people have no doubt that justice will be done, but I asked whether the government is taking the necessary action through the Treasury Board or regular channels to make these payments to the Canadian Wheat Board in view of the admission that they are due and payable and are now in default?

Mr. Drury: Mr. Speaker, I think the hon. member and the House are aware that the government is proposing a payment to the farmers at the earliest possible moment of some $100 million. If the assent of the opposition to this cannot be obtained, we will proceed with a much lesser payment under the Temporary Wheat Reserves Act.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Alexander: Pay your bill.

Mr. Speaker: Order, please. There are three or four supplementaries on the same subject. I wonder if we should have all of them at this time. For the moment the Chair will return to the original questioner, the hon. member for Vegreville.

Mr. Mazankowski: My supplementary question is for the Acting Prime Minister. If the government is still of the

opinion that Bill C-244 in its present form is such good legislation, can the minister advise the House why it will not allow the bill to stand on its own merits and pay out the $100 million—

Mr. Speaker: Order, please. That, of course, is argument.

* * *

THE CANADIAN ECONOMY

ACTION REQUIRED OF CANADA BY UNITED STATES FOR REMOVAL OF U.S. IMPORT SURTAX

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce, the only minister present who might have information of this kind. The question arises out of a statement made by Secretary Connally. In his statement Secretary Connally suggested that the United States import surtax would be removed as soon as certain conditions were fulfilled and bilateral discussions, as well as multilateral discussions, concerning some of the conditions take place. Has the Canadian government received any bill of particulars as to the kind of action the United States wants Canada to take on the road to the removal of the 10 per cent import surcharge?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): No, Mr. Speaker, not to my knowledge, anyway; it might have come more recently but I have no knowledge of any bill of particulars, as the hon. member calls it. In discussions with the United States Secretaries we have, as was stated in the House by the Prime Minister, talked about a number of issues which have been referred to by the Americans as irritants, ranging from the automobile agreement to the use of bourbon. We have also put in our own list of irritants, and that goes from the de facto embargo on the export of uranium to the conditions of the United States copyright act. There will be discussion on these matters in due course. I must admit that the present circumstances may not be the most favourable, but in my discussion with Secretary Stans, for example, we made plans for bilateral meetings on all these matters.

Mr. Lewis: I would have thought it dangerous to couple automobiles with bourbon, Mr. Speaker. If I may say so, however, that is not the question. Secretary Connally stated that he wanted certain barriers removed by all the trading partners of the United States as a condition. What I think the House should know, and what the minister should tell us now or, if not, at the earliest possible moment, is this: what barriers do the Americans want Canada to remove? Are we talking about the safeguards in the auto pact or about other things as well?

Mr. Pepin: My answer is simple, then. There has been no formal request by the United States along the lines suggested by the hon. member.

Hon. George Hees (Prince Edward-Hastings): Since the United States Secretary of the Treasury has made it very clear that the surcharge will not be removed until bilateral consultations between the countries concerned have taken place, when does the government intend to sit down with the United States and participate in such bilateral negotiations to the end that the surcharge may be got rid of as soon as possible?

Mr. Pepin: We did that very early after the announcement of the United States economic measures. I recall there were a number of people on the opposition side, supporters of the party to which the hon. member belongs, who suggested we rushed to Washington too early to debate this subject.

Some hon. Members: Hear, hear!

Mr. Pepin: Since then, either within the framework of international organizations or bilaterally—I referred a moment ago to my conversations with Mr. Scans, for example—these discussions have been going on.

Mr. Hees: As the discussions which have been going on so far have been completely useless in getting anything done, when does the government intend to talk in a factual way with the United States government so that something can be done?

Mr. Pepin: Mr. Speaker, the hon. gentleman always speaks on the basis of ignorance.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Is the hon. member rising on a point of order?

Mr. Hees: If I am speaking from ignorance, will the minister advise the House what the situation is and how close we are to seeing the 10 per cent surcharge removed?

Mr. Speaker: Order, please. That is hardly a point of order.

Mr. Hees: If I speak from ignorance, tell me about it.

Mr. Speaker: Order, please.

Mr. Hees: Come on!

Mr. Speaker: Order, please.

• (11:30 a.m.)

REMOVAL OF AUTO PACT SAFEGUARDS AS PRECONDITION TO REMOVAL OF UNITED STATES IMPORT SURTAX

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a supplementary question for the Minister of Industry, Trade and Commerce. In view of the fact that Mr. John Petty, Assistant Secretary of the Treasury of the United States, called a press conference three days ago at which he specifically said that the removal of the transitional safeguards in the auto pact was a precondition to removal of the 10 per cent import surcharge, may I ask the minister whether he or any member of the Canadian government has been in touch with the government of the United States to ascertain whether or not Mr. Petty was speaking on behalf of the United States government, and that this is indeed a precondition to removal of the surtax?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, there has been no transcript made of the conversation between Mr. Petty and some Canadian newspapermen so it is very difficult for me to know exactly what he said. I really do not know whether—

Mr. Hees: Are you admitting that you are ignorant?

Mr. Pepin: Mr. Speaker, it is pretty obvious that I have touched a delicate nerve.

Mr. Hees: Come on, smiling boy, let us have some information if you are so smart.

Mr. Speaker: Order, please.

Mr. Pepin: Mr. Speaker, I was saying—

Mr. Speaker: Would the hon. minister kindly resume his seat. Obviously we are not making much headway on the supplementary question asked by the hon. member for Nanaimo-Cowichan-The Islands. The minister was attempting to reply but no one could hear his reply because of the interruptions. I suggest that this might be the time to pass to another subject and return to this matter, if we can, before the end of the question period.

Mr. Douglas: On a point of order, Mr. Speaker, I asked a question of the minister who indicated his willingness to reply. Surely any disturbance in the House should not preclude the minister from making a reply and giving the House a statement which I think would be of considerable interest to the people of this country.

Mr. Speaker: Order. It was my impression that the minister had attempted to reply and had completed his reply. If not, he will be allowed to complete it.

Mr. Pepin: Mr. Speaker, I was saying that it is very difficult to know what Mr. Petty said because we have no transcript. I have read reports in some newspapers but I do not know whether the reporting was totally accurate. That is no reflection on the press, but sometimes one person will hear something differently from the person standing next to him. So, as I say, it is difficult to comment. However, to my knowledge there has been no *sine qua non* condition vis-à-vis the auto pact agreement and the removal of the surcharge.

Mr. Speaker: Order, please. May I ask hon. members to co-operate with the Chair. I think in all justice we should now go to the hon. member for Abitibi. About 15 minutes have gone by and a representative of his party has not had the chance to ask a question in the first series of questions. I now recognize the hon. member for Abitibi.

* * *

[*Translation*]

POWER

PROPOSED JAMES BAY HYDROELECTRIC DEVELOPMENT—STUDY OF ECOLOGICAL CONSEQUENCES BY FEDERAL AND QUEBEC GOVERNMENTS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should like to put a question to the Minister of Indian Affairs and Northern Development.

Could he say whether joint studies or research have been made, or shall be made eventually, by the federal and Quebec governments so as to determine the possible effects of the hydroelectric development of the eastern basin of James Bay on hunting, fishing, wildlife, recreation activities, etc.?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I do not know whether such studies are being made now, but I do know that the provincial government is carrying out studies to that effect, and we are following the situation very closely, because we know that this could affect the Indian people of the area. This is why we are concerned by this matter.

Mr. Laprise: Mr. Speaker, I should like to put a supplementary question.

Can the Minister, who stated some time ago that studies were performed on the possibility of moving the Indian people from that area, tell us if those studies are effectively under way and if he will soon report to the House about that matter?

Mr. Chrétien: Mr. Speaker, I do not know whether a report will soon be made to the House, but I know that the Indian Association met with the Quebec premier some ten days ago and that the officials of my department will in the near future hold a meeting with the Indians in Ottawa in that connection.

[*English*]

PROPOSED JAMES BAY HYDROELECTRIC PROJECT—OBSERVANCE OF PROVISIONS OF NAVIGABLE WATERS PROTECTION ACT

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a supplementary question for the Acting Prime Minister. In view of the statement made by the Minister of the Environment regarding the ill effects caused in the Peace River and Athabasca area because the Navigable Waters Protection Act was not adhered to, is the Acting Prime Minister able to assure the House that the provisions of that act will be directly adhered to in the case of the project in the James Bay area?

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, I am not personally aware of what applicability the Navigable Waters Protection Act has to the James Bay project, but I am certainly convinced that the Minister of the Environment will see that that act is applied to that particular project.

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EXTERNAL AFFAIRS

CONFERENCES OF FRANCOPHONE COUNTRIES—ARRANGEMENTS RESPECTING VOTING BY CANADIAN DELEGATES AND DISPLAY OF FLAGS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. It concerns the agreement announced outside the House which provides for a new basis for structuring the delegation to plenary sessions of meetings of Francophone countries. Can the minister advise whether it is

intended that in voting Canada is bound to abstain on any question not acceptable to the Quebec members of the delegation; and is it also the intention that at Francophone meetings both the flag of Canada and that of Quebec will be flown?

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, while the arrangements are not yet entirely complete, it is our intention to pursue a format or *modus operandi* similar to that successfully employed at the last meeting.

Mr. Macquarrie: Can the Acting Prime Minister advise if and when it is intended to bring this fundamental diminution of the national government's primacy in the field of foreign affairs before the House for consideration?

Mr. Drury: Mr. Speaker, I cannot accept the premise of the question. I do not think there has been over the course of the past year a diminution but rather an appreciation.

Mr. Macquarrie: Can the Acting Prime Minister give the House an assurance that the government, at the same time as it is adopting a one-China policy in the international scene, is not abandoning a one-Canada policy?

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question for the Acting Prime Minister. Out of recognition of the rights of the other provinces in the fields of language and culture, will the flags of those provinces be flown at these and similar conferences? Will the other provinces be invited to participate and will they have the same right of veto?

Mr. Drury: Mr. Speaker, I think all provinces that are interested in the question of Francophonie have been invited to attend and their presence will be welcomed. At such a conference the rights of all provinces will be similar.

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Acting Prime Minister a supplementary. In view of the fact that reports on this subject are necessarily conjectures at this time, and in view of the likelihood that there may be very undesirable misunderstandings of any arrangement that is arrived at, would the Acting Prime Minister undertake to see that the government at the earliest opportunity makes a full statement to the House on the exact arrangements arrived at as soon as negotiations are completed? It is my understanding that they are not yet completed.

Mr. Drury: Mr. Speaker, the understanding that the arrangements are not yet completed is a correct one. As soon as conveniently appropriate a statement will be made.

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PARLIAMENTARY SECRETARIES

LEGALITY OF APPOINTMENT OF 27

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I have an urgent question for the Acting Prime Minister which has reference to the upholding of Canadian law. Has the Acting Prime Minister checked with the legal officers of the Crown to determine whether the appointment of the present 27 parliamentary secretaries announced recently satisfies sections 4 and 5 of the Government Organization Act, 1970, particularly as that act pertains to the legal status of the Postmaster General, in order to see whether there still is not an extra parliamentary secretary appointed?

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, it is my understanding that a legal check has been made which resulted in the announcement of the Prime Minister last evening, and that the situation is now in order.

• (11:40 a.m.)

Mr. Lundrigan: Perhaps the Acting Prime Minister did not understand my question. I was not talking about the 28 appointed illegally yesterday but rather about the 27 appointed as of today. On the basis of the 27 now appointed, not on the basis of the 28, has the minister checked to determine whether they come within the law under sections 4 and 5 of the Government Organization Act, 1970? If not, will he investigate and make a statement to the House before this day is over regarding the legality of the present 27 parliamentary secretaries, keeping in mind the status of the Postmaster General under this act?

Mr. Drury: Mr. Speaker, I would be glad to check into this and, if there is any illegality, report to the House.

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TRANSPORT

CALGARY EXPERIMENTAL PUBLIC TRANSPORTATION SYSTEM—PARTICIPATION BY OTHER CITIES IN SIMILAR DEVELOPMENTS

Mr. Joseph P. Guay (St. Boniface): My question is directed to the Minister of Transport. In view of radio and news reports pertaining to the fact that the city of Calgary has been chosen by the federal government for the development of an experimental public transportation system using special buses travelling in special lanes, will the minister indicate whether this will be made available to other cities in Canada, particularly to the greater Winnipeg area?

Some hon. Members: Oh, oh!

Mr. McGrath: Joe for parliamentary secretary.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, the answer is that in respect of all of these pilot projects taking place the information is made available to other cities. I might point out to the hon. member that the results of the expensive pilot project regarding rail line abandonment now under way in Winnipeg will be made available to other cities.

* * *

ROYAL CANADIAN MOUNTED POLICE

USE OF INFORMERS—INDEPENDENT INVESTIGATION OF EADIE ALLEGATIONS

Mr. Erik Nielsen (Yukon): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. In light of

the extreme doubt now placed on the veracity of the statements of the Solicitor General, will the Prime Minister initiate an independent inquiry into the allegations of Mr. Eadie and others?

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, I do not think the Solicitor General has yet had an opportunity to familiarize himself with last night's program and until such time as he has I do not think it would be appropriate to make a response.

Mr. Nielsen: Mr. Speaker, I should like to direct a supplementary question to the Solicitor General. Is he going to repudiate the statements made last night on the CBC program "Mid-Week" and, if not, is he now prepared to appear before the Justice and Legal Affairs Committee along with those officials involved in the Cornwall informers investigation?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, last night I had the opportunity of speaking to the Maritimes Corrections Association in Prince Edward Island, and did not have time, as the hon. member probably had, to watch television, but I have asked for a copy of the speech.

[*English*]

Mr. Nielsen: Mr. Speaker, will the Solicitor General undertake to the House to inform himself and then reply to the question I have asked him?

[*Translation*]

Mr. Goyer: Mr. Speaker, the hon. member is not only a lawyer but an expert in that field; he should know, therefore, that he should refer to facts before asking that type of question.

* * *

[*English*]

DRUGS

INCREASING USE OF HEROIN IN ONTARIO CITIES—DISCUSSION WITH ONTARIO OF JOINT PROGRAM TO COPE WITH PROBLEM

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. In view of very serious drug problems, particularly the widespread use of heroin in Ontario cities as indicated in the report prepared by a committee appointed by that department, is the department taking steps to discuss with the government of Ontario the planning of a joint program in order to deal with this situation?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I appreciate the hon. member's question. This report has just recently come to my attention. There is no doubt that not only in Ontario but in other provinces there is mounting evidence of increasing inflows of heroin and of people resorting to its use. We have endeavoured to upgrade, on an emergency basis, various aspects of our drug abuse program. As we analyse the findings we are certainly entertaining a course of action such as the hon. member has suggested.

Mr. Orlikow: Mr. Speaker, I am not critical of the number of expensive studies undertaken by the minister's department, but there is not much point in carrying out studies unless they are followed by action. Will the minister consider discussing what can be done about this very serious problem with the province of Ontario and other provinces?

Mr. Munro: I have already answered the hon. member, Mr. Speaker, that we are considering adopting that very course. These studies can be justified by the fact that we have already expended considerable money to combat this problem. These studies have indicated to us how this money can be most usefully directed.

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INDUSTRY

PULP AND PAPER—PROVISION OF EMPLOYMENT SUPPORT PROGRAM

Mr. Jack Marshall (Humber-St. George's-St. Barbe): In view of the reported widespread lay-offs throughout our economy, particularly in the pulp and paper industry, which are beyond the scope of the Employment Support Act, will the Minister of Industry, Trade and Commerce advise the House whether the government intends to introduce a comprehensive employment support program to overcome this disaster?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, in respect of the pulp and paper industry singled out by the hon. member, I have already indicated a number of things that are being done at the federal and provincial levels, in the case of Quebec. A few days ago I indicated to the hon. member that we were looking into other possibilities. I also indicated that a meeting is to take place between the leaders of that sector of Canadian industry and members of the cabinet.

Mr. Marshall: Mr. Speaker, could the minister advise whether these support or relief programs will include assistance to the pulp and paper industry in respect of the $700 million cost of anti-pollution measures and other types of programs?

Mr. Pepin: Mr. Speaker, I have already indicated that some of the measures announced in the last budget would accomplish this, as well as some measures being taken by the Quebec government. I have indicated also that we are looking into other ways of helping in this very difficult situation. My hon. friend is perhaps aware of the fact that the pulp and paper industry is picking up a little. Sales in August were 3 or 4 per cent higher than they were last year at the same time, and with regard to the United States they were 9 to 10 per cent higher than they were in August last year.

Mr. Marshall: I have a supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. I suggest to hon. members that at this point we should perhaps limit the number of supplementary questions because we will be running short of time in a few minutes.

Inquiries of the Ministry

PULP AND PAPER—SUGGESTED MISSION TO ASSESS WORLD MARKET CONDITIONS

Mr. James A. McGrath (St. John's East): Mr. Speaker, is the minister prepared to send a mission abroad to examine world market conditions for Canadian paper products, especially with a view to assessing the market for Canadian newsprint? While he is composing this mission, perhaps he might engage the assistance of the hon. member for Prince Edward-Hastings who was so successful in this field.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): In respect of the last part of the question, Mr. Speaker, last night I did recognize during my speech the good work of my hon. friend when he was the minister.

Mr. Hees: All is forgiven.

Mr. Pepin: Thank you very much. I always take with a smile the remarks the hon. member makes about me and I hope he does the same in the future. Now I have forgotten the question.

An hon. Member: That's not a compliment.

Mr. Pepin: Mr. Speaker, the sort of thing recommended by the hon. member is already taking place. We send missions going abroad. A few days ago a German mission came to Canada to look at the possibility of trade in respect of newsprint and other forest products. The government of Newfoundland recently gave us some advice in this respect, and we are trying to accommodate them with some—

Mr. Speaker: Order, please.

* * *

AGRICULTURE

DIFFICULTY IN OBTAINING SPARE PARTS FOR IMPORTED RUSSIAN TRACTORS—ALTERNATIVE SOURCE OF SUPPLY

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to ask the Minister of Agriculture whether he is now in a position to answer the question posed yesterday by the hon. member for Kent-Essex regarding the availability of spare parts for tractors of Russian manufacture purchased by some Canadians?

Hon. H. A. Olson (Minister of Agriculture): Yes, Mr. Speaker. I made inquiries and have been advised that, notwithstanding the difficulties of the distributor, there is an ample supply of parts available for these tractors. If anyone who requires them would get in touch with my office I can provide them with phone numbers in Montreal so they can have immediate access to these parts.

* * *

• (11:50 a.m.)

HOUSE OF COMMONS

SUGGESTED INCREASE IN ASSISTANCE TO PRIVATE MEMBERS OF PARLIAMENT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, if the Prime Minister were here I would be putting this question to him, but perhaps it is even more appropriate that I put it to the Acting Prime Minister in his capacity as President of the Treasury Board.

In view of the action of the government in appointing 27 parliamentary secretaries, the largest number in history, and in view of the large staffs that are available to ministers in their office establishments, is the government also considering increasing the assistance available to private Members of Parliament in all parties to enable them to cope with the ever-increasing workload?

Some hon. Members: Hear, hear!

Hon. C. M. Drury (President of the Treasury Board): I think we did examine this particular problem briefly during the discussion of the bill under which these parliamentary secretaries were appointed. The conclusion was reached then that perhaps the balance was not too inappropriate but that certainly some time in the future it should be subject to review.

[*Later*]

Mr. Knowles (Winnipeg North Centre): As a supplementary question, Mr. Speaker, may I ask the minister if, in his capacity as a member of the Internal Economy Commission, he would raise in that body the whole question of providing adequate assistance to Members of Parliament? I am referring to private members in all parties.

Mr. Drury: I will be glad to do that, Mr. Speaker.

SALARY INCREASES FOR MEMBERS OF PARTY RESEARCH STAFFS

Mr. R. Gordon L. Fairweather (Fundy-Royal): While this discussion is going on, may I ask what the attitude of the government is to the fact that the research staffs supplied to all parties are on a fixed budget and therefore the staffs are not entitled to any of the increments that other employees of the House receive? How is this problem to be solved?

Hon. C. M. Drury (President of the Treasury Board): I think this is perhaps rather more a question for the House. However, if I may venture an opinion, while the budget for research is a stipulated amount there is no such restriction on the movement within that budget of individual salaries.

Mr. Fairweather: This is a semantic argument on the part of the minister. Is it not true that the amounts supplied to the research people have not increased and therefore those employed at the beginning of the program have not participated in the increments which everybody else in this establishment has received?

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SHIPPING

EFFECT OF UNITED STATES EAST COAST LONGSHOREMEN'S STRIKE ON CANADIAN PORTS

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I should like to ask the Minister of Transport whether he has any up to date information on the United States

longshoremen's strike spreading on the east coast and in particular if he has had any meetings or been active himself in connection with the whole matter?

Hon. Donald C. Jamieson (Minister of Transport): In so far as the east coast strike is concerned, I have simply asked for an up to date report. It is much too early to assess the benefits or the disadvantages insofar as Canadian east coast ports are concerned. I will have something on it later today.

On the matter of the strike on the west coast which is affecting the port of Vancouver, I am meeting this afternoon with representatives of the Canadian Importers Association to see if there is any way out of what is presently a most difficult situation all round.

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NATIONAL SECURITY

REQUEST FOR COVERAGE OF ROBERT LEMIEUX PRESS CONFERENCE BY TELEVISION AND RADIO

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Solicitor General. Did he or the security planning group in his department request Channel 10 television, Montreal, and Radio-Canada to cover a press conference by Robert Lemieux and to report to the department?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, this certainly occurred without the knowledge or the participation of my officials. If this originated from an employee of my department and is contrary to freedom of the press, I think that Radio-Canada and private stations were justified in objecting to this kind of practice. I have asked the deputy minister to inform me of what happened.

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POST OFFICE

STEPS TO INCREASE SALARIES OF POSTMASTERS

Mr. Robert Muir (Cape Breton-The Sydneys): This question has become urgent and pressing because of the lack of government action.

An hon. Member: So what's new?

Mr. Muir: I should like to direct it to the honourable and genial Postmaster General. In view of the fact that postmasters in staff post offices receive less salary than their assistants, when will steps be taken to correct this anomaly?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I can point out that the rates of pay of our postmasters are related to those of their subordinates and that some of these subordinates have already negotiated new rates. This is why the anomaly exists. A new contract is being negotiated which includes the postmasters, and when an agreement is signed the rates will be retroactive to October, 1970, which will do away with the anomaly. I think that a settlement is imminent.

Mr. Muir: I thank the minister for his frank and kind reply. Can he assure me that if this does not take place cabinet ministers will receive less salary than their parliamentary secretaries?

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NORTHERN AFFAIRS

IMPLEMENTATION OF LAND USE REGULATIONS

Mr. Randolph Harding (Kootenay West): I have a question for the Minister of Indian Affairs and Northern Development. In view of the minister's recent statement about not proceeding with the Yukon minerals bill this session, will the land use regulations for the north also be held up until the Yukon minerals bill is proceeded with?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): No, Mr. Speaker.

[*English*]

Mr. Harding: When does the minister expect the proposed land use regulations to become operative in the north?

Mr. Chrétien: In 15 days, Mr. Speaker.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

ACTION TO PREVENT SALE OF DRUGS TO STUDENTS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I wish to put my question to the Solicitor General.

Since there is a law which prohibits the sale and use of certain drugs in Canada and since very strong pressure is applied in schools, at least in the province of Quebec, to sell dope to students, could the minister tell us if agents of the R.C.M.P. are tracking these dope peddlers?

Hon. Jean-Pierre Goyer (Solicitor General): We try to enforce the law with the co-operation of provincial and municipal police forces.

* * *

[*English*]

PUBLIC SERVICE

EXTENSION OF REGIONAL PAY DIFFERENTIALS

Mr. Robert McCleave (Halifax-East Hants): My question is for the President of the Treasury Board. Will the policy of pay differentials in the regions of Canada, which has been presented as the federal position in the case of nurses be extended as a matter of policy to other categories in the Public Service?

Hon. C. M. Drury (President of the Treasury Board): The policy of pay differentials for people not required to have

a high degree of mobility has been progressively introduced or proceeded with over the past four years. It is the intention of the government to continue in this direction as it produces a much better relativity and a much greater sense of fairness than attempts to equate unequal parts.

Mr. McCleave: Ten o'clock, Mr. Speaker.

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BANK OF CANADA

ISSUE OF NEXT BILL IN SERIES OF COLOURFUL CURRENCY

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I should like to take this opportunity to answer a question regarding the new currency issue, of which the Minister of Finance took notice on Wednesday.

The Bank of Canada is not yet certain about the exact time of release for the next bill in the new series. However, I am informed that on grounds of security the announcement would in any event be withheld until just prior to release. Counterfeiters have the best chance of success in passing bogus bills when a new design is still unfamiliar to the public, and it is not intended to give them a headstart.

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URBAN AFFAIRS

AVAILABILITY OF FEDERAL FUNDS FOR MUNICIPAL WINTER WORKS PROJECTS—SUGGESTED MEETING WITH PROVINCES AND CITIES

Mr. Lincoln M. Alexander (Hamilton West): In view of my patience I hope the Speaker will allow me two questions to the Minister of State for Urban Affairs.

In light of the mayor of Toronto's criticism that the federal government has not come up with funds for winter works projects, can the minister at least assure the House that there will be federal funds available for municipal winter works projects?

Hon. Robert K. Andras (Minister of State for Urban Affairs): The Prime Minister has dealt with this question on several occasions in the House in the last few days and I would not wish to add to his comments at this stage.

• (12 noon)

Mr. Alexander: In spite of the minister's tri-level conferences which have been held and which the Prime Minister seems to indicate have not been too successful, and in view of the fact that the federal government is now attempting to meet with the provinces, I ask the Minister of State for Urban Affairs this question. Inasmuch as Toronto feels it will now be necessary to prepare to go it alone, would the minister call a meeting of representatives of the cities and the provinces this month to discuss winter works programs so that there can be some co-ordination of efforts this winter? I ask this question because it seems to me necessary to have involvement of the municipalities in any discussions regarding winter works or winter programs that the government intends to introduce.

Mr. Andras: Mr. Speaker, it will be no surprise to the hon. member when I say that I subscribe to the principle of having the municipalities involved in such discussions. It will also be no surprise to him when I say that the inclusion of the municipalities in such discussions is basically a decision that must be taken by the provinces, and there have been some difficulties in that area in the last few months.

Mr. Alexander: One last supplementary—

Mr. Speaker: Order, please. We have just about run out of time. I hope the hon. member will allow me to recognize the hon. member for Palliser.

[*Later:*]

Mr. Alexander: On a point of order, Mr. Speaker, if Your Honour will bear with me the answers the Minister of State for Urban Affairs gave to the House in reply to the questions I asked are, of course, important, but I also think it is important, in view of the fact that the municipalities have been frustrated in terms of bilateral agreements being forced upon them, that I ask whether Your Honour would allow me to ask the minister if he will assure that there is some participation by representatives of the municipalities in the scheme of things, in order that they will know—

Mr. Speaker: Order, please.

Mr. Alexander: —just what type of program—

Mr. Speaker: Order, please. It is not for the Speaker to allow the hon. member to ask a further supplementary following the expiry of the question period five minutes ago. But I have no objection whatsoever if the House will allow the minister to reply to the hon. member.

Some hon. Members: Agreed.

Mr. Andras: Mr. Speaker, I could not possibly give the assurance to the hon. member that all those events will take place. I totally agree that the participation of the municipalities is necessary to come to any sound arrangements with regard to that or any other problems facing urban Canada. We have placed on record with the provinces our willingness, indeed our desire, to see tri-level consultation on this and many other matters, but all is not as smooth sailing as I would like, and in the end the provinces must themselves make that decision to include the municipalities. We cannot force that decision on them.

* * *

GRAIN

LIFT PROGRAM—ALLEGED REQUESTS FOR RETURN OF PAYMENTS

Mr. Stan Schumacher (Palliser): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. In view of the great number of demands now being made by his department for the return of payments made to prairie

farmers under the Lift program, can the minister say why these demands are being made?

Hon. H. A. Olson (Minister of Agriculture): I am sorry, Mr. Speaker, but I did not hear the hon. member. Which payments is he talking about?

Mr. Schumacher: Mr. Speaker, my question relates to the great number of demands being made by the minister's department for the return of payments made to prairie farmers under the Lift program. I would like to know why these demands are being made?

Mr. Olson: Mr. Speaker, if it is a question of a return outlining what has been done under the Lift program, this is no problem, but I am not quite sure what the other matter is. Sometimes overpayments are discovered when the auditing or inspection is done, and if we find that an overpayment has been made in relation to the acreage then, of course, we are obliged to demand a return of that overpayment.

* * *

LABOUR CONDITIONS

CORRECTNESS OF PUBLISHED REVIEW OF LAY-OFFS—GOVERNMENT ACTION TO ALLEVIATE CONDITION

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Acting Prime Minister. In view of the report in the *Canadian Press* two days ago reviewing some 9,000 lay-offs that are already in effect or else planned for the very near future, can he say whether he is aware of that report and, if so, can he say whether or not that report is correct?

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, I am not aware of the particular report referred to and therefore cannot say whether it is correct.

Mr. Nystrom: Mr. Speaker, can the Acting Prime Minister say whether or not the government has its own agencies compiling this information? If so, can he say how many lay-offs we can expect in the near future, and what the government is doing to stop this trend?

Mr. Drury: Mr. Speaker, I am not sure that I entirely understand the question. I shall read it in *Hansard* and see if it can be answered.

Mr. Speaker: Orders of the day.

* * *

BUSINESS OF THE HOUSE

Mr. Baldwin: On a point of order, Mr. Speaker, in view of the fact that there has been some discussion among House leaders as to the order of business for next Monday with regard to motions and other House business, could the Minister of Agriculture possibly tell us precisely what will be done on Monday, both in the afternoon and evening?

Mr. Olson: Mr. Speaker, I have not been party to any such discussions but so far as I know there is no change from the announcement that has been made.

• (12:10 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Wednesday, September 29, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law relating to or consequent upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Hon. J. A. MacLean (Malpeque): Mr. Speaker, when the House rose on Wednesday, I was speaking about the danger of taxation burdens increasing at a greater rate than either our population or our gross national product. I said that this increase is a geometric progression which expands at an ever increasing rate as time goes by. With that background, I now wish to turn to the necessity for a meaningful tax reform.

I think it is regrettable that so many years have been spent in studying this matter of so-called tax reform and that the end product has been the bill which we have now before us, with many amendments, which does not result in a reduction or a control of the expansion of the tax load. Certainly, there is a great deal of tinkering and shifting of the tax burden from one group to another, but the net result is not an appreciable decrease in the general tax burden and I maintain that that is a necessary objective for any government in this country, in the federal field at least, and in the provincial field as well so far as that goes. It may be said that this is just one person's opinion stacked against the collective wisdom of the government and all its advisers. I beg to differ, and say that I am not alone in this view. I think that in the United States the situation is roughly the same as here, but it is not so likely that in that country they have already passed the point of diminishing returns so far as tax rates are concerned.

I wish to quote briefly from the text of a speech made by President Nixon on September 9 when, addressing a joint session of the U.S. Congress, he said this:

> I ordered a $4.7 billion cut in federal spending, to allow for tax cuts to create new jobs.

I think that makes sense. I think that is something we Canadians should carefully consider. The President went on to say:

> I ask the Congress to consider as its first priority, before all other business, the enactment of three tax proposals that are essential to the new prosperity. These three measures will create 500,000 new jobs in the coming year.
>
> First, I urge the congress to remove the 7 per cent excise tax on automobiles, so that the more than eight million people in this country who will buy new American-built cars in the next year will save an average of $200 each. This is a sales tax, paid by the consumer. Its removal will stimulate sales, and every 100,000 additional automobiles sold will mean 25,000 additional jobs for America's workers.

I believe that this kind of stimulation of the Canadian economy by the reduction of the tax load is overdue, Mr. Speaker. I would recommend that in the Canadian setting it is most urgent that there be an immediate reduction in

income tax. I recognize that the exemptions will be raised by this bill, but I am talking about an immediate cut in the rates of income tax to individuals and corporations.

Second, I would recommend most seriously, as a further stimulant to the economy, the removal of the sales tax on building materials. I believe the situation is neatly summed up in an editorial which appeared in the Montreal *Gazette* on September 25, which reads:

> The essential question, of course, is how much longer taxes can be raised faster than the country's ability to pay them. At some point, the law of diminishing returns begins to take effect. Indeed, in the relatively slow recovery from the recession induced in the name of inflation restraint suggests that point may have already been reached.
>
> In the last five years, the net revenues of all governments have been increased by more than 75 per cent. Over the same period, the gross national product—a basic measure of the country's ability to create taxable resources—has increased by only 48 per cent.

That is as far as I shall quote but that editorial indicates the vital importance of getting government expenditures under control so that they are not increasing faster than both the population and the GNP. That curve which is going so rapidly upward must be brought under control while it is still controllable. Of course, we may not realize the magnitude of the growth of taxation. At the present time, this federal government taxes the Canadian people at the rate of about $35 million a day every day of the year, including Sundays and holidays. This tribute has to be paid by Canadian initiative, individuals and industry to keep the huge governmental machinery operative but that machinery has grown too rapidly in proportion to the general growth of the country.

Some hon. Members: Hear, hear!

Mr. MacLean: In his heyday, Mr. Speaker, Genghis Khan was noted for the tribute he extracted from the people he brought under his domination but $35 million a day makes Genghis Khan look like a piker.

Mr. Bell: Benson looks like Genghis, doesn't he?

Mr. MacLean: The suggestion that not only must the growth in government expenditures and expansion be controlled but that savings must be made is always answered by the response, "What would you cut out of the services the government now provides?" I do not think it is necessary to cut out anything, because I believe that by cutting taxation we would stimulate industry enough that the net payment of taxes would increase.

Mr. Hees: It would stimulate buying power as well.

Mr. MacLean: As I said already, the rates have passed the point of diminishing return. I do not subscribe to this counsel of despair that things are so out of hand you cannot cut anything out or down or control anything. We are faced with this dilemma and we must accept it and act like the proverbial lemmings approaching the cliff activated by some primeval urge that they do not understand. I do not think Canadians have reached that point. Surely, even yet Canadians have a right to say, "I am the master of my fate; I am the captain of my soul". Surely, we can decide that we are not going to allow ourselves to be so heavily taxed that we are no longer able to compete in world markets. It is for these reasons, Mr. Speaker, that I urge the government as a short term measure to introduce an immediate cut in income tax and to remove the sales tax on building materials.

To sum up, Mr. Speaker, I would make the following recommendations: First, I recommend immediate cuts in income tax and sales tax on selected items to stimulate the economy. The tax burden is slowing the economy and the rates have passed the point of diminishing return. Second, as a long term program, the rate of growth of government spending should be curbed in order to bring it below the rate of growth of the GNP. Third, government borrowing should be curbed in order to lessen demand on the money market because that demand is forcing interest rates to rise. Fourth, the government should pursue every means open to it to encourage people to be industrious and efficient, thus improving our ability to compete in world markets.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, as I see it, this is a bill designed to give the impression that it provides something for everyone. It presents the Minister of Finance (Mr. Benson) in the role of the benevolent father of his people impartially concerned in providing gifts for all. Closer examination reveals that beneath the tinsel and glitter of the packages one firm rule has been followed, and that is that this bill contains big goodies for big people and little goodies for little people.

The most disappointing feature of the government's tax bill for us in this part of the House is the fact that the tax changes reject the main principle of the Carter Commission report; that is, that taxes should be based on ability to pay and that taxation should be determined by what a person earns rather than how he got it; that a dollar is a dollar and should be taxed as such no matter what its source. The government has progressively watered down this recommendation in the Carter report in successive investigations and inquiries, and has finally abandoned the principle altogether in this tax bill. The result is that this tax bill continues to widen the gap between the "haves" and "have nots" in this country. It increases the comfortable insulation of the top 20 per cent of our population who enjoy 40 per cent of the good things of this world, and of Canada in particular, and makes more acute the humiliating poverty of the lowest 20 per cent, who try hard to cling to their portion of only 7 per cent of the national income. Their position has not changed very much or, if at all, only for the worse. Somewhere in between are the middle 60 per cent who are trying to climb the slippery slope to security while those at the bottom of the slope are sliding to the ragged edge of poverty.

• (12:20 p.m.)

In my riding as in most other ridings, and I can hardly think of a riding where the picture is different, large numbers of people are concerned about the tax bill. Large numbers of elderly people have come to me saying that this tax bill does nothing for them. Those are the people who helped to build the country. They worked on the roads, on the construction jobs, in plants, offices and factories. They are the ones who raised families and brought up properly our younger people who are now carrying on the work of this country in every field. They

saved and scrimped to provide a reasonable measure of comfort and security for their old age, something to which they were entitled as a result of their hard work. Today, under the hammer blows of repeated increases in the cost of living, they find themselves defenceless. Actually, many, many of them have come to me, as no doubt they have come to other hon. members, asking what they can do in order to keep their homes for which they sacrificed so much and which many of them could not secure for many years because they had not accumulated the tiny savings which allowed them to obtain those homes. Now, those savings have shrunk almost to vanishing point. Yet those same tiny savings prevent those elderly people from applying for the guaranteed income supplement. What are they to do? Those who talk to me remind me of people who have had a terrible blow. They are weak from shock. They cannot believe that this government is not ready with programs that will help them. So, they wait and wait and wait, and many of them finish out their lives still waiting. Those who remain cannot believe that the government does not intend to help them.

The same situation applies to our veterans in my riding, and in every other riding of this country. The rising cost of living has robbed them of that dignity and security to which they had a right as men and women who had risked everything for their country. They have asked for help to meet those conditions for which they are not responsible and they have been sent away with empty hands.

So it is for those other thousands of people who must live on small pensions and fixed incomes. This bill ought to have provided them with the means of living out the rest of their lives in the dignity and comfort which they have the right to expect. By taxing those at the upper levels of income as they should have been taxed, that is, on the basis of their ability to pay as recommended by the Carter report and on the basis of fairness and justice, this government could have secured revenues to make possible a large measure of security for those on low incomes. There is no need for me to review the figures. A number of my colleagues have already done so.

Harsh measures are understandable when they are needed. People understand that they are needed and will put up with them. Yet, people will not put up with unfair measures that discriminate against those who are in the low income brackets. During the second world war, when Britain was desperately fighting against Hitler, the British authorities knew that if the war against Hitler was to be won, harsh measures had to be imposed on everybody according to their ability to bear those measures. That was done. If we could do that in these difficult times, the government would be a great deal happier and have to resort much less to semantics than it has at present. After all, it could depend on the good will of the people of the country and impose whatever harsh measures are necessary. What the people will not forgive, Mr. Speaker, is comfort for the elite but misery for those in the lower income brackets.

The least this government ought to do now is amend this bill in order to secure sufficient extra revenue with which to review all government pensions and allowances with a view to establishing a floor at a level consistent with a modern standard of living. All pensions and allowances should then be set in relation to that level, and none should be permitted to sink below it. An escalator clause should be built into the new program, with provision for proper review in accordance with increasing living costs. That, I suggest, ought to have been envisaged in this tax bill and provision made for it.

My colleague, the hon. member for Surrey-White Rock (Mr. Mather) has advocated a program of "Opportunities for Age". I endorse it heartily. In my opinion, its foremost objective should be the provision of sufficient income to permit elderly people to be properly nourished, to have a comfortable place to live, to have the wherewithal with which to buy the drugs they need and the little comforts that are so necessary and, above all, to have the opportunity to hold their heads high against the meanness and indignity of handouts.

It should be the same for veterans and their families. Frankly, I am completely sickened by watching the penny pinching that goes on, especially when some of these people who need help come to see me, like the veteran's widow. So urgently was she in need of assistance that she was willing to have her husband's body exhumed, because she hoped to prove that she was entitled to a little more help as a result of the sacrifices he had made in his war service. It is this sort of situation, repeated over and over again in essence, that makes me less and less enchanted with this tax bill, the provisions of which bear so lightly on the wealthy and crack down so heavily on the poor.

Actually, of course, we should have a floor under income for every individual and family in Canada. Several years ago we had reached the point where not only sociologists and government officials, but also cabinet ministers and, at one point I believe, even the Prime Minister, were playing with the idea. However, with their usual expedition in these matters, the wealthy got to the government first with the "most" and this tax bill is the result. It has been left to the New Democratic government in Manitoba to go ahead with a pilot project to demonstrate the feasibility of the guaranteed income. I trust that this federal government will at least be willing to co-operate in providing a large portion of the necessary funds for this project of great social significance. Actually, the NDP government has had to provide a great deal of the leadership which this government has followed belatedly. I am referring to 20 years of experimental projects carried on under the CCF government in Saskatchewan which was the forerunner of the NDP. From those programs this government picked up some of its ideas. It is making a belated attempt to carry out some of those programs in a much more attenuated form.

Much is made of the fact that the tax bill now before us will remove about one million people from the tax rolls. That big figure is calculated to look impressive and to underline the government's generosity towards those on low income. However, let us examine this proposal. My colleague, the hon. member for Oshawa-Whitby (Mr. Broadbent) referred in his speech to the long years of promises in which we were told that we were to have real tax reform when the government finally got around to it. My colleague asked the question—and this is not particularly with reference to the one million taken off the tax rolls but the people above that level—how real are the tax benefits in this bill for most Canadians? He calculated that in terms of their effect on income, the tax proposals

for most people represent a yearly saving of about $100. This would amount to $25 each for a family of four or, reduced to less astronomical terms, approximately 50 cents a week each. How far will this go in meeting the grocery bill when the cost of living is increasing month by month? When the ordinary citizen starts thinking about Canada's natural wealth, productive capacity and the income of the not inconsiderable numbers of the elite in this country, he will begin to wonder.

• (12:30 p.m.)

I wish now to deal with the one million people to be removed from the tax rolls. Why are they being removed? The simple reason is that they do not receive enough income to pay any taxes. What greater indictment of the policies of this government could be found? One million Canadians will be removed from the tax rolls because they do not receive enough income to pay income tax. The people being removed from the tax rolls will still have to pay all kinds of other taxes such as sales tax, which bears most heavily on those with the least income. In addition to their lack of income, these people are now going to suffer a great wrong. A democracy is supposed to be a country in which all the people take part in the affairs of that country. The ability to pay taxes means that one has a stake in how the country is run and participates effectively, according to a proper share of one's income in carrying on the activities of the country. Because they have so little income, one million Canadians will have lost that right. They will have been shunted aside as surplus to the mainstream of life in Canada just as surely as many others have been shunted aside before them, those with insufficient income. Thousands and thousands of young people have apparently been shunted aside forever as far as this government is concerned because they are considered surplus to the mainstream in Canada at this time. In my view, getting enough income to live properly and still have enough money to pay taxes should be a basic right of every citizen.

There are certain features of this tax bill which represent an improvement over the present situation, such as the $500 allowance for child care, the provision of up to $150 a year to enable a wage earner to equip himself for his job and the increased exemptions for individuals and dependents. However, in comparison with the benefits provided for those in higher income levels, these improvements, welcome as they will be, pale into insignificance.

When we know that the cost of proper child care is several times the $500 allotted by the tax bill, we realize how much better off a person is whose taxes taper off as he reaches the higher levels of income where there is plenty of money available for proper child care. When we know that business executives and self-employed people are permitted almost unlimited deductions for expenses incurred as a result of their occupation, the $150 allowed the wage earner for equipment appears insignificant indeed. When we realize that many still on the tax rolls are below the poverty level determined by the Economic Council of Canada, while many others who have acquired great wealth can transfer this to relatives or friends without paying either a gift or inheritance tax, we can only ask: Whatever happened to the idea of the Just Society? How can the government justify a policy which permits the handing over of accumulated wealth to those who have not done anything to earn it while the ordinary wage earner must pay tax on every cent he earns, apart from his deductions?

Speaking of exemptions, this party deplores the government's rejection of the Carter commission's finding that it is more fair and just to provide tax relief in the form of tax credits than through increased exemptions. A system of exemptions provides a greater benefit to those in the higher income brackets than those in the lower ones. Tax credits, on the other hand, provide the same benefit to all. In the hands of a government anxious to help those in lower income brackets, tax credits could be designed to give greater benefit to those whose need is greatest. However, this government at every turn insists on giving proof of the observation in the Bible that "To him who hath shall be given and from him who hath not shall be taken away even that which he hath." This government is adept at trying to squeeze out the last drop of blood and cut off the last pound of flesh from the have-nots. The have-nots are beginning to find out the truth, even though they have been led to believe the contrary from the propaganda that this government has been turning out in such vast amounts ever since it has been elected. People all across this country are beginning to notice the way in which this government favours the wealthy and powerful at the expense of the small taxpayer. They are beginning to resent a taxation system that permits large commercial interests to pay only 50 per cent tax on their capital gains while small savers, without much left to go on, must pay 100 per cent tax rates on the small amounts they have been able to lay aside.

I wish to read a pungent comment by a woman taxpayer in Gloucester County, New Brunswick. One does not think of New Brunswick as being a place which fosters radicals in vast numbers, but this woman has hit the nail right on the head. She writes:

> Apparently, there is no provision whatever to encourage the small saver. It is mostly certain that a capital gains tax will be introduced. Thus, a person receiving a gain in shares, for example $100.00 will be taxed on half of the amount, that is, on $50.00 only. However, the small investor, due to lack of knowledge about shares, or because he is just too poor to risk his money on the stock market, usually invests in Canada Savings Bonds or handles a savings account in a bank. However, if this person receives, for example, $100.00 in interest, he is subjected to pay income tax on the full amount at full personal rate. It is definitely unfair and illogical! Is this the fair taxation system preconized by the Trudeau Government?

I suggest it will take many months of communication on the part of the Prime Minister (Mr. Trudeau) and the government to convince this woman and thousands like her that this tax bill is heading toward the Just Society. They know where it is heading. It is heading in exactly the opposite direction.

One of the positively bad features of this tax bill was dealt with at some length by my colleague, the hon. member for Regina East (Mr. Burton). I want to deal with it briefly now. I refer to the unfair way in which the tax bill bears down on co-operatives and credit unions. Although members of co-operatives pay full tax on dividends received and full tax on retained earnings, previous tax measures levied on them in addition a 3 per cent tax for capital employed. This tax has now been increased to

5 per cent under the terms of the new bill. Surely, this is not the action of a government which genuinely believes in participatory democracy. Co-operatives and credit unions are among the few business organizations where the members carry on their affairs—and membership is open to all—for the sole purpose of providing goods and services at cost on a non-profit basis and whose operations are directed solely by those who use them. At this time when we are threatened by the growth of huge commercial monopolies, home-grown and foreign, it is dismaying to find the government introducing policies whose effect will be to restrict if not seriously damage these co-operative institutions which have proved themselves capable of surviving and standing up to the practices of private business.

• (12:40 p.m.)

It seems to me that if the government were serious about providing ways and means of developing Canadian identity, Canadian strength and the Canadian economy, it should not choose this moment in which to find ways of wiping out or seriously endangering the life of organizations which have proven themselves capable of standing up to the commercial private monopolies which in their most monopolistic form come from the other side of the border.

There are many other features of the tax bill with which I should like to deal individually, but this can be done during the clause by clause study. I have tried to explain some of the reasons I must oppose this tax bill on general principle. As hon. members will gather, I do so for two main reasons. First, the bill is unjust, and, in the second place, it is self-defeating in that it widens the gap between the haves and the have-nots with all the surrounding implications of waste and inefficiency. To sum up, the bill reminds me of the story of the small boy who came home crying from school. When his mother asked him what had happened he told her he had been punished for telling a lie. "But Johnny," his mother said, "you knew it was wrong to tell a lie." "Yes," he sobbed, "I knew it was wrong. But it was worse than that. It didn't work." That is the size of this tax bill. It is not only wrong, but it won't work.

The people of this country have been led to believe that the government would reform the taxation system to make it more just and more efficient. They have been patient. They realized that the government had problems of all kinds with which to deal. But they had confidence. They believed the government would honour its undertaking to introduce a taxation measure which would lead toward a more just and more fair society. They have been deceived on both counts. You can fool all of the people some of the time and some of the people all the time, but you can't fool all the people all the time. The New Democratic Party and its supporters throughout the country have never been fooled by this government's protestations about wanting a just society. Every bit of their legislation takes from the poor and gives to the rich as far as it is possible so to do by act of Parliament. The people of this country we run into from one province to another, the people who were well-wishers and boosters of the government are beginning now to forget about the rhetoric, the charisma, the halos and the flood of government propaganda which goes out through every one of the media and are starting to look at the actual measures which are being ground out by the legislative mill.

The House has recently been considering one clear example. All the farmers of western Canada, all three Prairie governments all the farm organizations, have said: we do not want the legislation which is being put forward. The government has insisted that papa knows better. But papa will not get away with it in this instance. Papa does not know best. The farmers know what they want and they are determined to get it. Similarly, the taxpapers generally know what they will put up with and what they will not put up with. The bill before us is another piece of pure evidence of unjust, unfair and unworkable policies. This is why I shall vote against this measure, and I am confident that more and more of the Canadian people share my point of view.

Mr. McBride: Will the hon. member permit a question? I followed her speech with much interest. She said the government had promised a bill which would be more just and more fair. Is it her opinion and the opinion of her party that the bill is, in fact, less just and less fair than the present tax system? After all, it is one thing to talk about an Utopian ideal. I ask the concrete question: are we making a significant step in the right direction? Everyone realizes there is always room for improvement; we live in an imperfect society, and we realize that the tax bill is not a perfect one. But is it, in fact, less just and less fair than the present system?

Mrs. MacInnis: The people of this country are not interested in hair-splitting of that kind.

Mr. McBride: It is not hair-splitting.

Mrs. MacInnis: I am speaking for the people in my constituency. The people in my constituency are not interested in finding out whether this bill is one inch better than the last. They are interested in the policies of a Prime Minister who said he intended to bring about a just taxation system, who led them to believe that the recommendation in the Carter Report that taxation should be levied in accordance with ability to pay was to be implemented. These proposals crack down on the poor, who are heavily taxed as compared with the wealthy. I shall not argue about whether this measure is better than the present act in one particular or another. There are some respects in which it may be an improvement. But basically it is not what was promised.

Mr. McBride: Is there any area where it is not an improvement. Is this a step forward or not?

Mrs. MacInnis: The hon. member has my answer. It is not what was promised, and I am not interested in weighing whether it is better or worse in some of its particulars.

Mr. Deputy Speaker: The hon. member for Frontenac-Lennox and Addington.

Mr. Alkenbrack: I wonder whether, having regard to the closeness of the luncheon adjournment, we could call it one o'clock, Mr. Speaker?

Mr. Mahoney: The opposition forces us to "blow" a good deal of time. I do not see why we should "blow" another ten minutes.

Mr. Deputy Speaker: Obviously there is not unanimous consent. I recognize the hon. member for Frontenac-Lennox and Addington.

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): I rise to speak in this debate in ominous and perilous national circumstances. Canada, as this House and all its citizens know, is in a perilous economic and social position. Recent headlines tell us, for example, that 42 per cent of the gross national product goes for taxes. At this rate, no citizen in the category of the average Canadian can protect his or her solvency with any assurance of success. At the present rate of drain on the economy through taxation no business can be assured of freedom to function, of being able to employ the labour it usually requires, of being able to take care of its load of overhead and inventory and hope for a profit at the end of the year.

• (12:50 p.m.)

The Prime Minister (Mr. Trudeau), his cabinet and the administration in general will go down in history in a surge of superlatives. First, the Canadian people will tag them as the most expensive; second, as the most careless of the Canadian general good; third, as the most arrogant; fourth as the government that accomplished the least at the greatest expense to the taxpayer. Then this morning, Mr. Speaker, we had evidence that they will also be tagged the "captains of confusion", as shown by the affair exposed this morning regarding the appointment of parliamentary secretaries, 28 yesterday, 27 today, and the law calls for not more than 26.

The Trudeaumania that swept the country has now turned to Trudeauphobia.

Mr. Mahoney: You will not convince the public of that.

Mr. Alkenbrack: But the Gallup poll will convince them. After all, the Gallup poll has been an instrument dear to the heart of the Liberal party.

Mr. Pepin: What does the Gallup poll have to say about the Conservative party?

Mr. Alkenbrack: The Gallup poll proves my statement that Trudeaumania has changed to Trudeauphobia. As I say, the Gallup poll is an instrument dear to the Liberal party and has been frequently abused by them in the past to attain their own power-seeking ends. According to a Gallup poll published in the Montreal *Star* on September 22:

> Mr. Trudeau's economic policies may well cause him some trouble at the next federal election, for, to date, the voting public is not impressed with them. Little more than one in ten—

Mr. Mahoney: Mr. Speaker—

Mr. Deputy Speaker: Order. Is the hon. parliamentary secretary rising on a point of order?

Mr. Mahoney: Would the hon. member permit a question, either now or at the conclusion of his remarks?

Mr. Alkenbrack: I will deal with the questions at the end of my speech, Mr. Speaker.

> Little more than one in ten (13 per cent) believe they are sound, while twice as many (27 per cent) claim they are not. Less than half the electorate (47 per cent) give them the faint praise of calling them fairly sound.
>
> Moreover, it is among the largest segment of the working force, labour, where the greatest criticism lies, as only one in ten believes they have been good—but three times as many are very critical. Executives and professional men and women, are more inclined to describe them as fair than other segments.

That attests to what a poll reveals when the man in the factory, the man behind the plough and the man in the street is interviewed.

I had planned to bring a copy of Bill C-259 to my desk in the House, Mr. Speaker; not that I had intended to read parts of it to the House, but rather to remind me that this government continues to confuse quantity with quality. All of us can remember the ballyhoo and the fanfare that the Minister of Finance (Mr. Benson) engaged in when he inflicted this so-called tax reform bill on this Parliament. I am reminded of my childhood days when circuses were in vogue, or at least more so than they are today. When a circus was due to arrive in my town, or a town nearby, we were alerted to the fact by what was called the advance man. This advance man swept into town with a great flourish and in no time at all he had all of us entranced. He pasted up posters and handed out a few free tickets. We held our breath while he talked of the elephants and the bearded ladies and the tallest or the strongest man on earth. More often than not, the spiel was better than the circus. Very often we learned that the elephant caught the flu and had to be left behind in Peoria. And sometimes the tallest man on earth lost his balance and we discovered that he was wearing stilts under his trousers.

What I am trying to say is that the Minister of Finance is the best advance man I have ever seen in this House. I am often entranced by his spiel, but I have found so far that his predictions and ballyhoo are better than his circus. In respect of Bill C-259, I must admit that the finance minister did not deceive us on one fundamental point. He did not say that there was anything of any great significance in this bill, at least not in the beginning. He told us that the combined budget-tax reform package weighed about 30 pounds. He told us that, to his knowledge, it was the heaviest package of legislation ever tabled in this House.

In my opening statement I mentioned the fact that I had planned to bring my copy into the House. However, I had second thoughts when I heard the hon. member for Grand Falls-White Bay-Labrador (Mr. Peddle) say that he had to rest three times when he brought his copy down from the fifth floor. I would have had to bring mine from the west block, and when you consider how little there is in that weighty volume that is worth while you can understand why I had second thoughts.

Another member of this House has already noted that the finance minister has obviously failed to look up the definition of the word "reform" in the dictionary. The meaning is altogether different from the definition attributed to it by the government. It is equally obvious that the minister has confused the word "reform" with the word "proliferation", which is understandable since the present government is confused on most things. Understandable, Mr. Speaker, but certainly not excusable.

May I call it one o'clock?

Mr. Deputy Speaker: Order. It being one o'clock I do now leave the Chair to resume the same at 2 o'clock p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Alkenbrack: Just before lunch, Mr. Speaker, we were talking about some of the sins of omission and commission on the part of this government, and some of my remarks aroused criticism from the government benches. I had reference to the arrogance and ineptitude of this government as evidenced by this flouting of the law. Since that time some newspapers have put today's editions on the streets. Let me point out that if the government is otherwise, at least we have an active, fair-minded and enlightened press. Let me read what the press states today regarding the flouting of the law as contained in the Temporary Wheat Reserves Act, and the government's precipitant rush to pass Bill C-244 in face of the demands of the country that it pay what it owes the farmers. Today's *Globe and Mail* states:

> The cause of any present obstruction is the government;

The government has been accusing the Official Opposition and all other opposition parties of obstruction, but the *Globe and Mail* says today that the cause of this obstruction is the government. The *Globe and Mail* also states:

> The government, rather, should deal frankly and conscientiously with the points the opposition has raised with regard to the Temporary Wheat Reserves Act. It should accept the law as it is on the books until the law has been changed: a touch of humility would give it an unexpected and refreshingly new complexion.

I believe I made my point just before one o'clock when I referred in no uncertain terms to the government's arrogance toward Parliament and the Canadian people; in this case the arrogance is toward that large and important sector, the wheat growers of western Canada. The *Globe and Mail* goes on to state:

> After that it should get on with the job of facing the real issues that confront and frighten Canadians.

That is why I said at the beginning of my remarks that we are living in ominous and perilous times, which the government seems to completely ignore. We should get on with the real issues that confront and frighten Canadians. These issues are large and important, and they are immediate. The *Globe and Mail* then states:

> What the government does about them will be the real basis on which the country will judge the performance of Prime Minister Pierre Trudeau on Parliament Hill.

The Ottawa *Journal*, which was delivered a few minutes ago, has an article under the heading "Farmers suing Benson for grain funds". This is a fine situation the government has created for Canadians today. The article reads:

> The cloud surrounding the Prairie Grains Income Stabilization Act has become a thunderhead.

The farmers seek a writ of mandamus against Finance Minister Edgar Benson, and their application was filed in Regina Wednesday and is to be heard on October 6.

• (2:10 p.m.)

I just digressed for a few minutes from the gist of my speech in order to make those points. I was talking about how the Finance Minister and the Prime Minister have confused the word "reform" with the word "proliferation". The Finance Minister and his hirelings have done an excellent job of proliferating in the tax field, just as the Prime Minister is doing a glaringly excellent job in the proliferation of parliamentary secretaries as of yesterday and today.

Some hon. Members: Hear, hear!

Mr. Mahoney: A very worthy group.

Mr. Alkenbrack: The government have touched on virtually every aspect of taxation, but they have settled nothing. Behind the flurry, behind the smokescreen of alleged reform, we see that the same people will carry the tax burden. True, a million and half people will be relieved of some of that tax burden, but they were not in the first place the ones who were carrying the main load.

Mr. Mahoney: Five and a half million.

Mr. Alkenbrack: So we see that the people in the categories above those who will now be relieved will carry that burden, and indeed a greater burden. We see that instead of true reform, the government will be taking a still larger bite out of those who are told by the government that they will be spared.

The Finance Minister is quick to state that some one and a quarter million taxpayers will be removed from the taxrolls under the proposed tax reforms in Bill C-259, and we are told that our magnanimous government itself will stand the loss. We have been told that Big Brother will pick up the tab. This is one area where I would be safe in charging that the Finance Minister has resorted to deception. There is no way in which a spendthrift government like this one would remove a million people from the taxrolls without knowing in advance that at least an equal amount of money would be coming from another source. The clear fact is that a very large percentage of those taxpayers will not be removed from the rolls, and this was pointed out graphically by the Leader of the Opposition (Mr. Stanfield) in the last session of Parliament.

While the Finance Minister makes much of the increased exemptions for single and married persons, he avoids mentioning the fact that the increased rate of taxation will wipe out that advantage for a large percentage of taxpayers in the lower income brackets.

Mr. Mahoney: Nonsense.

Mr. Alkenbrack: The Finance Minister has also neglected to point out that the new sliding scale of taxation will catch up very soon with another large group of taxpayers within two or three years. Thus, we learn that Big Brother is not picking up the tab at all. We learn that the increased taxes which will flow into the federal coffers will originate from the very same source. We learn that the same people who are paying the shot right now will just keep on paying the shot.

I can understand how the Minister of Finance could stray so far off the path so consistently when he attempts

to formulate economic and fiscal policies. It is a question of training and experience or the lack of it, and with all due respect to the minister's good intentions he just does not have these attributes or these intentions. The minister is a chartered accountant, and I know very well that he was a competent and successful chartered accountant when he was employed in that milieu. However, we all know that an accountant examines other people's books and checks to see that the fives and the sixes are in the right column and he checks to ensure that the additions and subtractions have been done properly. I would expect that he even checks to see whether or not the figures have been juggled to conceal a fraud. Accountancy is an exact science, and I would be the first to concede that governments, business and industry could not endure without the help of chartered accountants.

However, I suggest it is a far cry from the desk of a chartered accountant to the office of finance minister. In the latter case, the minister is responsible to the people of Canada for a national budget that has now climbed to some $15 billion to run the country for one year. I suggest again that it is one thing to check the books of a business or a corporation and yet another thing to formulate policy, and I think the answer comes loudly and clearly in the so-called tax reform package and its companion piece, the budget.

Mr. Pepin: What background does the minister have?

Mr. Alkenbrack: Disenchantment is not felt or expressed only on this side of the House. The only economist in the cabinet, the former minister of communications, left the government in disgust when he could no longer stomach the futile posturing of the Prime Minister and his so-called geniuses in the economic and related portfolios.

Mr. Mahoney: Now, this sounds like Mr. Stanfield's speech.

Mr. Alkenbrack: I am glad that my strong statement is receiving some response, because if it does nothing else it might alert the rank and file of the Liberal party members behind the front benches to becoming more conscious of the dire effects that this cabinet is having upon the economy, the morale and the social welfare of the Canadian people. I suggest that because of the rate at which some of the ministers are spending money—particularly the Minister of Regional Economic Expansion (Mr. Marchand)—the Finance Minister has been instructed to administer the karate chop on any and all Canadians who cannot defend themselves.

I asked yesterday for some assistance for a youth group in my riding which is in financial difficulty and which is doing a good job in its work among youth in one particular community in the south of my riding. However, I was told that the money was all gone. It did not take long for funds allotted for that purpose to completely disappear, did it?

The ever expanding spending spree, particularly in Quebec, must be matched by an ever-expanding tax bite; that is only a natural thing. The more they spend the more they have to demand from the Canadian people, and all the finance minister's protestations to the contrary, we are witnessing the most sinister and menacing tax bite in the history of North America. Compared with the incredibly expensive war in which the United States is involved at present—their government has cut personal income taxes twice in the last three years—compared with the serious economic problems faced by the United States, we in Canada should find it easy to make adjustments in our tax laws in order to help the people who are working but who are earning less than they need to live properly. You will notice that I did not say "to live comfortably" although I cannot see why it is so difficult to ensure that most Canadians are able to live comfortably.

At this point I should like to draw the government's attention to a parable which appears in a number of places in the New Testament and which is familiar to most if not all members of the House. I refer to the parable which I paraphrase as follows: "You have done those things that you ought not to have done, and you have not have done those things that you ought to have done". This parable attempts to convey to all men that it is often, if not always, just as easy to neglect the things that you ought to do as it is to do the things that you know to be wrong.

Mr. Pepin: It is far clearer in the Bible.

Mr. Alkenbrack: In other words, sins or crimes of omission are just as serious as sins or crimes of commission. When one is charged with a responsibility, such as the responsibility to govern, then it is a serious offence against all the people being governed when a government neglects to do everything in its power to ensure equality of opportunity, equality of justice and obedience to the statutes.

• (2:20 p.m.)

When the Prime Minister was campaigning throughout Ontario this past summer he remarked that politics was fun. In the case of the Prime Minister it may well be that politics is a ball, a real gas, as the saying goes. But I say to him that while he is having a ball there are millions of Canadians who are living at or below the poverty line. While he is having a ball I would point out to him that there are hundreds of thousands of Canadians unemployed. He knows that. Lately, he is beginning to realize it. And every day a larger percentage of them is running out of unemployment insurance benefits. I am sure I speak on behalf of all private members of the House when I point out that a great deal of our time every day is spent trying to get unemployment insurance benefits straightened out or obtained on behalf of our constituents. I do not hear any contradiction of that statement, and so I am sure all hon. members have had this experience.

Mr. Osler: Will the hon. member permit a question, Mr. Speaker?

The Acting Speaker (Mr. Laniel): Order. The hon. member knows that a question has to be allowed by the hon. member who has the floor.

Mr. Alkenbrack: Mr. Speaker, when I have finished the time that you have allotted to me then I will deal with questions.

While the Prime Minister is laughing, inflation is once again getting out of hand. I would also say that with this latest ploy on the part of the government to hide the problem behind a smokescreen, and I refer to this 30 pounds of tax reform legislation, the tax burden remains right where it has always been.

With Your Honour's indulgence I should like to quote from the motion moved on September 13 by the hon. member for Edmonton West (Mr. Lambert):

> This House, deeply concerned with unacceptable levels of inflation, persisting unemployment and stagnant industry and conscious of the necessity for meaningful tax reform, declines to give second reading to a bill which does not provide sufficient stimulus to the economy of Canada with appropriate tax cuts and incentives, does not contain adequate tax exemptions and is not calculated to materially improve business and labour conditions in Canada now or in the foreseeable future.

This is a serious indictment of what the Minister of Finance has called the heaviest piece of legislation ever tabled in this House. It is clear, Mr. Speaker, that this is not tax reform but rather tax juggling. It is a serious offence against the public trust vested in the Minister of Finance to spend hundreds of thousands of dollars, perhaps millions of dollars, on a long series of futile manoeuvres leading up to what we are told is a tax reform package.

A few days ago the hon. member for Selkirk (Mr. Rowland) noted in his speech that all the discussion about Tax reform started with the Royal Commission on Taxation called the Carter Commission, from which flowed the Carter report. Then, we were introduced with much fanfare to the government's white paper on tax reform. I would like to inject a comment here concerning the white paper on taxation. Hon. members on this side of the House, and more than a few on the government side, will remember with some little satisfaction that the Minister of Finance was thoroughly roasted by a few segments of the population when he went to the people with that particular gem, and the white paper was truly a gem. After the white paper was referred to a committee of the other place as well as to a committee of this House, it was reported upon. These reports were appended to the white paper, along with reams of representations from individuals and groups throughout Canada. Presumably this massive accumulation of data was sent to the same group of experts who, over the past three years, produced those budgets that have so effectively stagnated the Canadian economy.

At this point, Mr. Speaker, the casual onlooker would immediately exclaim, "I know what happened next. The whole package was fed into the furnace, and the Finance Minister started all over again." Not a bit of it, Mr. Speaker. That is what one would naturally assume, but the Minister of Finance had learned by then that he had the Canadian people squarely on the rack. All he had to do was to turn the wheel and the cries of anguish would rise to a beautiful crescendo. The Minister of Finance knew without a doubt that he had created a monster equally as bad as any of his previous budgets. He had here a tax reform bill that was devoid of reforms. He had here a tax bill that was devoid of any of the measures that the country needs so desperately at this time—tax cuts, increases in exemptions, and a removal of the crippling 11 per cent sales tax on building materials, among other things.

I am also reminded that the Minister of Finance was smilingly complacent last year and the year before when the Official Opposition warned repeatedly in this House that the government's fiscal policies, or the lack of them, were cooling the national economy at an alarming rate. When questioned about the danger of fighting inflation by deliberately creating a high level of unemployment, the Minister of Finance and the Prime Minister both said that they could and would accept a much higher level of unemployment in order to beat inflation. We now have the highest level of unemployment in more than a decade, and inflation is still very much with us. In fact it is still climbing. Considering the dismal record compiled by the Minister of Finance in managing the national economy, it is easy for me to understand how he could put his stamp of approval on this monstrosity, Bill C-259.

In the last few days another development has come to light which will make it imperative for the federal government to wring still more taxes out of the wage earners in the provinces that are self-supporting, such as Ontario and a few others. Thank God we do have some provinces which are self-supporting. I just wonder if the Prime Minister and the Minister of Finance knew in advance of the announcement by the welfare minister of the province of Quebec that he has dusted off one of the old Duplessis canards, specifically that his province would pay a premium to families with large numbers of children. The idea is that a married couple should be encouraged to have a large family whether or not they can afford it, and where necessary their annual income would be guaranteed at a level that at least would permit them to survive. I mention this, Mr. Speaker, because the money would obviously have to come from taxpayers in other parts of Canada. At a time when Quebec is already getting a disproportionate amount of tax revenues from other provinces in equalization payments, this scheme cannot be allowed to go into operation without full debate on the issue in this House.

The Quebec government says that it is launching the scheme in order to off-set the decline in the birth rate among French Canadian families in that province, and that there is a danger that the decline will result in a lower proportion of French Canadians to other Canadians in future years. Whatever the Quebec government chooses to do in order to increase the birth rate of French Canadians is its own business, but when such schemes are financed with revenues of other provinces, when such schemes are financed with taxes from Canadians who live and work in other parts of Canada, then they become the business of this House. I strongly condemn the government for not giving us notice that the Quebec government had decided to take this selfish and unilateral step.

The point I am making is that the amount provided in family allowances should be comparative and equal in different parts of Canada. The severity of the tax load should fall in an equitable way on the shoulders of all Canadians, and the tax revenues paid out by the federal government should be paid out in an equitable way.

Some hon. Members: Oh, oh!

Mr. Alkenbrack: I hope the derision from the other side of the House explains my point.

• (2:30 p.m.)

Still on the subject of taxes, Mr. Speaker, I wonder how much longer the people of Canada are going to accept the present government's policies with respect to language training and the imposition of the French language on aspects of Canadian life far removed from the French fact. Reference has been made on numerous occasions to Brockville and Landsdowne. I live just west of that district but I will pass on to some other aspects. French language aspects of Canadian life seem rather far removed from the French fact. Reports that come to us almost daily convince me that morale in the federal public service has never been lower in the history of the service, and it is largely due to the destruction of the public service merit system in order to accommodate French Canadians, both inside and outside the service.

The Chairman of the Public Service Commission has long ago destroyed his credibility and the objectivity of his office by going along with the government's policy to bring French Canadians into the public service in large numbers, whether or not they are qualified to hold the jobs they are given, and whether or not English Canadians are displaced arbitrarily to accommodate the newcomers. There are cases of people resigning from the public service after more than 20 years service rather than to be shunted aside, and in many cases subjected to abuse by new supervisors who have been parachuted into the service in senior positions. There are cases, and they are increasing daily, where promotion boards are now composed entirely of French Canadians, and where French Canadians are given an advantage when they appear before the boards for promotion.

One might argue that this is against the merit principle, and that it is in fact against the law. Of course, this is not the first time that this government has flouted the law. When an English Canadian is denied a promotion that he or she has earned—I am just using the term English Canadian here for want of a better description, I do not really mean English born, but English speaking—

Mr. Mahoney: Anglophone.

Mr. Alkenbrack: That is a much abused and favourite word of the Liberal party. There is provision for appealing the promotion to the board. This sounds like a valid and logical answer to the problem, Mr. Speaker, but unfortunately even the appeal system in the public service has broken down. Resort to it is, in most cases, the best way to ensure that you will be barred forever from promotion. In other words, if you appeal the promotion it is the kiss of death for further promotion. In some cases, people who appeal promotion board decisions have their jobs declared redundant. The Dominion Bureau of Statistics is being converted to a French department, and there is so much unrest, so much dissention and so much animosity being generated in DBS over the French-English issue that I plan to undertake a thorough examination of the situation with some of my colleagues. There are things going on in DBS that would make the infamous situation in the National Museums Branch in the past few months look like child's play.

Many years ago I worked for the Bureau of Statistics on the 1931 census and of course that dates me. We had no such trouble then. Over 3,000 people were in our office for a period starting in the summer of 1930 until the end of 1931. The Dominion statistician was Mr. R. H. Coates, a man who served Canada well and long. I recall that my supervisor was named Lemieux and came from around Montreal. We worked two at a desk and my seatmate was a boy from Lac St. Jean in Quebec. He spoke very little English and I spoke a little high school French but during the time we were employed he taught me French and I taught him English. There was a spirit of harmony in that office and we got a lot of work done. There was no French-English question and no bilinqual or unilingual contention either.

I am deeply disturbed about what is being done to our public service and to the Canadian Armed Forces by some of the ministers across the floor, the Secretary of State (Mr. Pelletier) in particular. This is tax money we are talking about, Mr. Speaker, taxes collected from every part of this country and from Canadians of every ethnic origin that one can name. It is time we directed some of those funds and some of our efforts to Canada and to Canadians, and forgot about hyphens. I am not a hyphenated Canadian, and I do not accept the superficial and outdated concept of hyphenated Canadians. I do not need a hyphen in my name to preserve or retain my identity. If my identity were so fragile that I had to embrace artificiality or superficiality in order to preserve it, I would stop and take a good look at just what it was that I was trying to preserve. If the present government would take the advice it is feeding the country hourly on the radio stations and start thinking Canadian, then perhaps we would start to get somewhere.

I have one more word for the Minister of Finance, Mr. Speaker, before I sit down. If Bill C-259 is the best he can salvage from the lengthy and costly process the government has followed for the past two years, then I think it is time he looked around for a job that better suits his talents. I would suggest that he try to get a job as advance man for a circus, a small circus. It would not pay as well as his present job, but I am sure that he would find it most satisfying and it would be honest employment. The minister would be able to start out with a backlog of the hoopla and ballyhoo he has employed over the years trying to sell his budgets to this House and to Canadians who are forced to pay for his experiments in economic planning. If the finance minister would step down, Mr. Speaker, we might get lucky and have the present cabinet resign en masse.

The Acting Speaker (Mr. Laniel): Order, please. Order, please. I regret that I have to interrupt the hon. member but his time has expired. Is the hon. parliamentary secretary rising on a point of order?

Mr. Mahoney: On a point of order, Mr. Speaker. Before lunch the hon. member indicated that he would accept a question. I am sure he would not want to renege on that and I am sure the House would give him the opportunity.

Mr. Hees: His time has expired.

The Acting Speaker (Mr. Laniel): The hon. member knows that he requires the unanimous consent of the House to ask a question if the time allotted to the hon.

member has expired. Unless the House gives unanimous consent the question cannot be put. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Hees: His time has expired.

Mr. Mahoney: You are not very confident that he can handle it.

The Acting Speaker (Mr. Laniel): Order, please. There is not unanimous consent and all the Chair can do is call upon the next speaker, the hon. member for Compton (Mr. Latulippe).

Mr. Forrestall: If there had been more than one minister in the House we would have allowed it—I am sorry there are two ministers.

• (2:40 p.m.)

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am happy to have an opportunity this afternoon of making some comments on the amendment under study and on the tax reform proposals of the government.

The true solutions to economic problems have not been found yet, and the proposed tax reform is not satisfactory to us. Canadians are not only asking for increases in taxes but for a fairer distribution of such taxes. They are not asking for distribution at the expense of the average wage earners, as is the case under the present fiscal system, but for a fair tax table for all.

Every citizen now knows, especially hon. members, that there are two tax tables: one to protect one sector of the population, the upper society, and the other to apply to the low and medium income people in order to deprive them of their purchasing power. The government is making the middle class, those earning $7,000 or more a year bear 75 per cent of the burden.

Former rules have lead us to the present situation, to this economic unbalance where wealthy people continue to grow richer to the detriment of the poor who become more and more destitute and miserable. The past does not exist anymore; the future of Canada is now in the making. The present is now, not yesterday nor tomorrow. Let us not forget the story of Lot's wife who was turned into a pillar of salt because she looked back while the other members of the family were moving ahead toward freedom and the horn of plenty.

Let me point out that a grievous lack comes with this wonderful progress, and it is getting urgent to correct it in order to avoid the disasters which are likely to be irreparable if we do not immediately take the obviously needed steps.

Modern progress that helped increase production and capitalization must now take a sharp turn toward progress in correlation with consumer spending, distribution of purchasing power, necessarily bearing in mind the essential needs of each Canadian, while we plan the expansion of production and capitalization of large corporations in Canada.

The solution is not to be found in excessive taxation that deprives taxpayers of 50 per cent of their purchasing power.

Promises, hopes, wishes, words, legislation, numerous surveys, white papers or slogans, which have been costing millions of dollars, are not what the people want, but fair distribution of the tremendous annual production in Canada according to the needs of all those who live in Canada, and then, according to the merits of the Canadians who work. To make all those things possible, the cost of living must be reduced through tax cuts, and not through galoping increases that ruin the builders of this country as fast as they develop it to satisfy the voracious appetite of a few financiers who callously take over everything.

They speak about a just society, a united Canada, about fight against poverty, but by means of legislative measures they very often produce something aimed at reducing the purchasing power of the people and increasing the cost of living, the prices, the interest rates on capital and on wages. By means of legislative tactics they boost the income of individuals and companies whose financial position is already satisfactory and they further deteriorate the situation of those without sufficient income or without any income at all.

That is the real picture and there are nevertheless all kinds of increases in all sectors of the economy. Since interest rates are so high, since during the last years, and especially during the last decade, the government has sold bonds to the banks, in view of the fact that those banks have taken over the powers of the Bank of Canada in order to sell those bonds back to the government and receive cash in return, although this did not cost them anything, considering we pay $2 billion in interest a year to service the public debt, the government should immediately introduce legislation to lower the cost of servicing the public debt to $1 billion by redeeming all bonds issued at excessively high interest rates, thus saving the Canadian people $1 billion in interest on the public debt. With this $1 billion, we could solve many of the problems affecting the Canadian people. We could solve unemployment by undertaking extensive public works, not by increasing taxes but quite simply by lowering interest rates, redeeming bonds through the Bank of Canada and paying reasonable interest rates instead of the extravagant rates which we now pay. It does not make sense to spend $2 billion in interest on public debt in a country like Canada, with a population of only 22 million.

The federal government proposed amendments to the present tax system in order to eliminate serious injustices while continuing to promote economic growth. I have here an article from *La Presse* which reports comments made by the Minister of Energy, Mines and Resources (Mr. Greene). This minister is responsible, honest with himself and with his beliefs that all Canadians should have an adequate standard of living. I quote:

> When the federal government proposed to amend the existing tax structure to eliminate serious injustices while continuing to promote economic growth, the only response came from those who felt they were affected by these amendments.
>
> The minister, who was addressing accountants of the oil industry in western Canada, noted that according to the Carter report, 70 per cent of the tax burden in Canada was placed upon those citizens earning less than $7,000 annually. Sometimes, he added,

large companies with no financial problems do not pay any corporate income tax. The government was hoping that its white paper on tax reform would create a lot of interest in several sectors, but only the mighty voiced their opinions.

—those who earn less than $7,000 a year, those to whom Mr. Carter's opinion and the white paper would have been the most profitable—

That voice remained silent or very weak. The debate remained a purely academic one, which can result in one-way decisions; without the participation of the expert in such a field, namely the producer, Mr. Greene added, there can be no balance in the decision process.

Therefore, Mr. Speaker, where is the balance mechanism? We must find a way to establish it, otherwise the whole society will break up into small groups with conflicting interests, pulling in opposite directions and going against each other.

To overcome difficulties, we must get back to the technical and moral values that have already been tested in the taxation field. Every citizen should know that work is the normal source of wealth. It is the excess of production over consumption that represents new capital; steady savings lead to sufficiency, security and real independence. Is it not desirable that a large number of young people should be willing to enjoy life according to such a marvelous formula? So that young people may be able to save money, let us not at least take away from them 50 per cent of their earnings. As for credit, it is a tremendously efficient invention, but it is also a double-edged instrument. To borrow in order to produce becomes a benefit for the national community, although the high interests increase the cost of products and consequently the cost of living.

But such is not the case anymore. When unbounded borrowing goes on for unproductive consumption purposes, when governments borrow in all kinds of way, especially on the bonds market, at excessive rates of interest, when they buy back bonds issued at a 2 or 3 per cent interest, in order to pay 8 or 9 per cent, there is no logic in that. Unfortunately the Canadian government is doing such things in order to make the rich richer, to the detriment of poor people.

They redeem bonds because they were not able to pay for them. If they were not able to pay for 3 per cent bonds, can one believe that they will be more able to pay 9 and 10 per cent as was done recently in order to pay for old debts?

A hole is dug only to fill up another one. The best means to fight inflation effectively is to revert to tried moral values such as devotion to duty, thrift, efficiency, rather than to save only in favour of government, school boards, municipalities. One must save for himself in order to develop one's heritage, build his own house and manage to pay for it. When people save only for government and large public enterprises, have no dwelling but the street or build houses at interest rates of 9 or 10 per cent, or pay for such houses four or five times their worth over a period of some 30 years, this is neither logical nor normal for a government. Such a state of affairs cannot last indefinitely, for the ferments of revolt are already showing up.

• (2:50 p.m.)

How can we find solutions to problems whose nature has not yet been diagnosed? We do not know where the problem lies. People work here and there or do this and

[Mr. Latulippe.]

that, but everything is being done besides the real issue. We have not yet managed to diagnose the problems, yet that would be so easy. It is quite easy to find out that production involves no problems.

Considering that the surplus production will amount to $41 billion by 1971, the buying power is obviously not high enough, is not distributed to the right people namely to the true consumers. There lies the problem and not elsewhere. We should not try to produce more since we already produce too much for our population.

It is not a production problem which needs to be solved but a distribution problem. Interest rates on the capital held by millionaires are increased. They are being paid 7 per cent instead of 5 per cent, that is $20,000 more per $1 million per year. I say 7 per cent but it is rather 8, 9 or even 10 per cent. Anyway, it was only an example I wanted to quote.

Mr. Speaker, we should avoid taxing even more our taxpayers and mainly the poorest and we should not increase the salaries of the best paid people: those earning $50,000 per year are granted $75,000; those earning $35,000 per year are granted $45,000; those earning $26,000 per year are granted $35,000 while the postmen who earn only $6,500 per year are granted $8,000. It is hoped problems will be solved by increasing salaries and taxes to meet the inadmissible commitments that exist in Canada today and the only result is to increase the cost of living for everybody. Meanwhile, pensioners, housewives and more than 13 million citizens without income have to pay more for all necessities. That is not how to solve the problem.

At the same time, salaries and interest rates have increased.

To sum up, Mr. Speaker, some 9 million citizens are deriving increasingly large annual incomes from salaries and interest and more than 13 million are victims of the rising cost of living, without their obtaining any increase in the income which is being doled out to them in driblets by welfare officers.

I am not accusing anyone. I am merely showing the flagrant and obvious results of our economic policy which goes back to approximately 1944, the end of World War II, the Bretton Woods agreement, the inception of family allowances that have remained at the same level for 25 years.

Now, we are trying to reform family allowances but this will only reduce the present purchasing power because less money will be handed out. In fact, a great number of children of a certain age will no longer receive family allowances while others will be receiving more, but at any rate the government will be reducing the purchasing power. That is one of the tax reform proposals. As to the way these family allowances will be distributed, it is not reassuring at all for those who see the light.

It is obvious to me that there are profound discomforts and that the remedies are readily available.

The ministers and members of this House represent a population of 22 million citizens. They should, if but for a moment, forsake their political allegiance and remember that they too are part of these 22 million Canadians and that all of us, as such, have to endure or enjoy the administration which is reflected in every sphere of socie-

ty, whether we live in Montreal, Toronto, Halifax or Vancouver.

Mr. Speaker, what should be done to restore balance to the economy? We have to strike a balance between family and corporate incomes as between taxes and reserves, which is not presently the case. Today, reserves are piling up to the tune of billions of dollars and the organizations which accumulate such reserves are not taxed. No tax is levied on the billions of dollars of accumulated reserves and profits therefrom are also tax free.

A balance must be struck between needs, costs and prices; there is no balance between needs, costs and prices, between employers, workers and dependents; there is no balance between the various classes of society. Above all, there should be a balance between capital, labour and essential right. Here again, there is an imbalance and nobody is really interested in solving this problem.

Briefly, we are witnessing all the uneasiness and seeing in which areas we should act to solve the problems. We must in the first place solve the problem of production, consumption and capitalization.

Here are three things which the Minister of Finance should have taken into account: production, consumption and capitalization. Order and justice should prevail in those areas.

Thus, Mr. Speaker, the effects of the present system are obvious. We see that farms are being abandoned, family businesses are going bankrupt, small towns are dying, the unemployment rate is increasing and poverty is rampant in large cities.

Such are the obvious signs of the impending decline and the total ruin of a system. Yet, we praise the magnificence of its leaders, whose self-complacency is equalled only by their laissez-faire.

• (3:00 p.m.)

The system is collapsing and is dragging everything down to ultimate ruin. But, we refuse to see that. We refuse to heed any benevolent warning. It seems that governments, even those with the best intentions, are content with feverish activity, but always beside the real solutions and the real problems, which they refuse to see.

All leaders talk about increasing production. But we already produce too much, and products are much too expensive as compared with the purchasing power of the population, which live in want and insecurity because it is taxed and overtaxed by governments which at all levels always end up with deficits.

For forty years, since the 1929 crash, we have been seeking solutions to the economic lack of balance in the whole capitalist world. Ten years of recession, five years of war, 25 post-war years, nothing has yet succeeded in opening the eyes of the capitalist world. We have only increased our production, retrained the labour force, brought automation into the industries, and made larger benefits by paying lower wages, employing fewer wage earners, ruining small entreprises, destroying the buying power, upsetting the order established in business and services, in the labour force, in the economic, urban and rural life and in the life of all human beings unable to grasp the unattainable world of capital, shares and bonds.

Millions are certainly important in the whole economic life of a nation. But the nation is not made entirely of a few wealthy people, scientists and powerful capitalists, professionals and politicians at the head of the 22 million Canadians who make up the whole of Canada.

Why wait for the present crisis to worsen, for the coming world war which is inevitable in view of the constant skirmishes throughout the world beyond the boundaries of our beautiful country.

Let us gather our wits about us. Let us look around us. We are not alone; there are some 10,000 millionaires in Canada, some 10,000 presidents and directors of the 800 largest companies or millionaire institutions, with or without securities listed on the stock exchange. And even if we were alone, what could we do with our millions of dollars?

Just for one moment, let us imagine that the 7 million Canadian children under 16 have disappeared, that colleges and universities are empty, that our professors are no longer needed, that there are no more unemployed to train, that all the vicars, curates, businessmen and doctors have become unemployed and are seeking decent new jobs.

Inflation, foreign trade, exports and war are no longer sufficient means to satisfy the forbearing and shrewd people who know how to read between the lines. Let us wake up, recover, regain our consciousness and react as soon as possible because, Mr. Speaker, it is high time that we act in a humanitarian way. It is more than high time that we wake up to organize all together a sound economic system where the cost of living would be reduced—

Mr. Pepin: A real earthly paradise!

Mr. Latulippe: —and where we could compete with other countries.

We could also help Canadians by reducing prices. To reduce them, we must lower interest rates and to do so, we must make loans if we want to achieve full employment.

This can only be done, Mr. Speaker, with massive investment. The Industrial Development Bank is now lending money at 10, 11 and 12 per cent to develop trade. Is it by paying 10 or 12 per cent to the Industrial Bank and more especially the 11 per cent tax on building materials, as well as the 12 per cent excise tax, etc., that we can think of competing on other foreign markets and reducing the cost of living?

These are the areas where reforms should be made. So, I ask the minister, who is really doing his best in the present economic situation, to do all he can to solve present problems.

We should not be content with only routine work or bandaid treatments. We must apply them where they are needed, that is in the distribution. The real disease comes from exorbitant interest rates, from excessive cost of living. Those are the factors that must be restricted in order to restore balance to the economy, which in turn will work out as a corrective measure to solve the real problem.

In 1969, out of a production of 72 billion, it is noted that the consumption is only 44 billion, or 60 per cent, while individuals and corporations can capitalize surpluses of 28 billion, or 40 per cent of the production. However, in

1971, they will capitalize 50 per cent of the production, which is nonsense. This is where the minister should intervene. There is too much capitalization in relation to the volume of our production and consumption.

On the one hand consumption is too low, and on the other hand capitalization is too high, which results in lack of balance between production, consumption and capitalization. Once again, it is not production which is at fault, and yet all the efforts of our governments are directed at encouraging production, automation, and manpower retraining. As a consequence, we produce more but consumption is low among certain social classes. We refuse to acknowledge the real cause of inflation. We try to produce and export more rather than promote an increase in the purchasing power of the people, who go on living in poverty and insecurity. In fact, about 60 per cent of Canadians are unable to make both ends meet.

When the government attempts to balance its budget it does so at the expense of family budgets. These budgets must show a deficit so that the government's budget be balanced. That is not a logical principle of government, Mr. Speaker.

Therefore I urge hon. members not just to be critical this year and during the coming year. I am not just being critical, I am trying to find what is wrong. We must work in order to reform our inadequate institutions which are all out of kilter. We have to restore normal and sound balance in order to provide Canadians with a decent life within a country which is bursting with great riches.

* * *

• (3:10 p.m.)

[*English*]

BUSINESS OF THE HOUSE

Mr. Jerome: On a point of order, Mr. Speaker, yesterday the government House leader announced that Monday's business would be Bill C-244. I think everyone in this House knows that discussions are taking place between the federal agricultural minister and the agricultural ministers of the western provinces. I wish to report to the House—and I have so advised the House leaders opposite—that these discussions may continue. In that case, rather than call the agricultural bill on Monday we will continue with the measure now before the House. The House leader will endeavour to notify opposition House leaders as early as possible on Monday.

* * *

INCOME TAX ACT

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law relating to or consequent upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I want to enter the debate today and say a few words about the tax bill on which so far I have been silent, a course of action I thought I might follow to limit debate on this subject. However, I find hon. members on the other side of the House talking on and on and I think it is time something was said about bringing this debate to a close.

It is ten years since the Carter commission was first formed. In that ten-year period there has been a full and complete examination of the taxation system in Canada. We Canadians have gone through a good deal of agony as we have performed one of the most painful of all self-examinations, that of pulling out our wallets to see the condition they are in. It upsets Canadians. While the examination has been salutary, it is time we got on with the business we set about ten years ago.

We have heard in the last few weeks in the House arguments from members of the Tory party on the evils of taxation. We have heard for many months, if not years, moralizing and inaccuracies from the New Democratic Party on this subject. We have had lectures from the Social Credit Party on monetary theory. I suggest it is time to bring these specious arguments to a close and to get on with the business for which we are here.

This bill is designed to provide alleviation or elimination of tax for about 5.5 million Canadians. I suggest that this alone makes the discussion and the study we have conducted more than worthy to complete consideration of the measure. There are some legitimate arguments to be made about the bill. Matters need discussing in committee. It has been suggested the bill is complex, that it will be difficult to administer and understand. I think that is a legitimate argument and complaint about which we have had full discussion.

I think it is obvious that any tax bill is complex. The people who make such a point are those who never look at taxation bills. They have never tried to understand the complexities that exist in them and the ins and outs that it takes an expert to understand. They are not aware that Canadians who have engaged in the business of advising other Canadians on tax law have had to engage in years of study to become knowledgeable of the law and its loopholes. The basic training of a chartered accountant takes in the neighbourhood of 5, 6 or even 7 years. About the same length of time is required to train a tax lawyer. After all this formal training it takes further years of practical application and specialization to become knowledgeable about some parts of tax bills, and even then the most expert of experts are only knowledgeable about certain parts of a tax bill.

Therefore, I am not surprised that the bill is complex or that hon. members find difficulty in understanding it. I have the same problem. I am not surprised that tax lawyers or tax accountants are annoyed that they will have to relearn their professions all over again. This is unfortunate, but we must contend with it. It is a necessity arising out of changing such a large and difficult piece of legislation. Nevertheless, if we are to bring about the reforms that Canadians demand and are asking for, and if we are to provide an alleviation of the tax of 5½ million Canadians, the effort involved in creating the changes is worth our attention.

In the course of the arguments that have been made, in addition to some useful points there have been some inaccurate statements which need correcting. For instance, the former leader of the New Democratic Party has been going around the country for some time now talking about the wonderful things the Carter commission would do for Canadians. One of his inaccurate statements, which I think it is about time was laid to rest, is this. On numerous occasions he has stated that a person who receives an income of $6,000 as dividends from taxable Canadian corporations would receive much better treatment under the old system, or under the new system, than he would under Carter; that he would receive a great deal of benefit which a person earning the same income from salary would not receive.

I should like to remind the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas)—I am sorry he is not in the House this afternoon; I see only one member of that party here for this important debate—that if we had followed the Carter formula, a person earning $6,000 in income by way of tax dividends from a taxable Canadian corporation not only would not have paid tax on those dividends, but would have received a refund. This refund would be chargeable against his other tax. The Carter formula would bring complete integration of the tax system and a credit carried over from what the corporation has paid would be applied against one's personal tax.

• (3:20 p.m.)

The new system and formula in the bill before us will not only alleviate that discrepancy in the Carter formula but will provide a graduated scale for people who will receive these benefits, in such a way that those with lower incomes will receive a greater benefit than those with higher incomes. I suggest that is a benefit to the taxpayers of Canada. It is worth saying, at the same time, that this country needs the investment of risk money which Canadians are prepared to put up in order to expand Canadian industry and provide the jobs Canadians need. This is worth saying over and over again.

Let me say, for the benefit of the NDP—which professes to show concern about the unemployed in Canada—that the things they protest about most are those things which bring about greater employment. I refer to the profit on investment in Canadian industry. Unless there is some hope of return on investment, Canadians will keep their money in their socks. I remind hon. members of the NDP party, using the argument of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), that the man who makes $6,000 profit on investment in Canadian corporations probably has had to save something like $150,000 or $200,000 and has deferred the benefits of that money by lending it to a corporation in order to get the $6,000. I do not think that is an exorbitant profit, and certainly it provides a useful service to all Canadians.

I wish to endorse some arguments which have been presented in the course of the debate. There should be some changes in the bill regarding the tax on co-operatives and credit unions. This is an important source of savings in Canada. It is important to the small savers in our society who put money into credit unions in many rural communities. This is perhaps the only source of savings available for business expansion, and I suggest to the Minister of Finance (Mr. Benson)—I hope his Parliamentary Secretary is listening very carefully—that there should be a change in the provisions regarding co-operatives and credit unions.

Mr. Nielsen: Call him on the telephone.

Mr. Howard (Okanagan Boundary): I want to say something about the changes in the tax law in respect of expenses allowed on apartment construction under the proposed formula. There has been a change from the original white paper formula, allowing income from another occupation to be written off as interest and property taxes charged against apartment dwellings. This is an improvement over the white paper formula. I argue that the failure to allow depreciation as write-off against other income, while in some ways it may appear to be inequitable may in the long run result in fewer apartment buildings or rental properties being made available to Canadians. I ask the Minister of Finance and his parliamentary secretary if that is really what they want. If a man takes money from one occupation and is willing to invest it in an apartment operation, from which there has been little return—and an examination of the returns on apartment investments will show that the returns have been very small—

Mr. Nielsen: Ask your minister to listen to you.

Mr. Howard (Okanagan Boundary): —if there is some way of increasing that return it will redound to the benefit of the people who want to inhabit these apartments. Anything we do that lessens the return on that kind of investment will increase the cost of apartment accommodation. This will apply over the whole range of apartment dwellings: it will apply not only to expensive apartments but to the full range of apartments from top to bottom. I hope the parliamentary secretary will give more consideration to this point and that when we come to a clause by clause study of this bill an amendment will be made to remove what I think is an unfortunate provision.

I do not want to speak at length on this bill because I recognize the urgency of passing it. I recognize, also, that the reforms contained in the bill are worthy of implementation and we should get on with the job as quickly as possible. I said earlier we did not need stories from the Conservative party to the effect that taxation will cause cancer, sexual impotency and all the other evils associated with that subject. We do not need further lectures about peculiar monetary theories to help us understand this tax bill. We do need tax stability in Canada—and we need a quieting down of the discussion that has taken place.

The businessman wants to know where he stands. The longer we discuss this matter and the longer we put off our decision and vote on third reading of the bill, the longer stability will be prevented to the detriment of all Canadians. I say to the hon. members on the other side of the House that Christmas is not far away.

Mr. Nielsen: But Santa Claus is.

Mr. Paproski: You are no Santa Claus and neither is the government.

Mr. Howard (Okanagan Boundary): Let me say to the hon. member for Edmonton Centre (Mr. Paproski) that this side of the House is prepared to offer a Christmas present to 5.5 million Canadians.

Mr. Nielsen: Ho, ho, ho!

Mr. Paproski: All Benson has to do is get up and offer it.

Mr. Howard (Okanagan Boundary): The offering is there and is spelled out for all who can read.

Mr. Nielsen: That is the problem.

Mr. Paproski: Even your minister does not believe that.

Mr. Howard (Okanagan Boundary): If the hon. member would only take the time to read the Minister of Finance's little red book—

Mr. Paproski: I have read this bill, the Liberal bible.

Mr. Nielsen: "Red" is right.

Mr. Howard (Okanagan Boundary): —he would be able to understand the benefits all Canadians will receive when we pass second reading of the bill and get on to clause by clause study of the specific things which need changing. Let us get on with the preparation of the Christmas present for our fellow Canadians.

Mr. Erik Nielsen (Yukon): Mr. Speaker, we have heard many astonishing things in the House during our debates, but none more astonishing than we have heard today. The parliamentary secretary to the minister—and the minister is sitting in the House—has been appealing to his minister to talk, not to his colleague the Minister of Finance (Mr. Benson) but to that minister's parliamentary secretary, the hon. member for Calgary South (Mr. Mahoney). He only opens his mouth in respect of these matters to change his feet.

I should think there would be a more effective line of communication than has obviously been established by this government over the past 3½ years. Even when the parliamentary secretary was speaking—and he made a rather doubtful contribution to this debate—he was not appealing to his own minister, who was not listening in any event, but to a colleague.

When I look around at the number of experts in the House on the other side listening to the suggestions being made in this important debate, I see the hon. gentleman who suggested our economy is in such a rosy state that we need worry no longer. He suggests employment will go up in the forthcoming winter months and that the cost of living will go down. He said we have nothing to worry about as far as the Canadian economy is concerned, notwithstanding the warning of the Economic Council and economists throughout the country that we are facing a serious situation. We have that parliamentary secretary, the hon. member for Calgary South, who stands up and tells us not to worry, everything is rosy and things will turn out all right.

Mr. Mahoney: That's not true.

Mr. Nielsen: In addition, we have that other expert who appeared rather touchy this morning during the question period. Obviously, something has worried him. But he is the only minister in the chamber at this time, apart from the newly-appointed minister who is an expert on science. The Minister of Industry, Trade and Commerce (Mr. Pepin) has been sitting here but has not been listening to the suggestions of his parliamentary secretary. I do not think he even heard the changes the parliamentary secretary has been advocating to the bill.

• (3:30 p.m.)

Mr. Pepin: I can read.

Mr. Nielsen: The minister says he can read. That is an assurance to members on this side of the House, because in the past we have had some doubts as to whether he really could.

Of course, there are other experts over there apart from the hon. member for Calgary South. We have the hon. member for Sudbury (Mr. Jerome). That expert has disappeared for the moment. Then we have another expert, the hon. member for Mercier (Mr. Boulanger). He is an expert on these matters and no doubt will be participating in this debate. He has a great deal to say outside of this debate, and we will be looking forward with great interest to his contribution.

Mr. Paproski: The Prime Minister (Mr. Trudeau) got rid of him.

Mr. Nielsen: Then, of course, there are at least—

Mr. Mahoney: Why don't you move that the House adjourn?

Mr. Nielsen: Members supporting the government sometimes have constructive suggestions to make, but the suggestion that has just been made by the Parliamentary Secretary to the Minister of Finance, that the House adjourn, is one of his less constructive suggestions because there are some things members on this side of the House have to say that, given time, might filter through to the government and be found embodied in this bill. The hon. member for Calgary South seems to indicate, as do members on the other side generally: What the hell is the point of talking in this House. We are not going to get through to them anyway, because there is only one man who rules this country. He said the other day on the television program "Encounter", "I do not govern to please the opposition".

Some hon. Members: Hear, hear!

Mr. Nielsen: They are applauding. I invite hon. members opposite to pay attention to the personal pronoun that was used. What happened to the cabinet system? He said, "I do not govern to please the opposition"—and the question asked was, "Who do you govern to please?". Unfortunately, the program finished at that point so we were unable to hear his answer.

But that is the situation. No matter what is said over here with respect to this or any other measure, it is that man who governs and that man who makes the decision. The Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Howard), instead of trying to go through the ineffective channel of the Parliamentary Secretary to the Minister of Finance might try writing a

letter to the fifteenth secretary of the Prime Minister. He might find himself further ahead. He might even speak to the individual who is responsible for the regional desk in his riding.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Winnipeg South Centre (Mr. Osler) is rising on a point of order.

Mr. Paproski: This will be great.

Mr. Osler: Mr. Speaker, I was just wondering whether the hon. gentleman who is speaking would observe the rules of relevancy. I do not understand what his remarks have to do with the matter under discussion today.

The Acting Speaker (Mr. Laniel): Order, please. I have been asking myself the same question. There is some latitude under the motion and the amendment now before us, and hon. members have been allowed a more or less open debate on the matter. Perhaps the hon. member for Yukon (Mr. Nielsen) was about to stray too far from the subject matter before us, but I am sure he is coming back to the question before the House.

Mr. Nielsen: That interjection by the hon. member for Winnipeg South Centre is as useful as his usual interjections. I suppose he wanted it on the record.

I want to speak about some of the remarks of the Parliamentary Secretary to the Minister of Industry, Trade and Commerce. Since he raised these points, I presume my comments will be relevant. He criticized every contribution made by the opposition. He said that every argument put forward from this side of the House was specious, and he said he was tired of hearing lectures by the Social Credit party with respect to their economic theories. Every statement that he made is indicative of the mental attitude over there that none of the things said from this side of the House, whether with respect to this bill or anything else that arises in debate, has any substance. In other words, every argument is specious except those made by persons like the Parliamentary Secretary to the Minister of Industry, Trade and Commerce. Every argument advanced on this side with respect to real reform of taxation legislation is either lecturing, specious, or else something else is wrong with it—it has no substance. The people over there, Sir, are the divine rulers. Only they can be right, only they can be capable, only they are men of ability. Therefore, what is the purpose of listening to the opposition?

Mr. Knowles (Winnipeg North Centre): Have you just found that out?

Mr. Nielsen: No, but I think these things have to be said. They are not being said enough; they are not being exposed enough.

Some hon. Members: Oh, oh!

Mr. Nielsen: They laugh over there. The ubiquitous ex-Liberal leader of the province of British Columbia, who is progressing nowhere except at minus 70 miles an hour—

Mr. Perrault: Mr. Speaker, would the hon. member permit a question? Will he at some point attempt to refer to the matter before the House.

Some hon. Members: Hear, hear!

Mr. Paproski: That is a great statement.

Mr. Bell: Terrific.

Mr. Nielsen: I wonder, in the reply to that rather empty and useless interjection, whether the hon. member for Burnaby-Seymour (Mr. Perrault), who had the privilege of visiting my riding on one brief occasion, will make any useful contribution to this debate. I very much doubt it because I suspect, along with all other hon. members, that they have been told, with the exception of a very privileged few, to keep quiet because if they speak they might lose their parliamentary secretaryships.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Perrault: You are speaking from experience under the previous government.

The Acting Speaker (Mr. Laniel): Perhaps this time the Chair should intervene and ask the hon. member for Yukon to try to stay within the scope of the motion and the amendment before the House.

Mr. Nielsen: Mr. Speaker, I want to speak about mining and the effect that these tax measures will have on the mining industry. The so-called tax reform would knock out the prospector in this country who heretofore has had all his discoveries free of taxation. A man who has spent 10, 15 or 20 years searching for minerals has been free of taxation on the sale of his property if he has been lucky enough to make any discoveries. Now he is to be taxed. This is inimical to the growth of exploration and mining activities.

In my view, the reforms so far as they apply to the mining industry, taken together with other measures such as the new Yukon minerals act and the land use regulations which will be coming into force in 15 days in the Northwest Territories, will effectively destroy the incentive which has heretofore existed with respect to the mining industry. The Parliamentary Secretary to the Minister of Industry, Trade and Commerce speaks of reforms. But these so-called reforms are a masquerade; they are really an unrestricted march for a concentration of power in this government. The government wants to control industry, including the mining industry, to the ultimate degree.

The parliamentary secretary says that employment comes about by investment in Canadian industry, yet by these so-called reforms changes are being made in the law which absolutely limit investment in Canadian industry. A good example of that is the foreign-ownership clause contained in the changes that are proposed to the mineral legislation in respect of the Yukon.

• (3:40 p.m.)

With regard to experts, again the Parliamentary Secretary to the Minister of Industry, Trade and Commerce has lectured us about the length of time it takes a lawyer to become a tax expert and about how long it takes a chartered accountant to become a tax expert. Then he says, "Let us get on with this because these experts have come down with their decisions. Those decisions are embodied

in the legislation. Let us pass it and rely on the recommendations of the experts."

However, he failed to mention that the associations of which these experts are members have all advocated delay. They have said it is a much too complex piece of legislation, a much too bulky and lengthy piece of legislation on which to pass immediate judgment. They themselves, the experts of whom the parliamentary secretary speaks, say, "Let us have some time to make a detailed study of what the government has brought in, which is such a radical departure from that very radical document, the white paper on taxation."

Somebody at one stage called it the black paper on taxation and others called it the red paper on taxation. After a discussion of the white paper, the mining industry of Canada and other concerned institutions, at a series of public hearings submitted their interpretation of the tax reforms and of how they will affect the mining industry. The findings by those institutions suggest very strongly that the tax reform proposals will not only slow down mining activity in Canada but, more importantly, will make the Canadian mining industry less competitive in international markets.

To divert for a moment, Mr. Speaker, I am rather surprised that the representations—if any—made by the Minister of Indian Affairs and Northern Development (Mr. Chrétien) found so little sympathy in the cabinet committee which undoubtedly considered this tax reform legislation. The Minister of Indian Affairs and Northern Development has travelled extensively enough in the northern parts of Canada to know the economic problems there. Either he knows them as a result of these travels or he is deliberately choosing to ignore them in the making of his recommendations to the cabinet committee which considered this legislation.

That minister has travelled in Russia and in Australia. Both those countries make special exemptions to people who populate and settle their northern areas. For years the residents of Canada's north have been asking for no better treatment than is accorded to the employees of the government who reside in the Yukon and the Northwest Territories. They have asked for increased personal exemptions in order to attract people to settle permanently in the north and partly to compensate for the high cost of living there. They do this in Australia, and the minister knows it. They do this in Russia, and the minister knows it. That policy works in both of those countries. I am rather surprised that he has been unable to get across to his cabinet colleagues the desirability of instituting such a reform in Canadian tax policy.

After appraisals by the government of the submissions by industries in respect of the white paper, the Minister of Finance announced three modifications of the tax proposals last fall and these are now embodied in the bill before us. The important point to consider is that despite the modifications to the white paper, the mining tax reform proposals as they now stand in the bill will affect the way of life of each and every Canadian in an adverse manner.

There has been too little said about the multiplier effect of the mining industry in Canada. The lack of adequate reforms illustrates this. The mining industry is one of those industries upon which a great many Canadians depend for their livelihood. Canada has in the past depended on a variety of primary natural resources as a cornerstone for its economy and now the mining industry is really coming into its own as one of the two major primary industries in Canada. From furs, to lumber, to minerals, Canadians have prospered from the export of these natural resources. Today the dependence of the Canadian economy on mining is even more striking.

The mining industry, as distinct from oil and gas, employs directly about 140,000 people in its mining, refining and smelting activities. The mining industry is unique in Canada in its widespread ripple impact on indirect job creation. I need not cite any more striking example than that of Thompson, Manitoba. Mining products represent about 40 per cent of all railroad and inland waterways tonnage, thus providing a high base-load and reducing transportation costs for other industries. Annual repair expenditures on construction, machinery and equipment amount to about $300 million. New capital expenditures in mining are now more than $1 billion.

The mining industry has promoted the development of secondary industry in Canada. The performance of the Canadian steel industry provides an excellent example. Mining has contributed significantly to the growth and development of our more northerly areas. In many instances it is the only activity for northern communities. No more striking example can be found in this regard than the whole of the economy of the riding that I have the honour to represent.

The current tax reform proposals in Bill C-259 will have many, varied effects on the mining industry. Among some of these is the fact that the bill will make the Canadian mining industry less competitive on the international scene. The Minister of Indian Affairs and Northern Development should realize how serious a matter that is, having viewed some—I am sure only a fraction—of the Australian mining industry and the mushrooming development that is occurring there. Since no other major industrial nation has such restrictive taxation laws as are incorporated in Bill C-259, this will force Canada's mining industry into a period of slow and restricted growth.

Nothing can better illustrate this than the recent studies prepared by Price Waterhouse and Company, for the Mining Association of British Columbia, on the Yukon and the British Columbia mining industries. With respect to the financing of the industry, that study came up with the following finding:

> The total net inflow in 1970 was $15,608,000, down $40,100,000 or 72 per cent from 1969, and less than in any year since 1965—
>
> The industry paid $5,745,000 in interest in 1970, an increase of 47 per cent over 1969—
>
> Total expenditures for exploration and development were $9,411,000 in 1970, down 42 per cent or more than $6,800,000 from the record level of 1969, and slightly less than the amount spent in 1968.

With respect to taxes, the report makes these findings:

> Total federal, territorial and municipal taxes paid by the Yukon mining industry reached almost $4,700,000 in 1970, an increase of 23 per cent over 1969 and four times the amount paid in 1966.

We never hear of this kind of contribution to the economic fabric of the nation when we hear the Minister of Indian Affairs and Northern Development tell us so often that we can never expect any autonomy in the Yukon, any

further responsible government reform in the Yukon, because we don't pay our way. We do not hear that kind of statistic, with respect to the contribution in taxes which that industry makes to the federal treasury, when the minister uses these arguments. The findings also show.

The major share of tax contributions was paid to the federal government, which received $4,086 million in 1970, 22 per cent more than in 1969.

Employee income taxes withheld reached $3,350 million in 1970, an increase of 39 per cent from 1969.

• (3:50 p.m.)

This is the kind of statistic which the Minister of Indian Affairs and Northern Development does not use when it suits his purpose. With respect to British Columbia, of course, the growth is the other way around because a lot of the exploration and development activity is being siphoned off into that province precisely because of the legislation and regulations introduced by the Minister of Indian Affairs and Northern Development.

Canada is not the only nation endowed with mineral resources. I have spoken of the mushrooming development of that industry in Australia and its close proximity to the markets of large users of raw mineral resources. If this bill is implemented international money will look elsewhere for investment opportunities and Canadians will suffer because of it. Regional and northern development in Canada will come to a halt as exploration ceases and as fewer companies are willing to explore in Canada. The dramatic drop in the number of exploration companies which have usually been active in the Yukon is a good example of the truth of this conclusion. Under the excessive tax burden proposed by this bill, Canada's mining industry will have to tighten its belt. If and when this happens, many Canadians will feel the pinch because the multiplier effect can be just as effective in a reverse sense.

The tax reform proposals affecting the mining industry must be modified to take into consideration some of the special characteristics of the mineral industries and their importance to the Canadian economy. A fruitful area for modification of this bill would be in broadening the base by which mining industries can benefit from earned depletion. As the reform proposals now stand, earned depletion can be used only for expenses such as machinery and mining equipment. Because many mining companies also have large expenses for infrastructure development at the mine site, the bill should take into consideration associated mining expenses other than machinery and equipment which could be used under the earned depletion proposal.

I have spoken briefly of the treatment accorded the two northern territories in this tax reform legislation. No more important area to occupy the concern of those responsible for considering the changes in this bill can be found than the mining industry. Both northern territories in the long run are going to depend for their economic base on a sound, developing mineral industry. I have not spoken of oil and gas at all, because there is no time—but a strong case can be made for the proposition that the Canadian government in its tax legislation and taxation approach is discriminating against the development of this industry and greatly permitting its absorption by foreign control by its lack of vision in tax policies.

The Parliamentary Secretary to the Minister of Industry, Trade and Commerce is quite correct when he says that employment comes about by investment in Canadian industry. But it is no way to bring about employment in Canadian industry by saying to foreign investment capital, "You are not welcome". However, that is precisely what this government is doing. For a long time to come we are going to depend on investment capital from outside our boundaries in order to develop industries such as mining.

Before I conclude these remarks I should like to refer briefly to a statement made by the Minister of Indian Affairs and Northern Development with respect to employment in the Yukon, employment brought about, or not brought about, directly as a result of the policies, or lack of them, of this government. In response to a question which I put to him last week, the minister said that there was no unemployment in the Yukon; and the next day, of course, he had smuggled the word "almost" into *Hansard,* a word which he did not utter when answering my question.

An hon. Member: Shame!

Mr. Nielsen: For a minister who has travelled in the north to come back and tell the members of this House that there is no unemployment, or even almost no unemployment, in the Yukon or indeed in the Northwest Territories is misleading hon. members as to the true situation that exists. I should like the minister and the government to explain how these tax reform proposals can possibly help the hundreds of unemployed Indian and Eskimo people in the north.

The majority of the population of these two territories is simply not getting along at the poverty level. These people in fact earn so little, and are so far below the so-called poverty line compared with the national average, that it would be shocking to most Canadians to see the conditions under which they live. In my estimation, 70 per cent, 80 per cent or more of the natives are living in a state of permanent welfare handouts because of the failure of the government to institute policies, taxation and otherwise, which would integrate the indigenous populations of our northern territories into the economic fabric of the country.

Since the establishment of articulate and forceful voices for the native in Canada there is no reason why the government should not be following their recommendations. But instead they proceed on their merry, unilateral way controlled by one man, their dictator, who has control of this country. Any reference to the legitimate desires and aspirations of a people who have not only been invaded and whose territory has been inhabited by outsiders is completely ignored, and the people continue to live in a state of perpetual poverty.

In the limited time available to me I have tried to cover some of the problems that I think should be considered in these tax reform proposals. I have little hope that they will find fruition in actual amendments. But should they not, then the government, far from fulfilling the hopes of the Parliamentary Secretary to the Minister of Industry,

Trade and Commerce for quick passage, will find itself confronted with amendments in an effort to bring about these changes which are surely justly due to northern residents if we are, indeed, to have a just society.

The Acting Speaker (Mr. Laniel): Order, please. It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, notices of motions and private bills.

• (4:00 p.m.)

PRIVATE MEMBERS' PUBLIC BILLS

CRIMINAL CODE

PROVISION FOR ADJOURNMENT FOR ACCUSED TO OBTAIN LEGAL REPRESENTATION

Mr. Warren Allmand (Notre-Dame-de-Grâce) moved that Bill C-50, to amend the Criminal Code (adjournment for accused to obtain legal representation), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, the purpose of this bill is to force the federal and provincial governments to adopt an effective legal aid system. As hon. members know, a private member is limited with respect to the introduction of private bills. We cannot introduce bills which will entail the spending of money, and we must operate within the sphere of federal jurisdiction. As a result, even though this bill deals with legal aid I have been limited in respect of the provisions I could have brought forward.

This bill is an attempt to deal with the problem of legal aid in the best way that I feel is possible. At present, many people throughout Canada are charged, tried and convicted without benefit of legal counsel, either because they cannot afford a lawyer, are not familiar with the system of legal aid or do not know where lawyers are available. My proposed amendment to the Criminal Code would make it obligatory for a judge to ask an accused if he has legal counsel. If he has not, the judge would adjourn the case for one day to allow the accused to find counsel. It would also obligate the judge to advise the accused as to how he might avail himself of the legal aid available in the district. I realize that this type of bill is not the answer to the problem. As I said, considering the restrictions placed upon private members this is the best type of bill that I feel can be introduced in order to force upon the provincial and federal governments a better legal aid system.

As a lawyer who practised in Montreal before being elected to Parliament, I had occasion to observe many instances where individuals were hauled before the criminal courts, charged with offences they could not understand and then urged by policemen present to plead guilty. Many of them did plead guilty. In many cases they were sent to prison for several years. In some cases they did not deserve to be so sentenced. This was a shocking experience to witness. One wonders how even the wisest and best educated of men could, on coming into a court-

[Mr. Nielsen.]

room atmosphere with which they are not familiar, properly understand the charge and make the right plea. I suggest that this type of situation, which is probably repeated today in many courts across Canada, constitutes a complete travesty of justice and should not exist in this country.

The same could be said of many civil cases, of cases involving family matters, of landlord and tenant litigation, of consumer cases, of small debt cases, of disputes between employer and employee, and so on. It is not always the big case that makes people think justice is not being done; it could be a small case such as one I experienced. I remember the case of a housewife, who was not too experienced in these things, who took a dress to a cleaning establishment and the cleaning establishment ruined it. The woman thought she could not claim compensation for the damage and could not go to court because the cleaning establishment had presented her with a ticket saying that it was not liable for any damage. This woman felt that a serious injustice had taken place.

I met her after the matter was over and told her that this type of statement on such tickets was not legally binding, and that she probably had a good case. The fact is that she did not have enough money to retain a lawyer. Legal aid was not available. She accepted what happened, but developed a very bad conception of our system of justice. It is because of such experiences that many Canadians are suspicious of our system and are cynical about our lawyers, our courts, the law and our entire democratic process.

The Quebec Commission on the Administration of Justice, the Prevost commission, conducted a survey four years ago among Quebec citizens regarding attitudes towards lawyers, judges and the legal system. I should like to tell the House what many people of Quebec thought about the legal system in that province. I have before me an article which appeared in the Montreal *Gazette* of March 10, 1970, which quotes some of the findings of the Prevost commission. It reads in part:

> Most Quebecers have a low opinion of the province's system of criminal justice. They think the lawyers are hypocritical and that in court the odds are stacked against the poor.
>
> These facts came out in a survey released yesterday by the Quebec Royal Commission of Inquiry into the Administration of Justice—the Prevost commission.
>
> The survey reveals that 62.4 per cent of the population considers the province's criminal lawyers hypocritical and 43.1 per cent think they are dishonest. Another 34.4 per cent think lawyers are outright thieves and a little over 20 per cent think they are totally useless to society.

The newspaper report goes on to say that the people of Quebec do not have a much higher opinion of judges in the province. Apparently, 1,098 people were polled in that province. Some other remarkable statements about the system of justice are made. The newspaper article continues:

> The courts were condemned by 78.1 per cent as discriminatory against the poor and 72.4 per cent said criminal proceedings were too slow. Slightly more than 40 per cent felt that chances of a fair trial in Quebec were less than 50-50.

I could go on reading the findings of that survey. The few results I have put on record will show the House, I think, the sort of impression a great many of our people harbour with respect to our system of justice. This arises

from the fact that our legal system and our lawyers are primarily geared, in my opinion—and I am a lawyer—to serve the rich and not the poor. Although we have made improvements in certain areas and other improvements are under way, we still have a long, long way to go.

Few provinces in Canada have legal aid systems which can be considered adequate. Ontario, perhaps, has the best system. In my own province, Quebec, the situation is deplorable. Legal aid in Montreal is carried out by the Bar Association. Less than 20 lawyers work on a full-time basis on matters involving legal aid in Montreal. They are paid through the Bar Association and also receive some money from the Quebec Department of Justice. I submit that that number is completely inadequate. In addition, each lawyer in the Montreal area is supposed to take on one legal aid case a year. In most instances lawyers take on cases but give them very little attention. Some lawyers, of course, give these cases their full attention, but, in the majority of cases it is fair to say that the system is poor. The government of Quebec has promised the people a legal aid system. I believe that one is to be put into effect. From my distant place in the federal Parliament I urge the Quebec government to do this soon.

There have been other signs of improvement. The federal government has introduced a legal aid system for the Northwest Territories. It appears to be a comprehensive system of legal aid. I refer to the announcement made by the Minister of Justice (Mr. Turner) when he introduced that legal aid system on August 17 last. Page 3 of the release reads:

> Legal aid in criminal cases is to be available in any of the following matters:
>
> (1) An offence under a statute of Parliament (which includes the Criminal Code) and is to be proceeded with by indictment;
>
> (2) An offence under a federal statute or regulation, or under a Territorial ordinance or regulation, where the Crown proceeds by summary conviction and the accused is subject to a sentence of imprisonment or to a penalty that, in the committee's opinion, will interfere substantially with his livelihood;
>
> (3) Proceedings under the Juvenile Deliquents Act;
>
> (4) In any other case where, in the opinion of the court or the committee, the accused is not capable of making an informed decision as to his proper course of action or where he may be subject to a jail term or a sentence which would affect his livelihood—

• (4:10 p.m.)

With regard to the provision of legal aid services, the system is in some ways similar to the Ontario system. In addition to the system which the federal government has started in the Northwest Territories, the Minister of Justice announced this fall at the Canadian Bar Convention in Banff, Alberta, that he was considering establishing a nationwide legal aid system. I read from a report of September 2, 1971:

> Justice Minister John Turner said here that he hopes a federally-financed coast to coast legal aid system will be operating in Canada within a year.
>
> In an interview, he said he has put forward a proposal for such a system to the attorneys general of the ten provinces and has received a generally favorable response.
>
> Turner said he put the proposals to the provinces "two or three months" ago and has received replies from most of them. Those answering had "some reservations," he said, but were nevertheless uniformly favourable."

This is to be a complete legal aid system covering both civil and criminal cases. If such a system could be put into operation it would be a great step forward. If the provinces do not agree to such a system with the federal government, legal aid services should at least be provided in both territories in the meantime. I understand that they have now been established in the Northwest Territories. They should be established in both territories. This should cover all federal courts, including the new Federal Court, federal boards of commission and cases under the Criminal Code and other statutes which can be considered criminal statutes. It is true we have allowed the administration of criminal justice to be carried on by the provincial authorities, but the constitutional basis of that is not soundly established. If it wishes, the federal government could provide a legal aid system for all cases coming under the Criminal Code and criminal statutes.

I would like to make reference to some very encouraging developments which have taken place in the last year, particularly with regard to the opening of store-front law offices and legal aid clinics associated with anti-poverty committees. These store-front law offices and legal aid clinics have to a great extent been initiated by students of different law schools across the country. This was done by students of Dalhousie University in Halifax, McGill, the University of Montreal, and Toronto. There may be other cases but I am not familiar with them.

I visited some of the store-front law offices during the past summer. Some were assisted by the Opportunities for Youth program. They have done a very good job. Montreal has the two with which I am most familiar. One is an office of the juvenile legal services operating in the northeast end of Montreal near the family welfare court. It is in the area of St. Denis Street and Bellechasse. This legal aid clinic provided services to young people who were being brought before the juvenile court in Montreal. It had one full-time lawyer who was being paid out of money that was raised by the office. It also had a number of student lawyers who worked during the summer under the Opportunities for Youth program. In addition, there were two students who were being trained in social work and other types of services for young people.

The other clinic in Montreal, which was very impressive, was known as Community Legal Services, Point St. Charles. It operated in conjunction with the Point St. Charles poverty committee. This group had the services of one fully qualified lawyer. It was also assisted by law students working under the provisions of the Opportunities for Youth program. Very valuable work was done in both cases. A service was provided to the community that would not have been available under ordinary circumstances.

In conclusion, I make a plea for federally-financed legal aid services. I hope the Minister of Justice is successful in carrying through the program which he presented to the Canadian Bar Association at Banff. If not, I hope he will introduce a legal aid service pertaining to federal courts and federal laws. The bill which I have before the House is minimal, but if it is put into operation great pressure will be applied to the provinces and the federal government to do something about the legal aid system and to ensure that no person in Canada is denied justice because he cannot afford legal services.

• (4:20 p.m.)

[*Translation*]

Mr. Pierre de Bané (Matane): Mr. Speaker, I should like to say at first that the bill introduced by my colleague and friend the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) is a fine bill. I feel that it is essentially based on the concept of the availability of justice. Indeed, in spite of the legal system now in force in Canada, especially the legal services mentioned in the Canadian Bill of Rights, we can state that a large part of the people with small means are far from being assured of obtaining legal services.

I would like at first to make some technical comments. In my opinion, the inclusion of that section after section 20 would not be as satisfactory as if it appeared at the beginning of Part XIV of the Criminal Code which deals with appearances, that is section 434 and the following ones.

Then, at line 8, in the French version, instead of the words

—afin d'être accusé—

I would rather put

—pour répondre—

since at his first appearance, he should be called upon to make a choice rather than face a charge.

At line 9, instead of the word

—infraction—

I would use

—offense—

—which includes "infractions" and criminal acts. Finally, at line 10, instead of

—le juge—

I would prefer

—le président du tribunal—

since it may well be a magistrate rather than a judge.

Finally, at line 17, the term

—le procès—

should read instead

—les procédures—

since the "procès" has not started yet. To avoid any doubt, any uncertainty, I would add at line 23, the following:

—and he may rule on the temporary release of the accused.

Mr. Speaker, I believe, as I said in my opining remarks, that the bill introduced by my colleague is essential because, as he himself pointed out, legal aid services are not yet widespread throughout the land.

In Ontario, the Legal Aid Act is intended strictly for the poor.

It is true that the duty counsellor is always in attendance at the court when there are appearances. Evidently, he does not have time to inquire about the financial means of the people brought before the court, but he can then at least help them.

In Quebec, for many years, only the bar was concerned with judicial assistance. It was paid out of the lawyers' contributions without any help from the provincial government. Today, it is fortunate that the government and particularly the present Minister of Justice in Quebec are greatly interested in that matter. I notice that seven lawyers work full time on legal aid in Quebec City, and about twenty in Montreal.

This has been made possible in Quebec through an agreement between the government of Quebec and the bar association of that province. This year, for instance, the Quebec government will grant $1.8 million for the Quebec City and Montreal offices and the opening of others in every part of the province.

I point out that the purpose of those offices will not be only to assist the persons accused of criminal offences, but also to help those who have legal family problems, such as divorce, separation, social welfare, etc.

Of course, the amount may seem enormous, but according to the information I have gathered, it will hardly be enough to meet 20 per cent of present needs.

Thus the area I represent—the Lower St. Lawrence and Gaspé—does not have any legal aid service. When people from this area or from peripheral areas have to cope with a legal problem, they cannot appeal to any legal aid service.

This bill is essential if we really want to acknowledge that we are part of a just society. Let us imagine a needy person or anybody appearing before a tribunal. The man has spent the night in prison, and was unable to shave or wash; he already has one strike against him. It is the first time he sees the austere and strange decor of a court and he is already flabbergasted by his arrest. After the clerk has read the indictment, the judge asks whether he wants to appear before a magistrate without a jury, a judge without a jury or a judge with a jury—with a preliminary enquiry in the two latter cases. He is asked whether he has well understood, but he will certainly not say no because he does not want to look like a dope. He has to say yes even if he has not understood a single word. Everything is proceeding in an atmosphere reminiscent of Kafka's books. If one considers the problems of law students themselves in understanding these distinctions, one can readily imagine how lost a layman must be when he hears these uncanny and esoteric words.

This reminds me of a story, obviously fictitious, which appeared in an issue of the *Criminal Law Quarterly*.

A person charged with drunken driving appears before a judge who asks the defendant if he has a lawyer. The latter says that he does not and the judge tells him that drunken driving carries a minimum penalty of fourteen days in jail. But if the defendant pleads not guilty and is convicted of impaired driving, he can get off with a lighter sentence. Such is British fair-play. Consequently, the defendant agrees to a trial before a judge and without a jury and the case proceeds at once before the judge. Policemen submit evidence and the judge then says to the defendant that as such he does not have to testify but he can do so if he wishes. The trial ends with a conviction for a lesser offense, impaired, not drunken driving. The judge then says that the many people who drive while impaired constitute a public danger.

So, I shall sentence you to 30 days in jail.

Obviously, this is a fictitious story related in the *Criminal Law Quarterly*, but it illustrates pretty well how dif-

ficult it is to protect the interests of citizens appearing before the courts when they do not have the help of counsel.

If Canada truly wants to establish a just society, we absolutely must include in the constitution the sacred right of the citizen to counsel as soon as he is arrested. Until such time as this right is provided for in the Canadian constitution, civil liberties in Canada will be threatened.

I personally have had too much experience, in my Quebec legal practice, of people arrested by the police whose prison whereabouts were not known. They were held incommunicado several days and although I had been retained by their relatives or their spouses I was unable to communicate with them. Sometimes, after a week or two of detention, they appeared in court disfigured, having signed full confessions in jail. I consider such methods to be absolutely vile and unworthy of a so-called just society.

That is why I was so grieved to see that on the occasion of the attempt of partial reshaping of the Canadian constitution in Victoria last June there was practically no reference to the right of the accused to have the services of a lawyer immediately upon his arrest.

It seems to me, Mr. Speaker, that the principle we are discussing today is the principle which is underlying Bill C-50 introduced by the hon. member for Notre-DAme-de-Grâce. That is a basic principle in a democratic society: the principle of access to the courts and of democratization of justice.

[*English*]

Mr. Ian Watson (Laprairie): Mr. Speaker, I should like to join the hon. member who has just spoken in supporting the bill in the name of the hon. member for Notre-Dame-de-Grâce (Mr. Allmand).

Any society which aspires to social justice is deficient if it does not possess an adequate legal aid system. Canada, with the exception of one or two provincial jurisdictions, does not possess such a system. The province of Quebec has announced that within the next few months it will, hopefully, inaugurate a better and more comprehensive legal aid system.

• (4:30 p.m.)

The Minister of Justice (Mr. Turner) has given an indication of sympathy for some kind of national system of legal aid. I heartily endorse this proposal, as I am sure does every member of this House. The Department of Justice, through its minister, took an important step in promoting a federal initiative when it inaugurated the legal aid system in the Northwest Territories by signing an agreement in August with the commissioner of the territories. Unfortunately, the federal system as proposed and implemented in the Northwest Territories has come under what I would call unfair attack.

A few days ago in the *Globe and Mail* an argument was presented to the effect that the method of appointing counsel as proposed under the legal aid plan in the Northwest Territories was improper and inadequate. The argument appearing in the editorial was that the assignment of counsel provision appeared to be based on the fear that the system would result in one or two lawyers getting the bulk of the legal aid business, and since there are only a handful of lawyers in the territories this might cause the demoralization of the remaining lawyers, causing them to leave, and dissuading new lawyers from coming to the territories. The *Globe and Mail* suggested this was the apparent reason for the inclusion in the agreement for legal aid in the Northwest Territories of the provision that lawyers providing legal aid would be chosen by a committee rather than by the person needing legal aid.

As provided for in the agreement, this committee would be appointed by the commissioner and by lawyers, and would name certain lawyers on a rotating basis as the judge made his circuit of communities in the Northwest Territories. The reasoning behind the decision to have a committee appoint lawyers in the Northwest Territories, for legal aid cases in all but the most serious cases in which individual accused would be entitled to their own lawyers, was based on logistics. It would be almost impossible if every accused in the Northwest Territories who was unable to pay for legal services was given a choice of the lawyers in the territories. It would mean that practically every attorney would have to accompany the judge on circuit. One can well imagine the logistical problem facing the court each time the judge flew to Frobisher in the eastern Arctic, returning through the central Arctic, back to Inuvik and down to Yellowknife. There is no possible way in which this could be handled, for it would disrupt the normal legal proceedings of the entire territories each time it occurred.

The fear expressed in the *Globe and Mail* is based on a misinterpretation of the reasoning for the provision in the agreement that lawyers be appointed by the committee. The committee is independent and is one that will reflect the views of most of the lawyers in the Northwest Territories. It will have the requirement to divide cases as fairly as possible among all practising lawyers in the territories. The Yukon territory up to now has, unfortunately, not seen fit to inaugurate an agreement of this kind with the government of Canada. I understand the Minister of Justice has been attempting to persuade the commissioner and the council there that this would be in the interest of Yukoners. I understand there is a fear among territorial councillors that the cost involved may be considerably more than initially appears to be the case. If it is simply a question of cost, I would hope a formula for cost-sharing could be worked out somewhat along the lines of that in the Northwest Territories provision, perhaps with some slight changes.

The 50-50 proposal which formed part of the Northwest Territories agreement would appear to be at least a good starting point. I urge the Yukon territorial council to reconsider its position in this case. There is no doubt in my mind that the implementation of a legal aid agreement in the Yukon would be a real step forward. If this important social reform, which I feel is one of the most important proposed in the Yukon for some time, is being prevented from implementation for purely financial reasons, I am convinced there must be a solution.

• (4:40 p.m.)

If, however, it is simply a question of the commissioner of the Yukon, who is an appointee of this government, resisting or impeding the social reform proposal that has

been made by the government, then the matter is much more serious and I hope that the Minister of Justice and the Minister of Indian Affairs and Northern Development (Mr. Chrétien), who have ultimate responsibility for the Yukon, will get together and discuss the matter.

It seems to me that there is no excuse whatsoever, now that the program has been implemented in the Northwest Territories and if reasonable terms are being offered to the Yukon, for the matter to be held up indefinitely. If the reason is simply financial, I am sure it can be worked out to the Yukon's satisfaction. But if there are other reasons involved in holding up the social reform proposed by this government, then I do not like it and I am sure members of the House would agree with me that all necessary pressure should be applied to ensure that this social reform in the Yukon is carried through. I hope, also, that the hon. member for the Yukon (Mr. Nielsen), whom I know is favourable to the principle of legal aid in the Yukon, will exert on the commissioner the considerable amount of pressure which is available to him to assure that this reform is carried through.

In conclusion, I would urge that the bill proposed by the hon. member for Notre-Dame-de-Grâce be accepted. I urge that it be referred to the Standing Committee on Justice and Legal Affairs where it could be discussed more fully and where, hopefully, we could consider its inclusion in our Criminal Code within the not-too-distant future. Without taking any more time of the House, let me just say that I hope we can agree to having this bill referred to the committee this afternoon.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in my view, this bill in the name of the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) is a good one and I hope the House will this afternoon either pass the bill on second reading and send it to the Standing Committee on Justice and Legal Affairs or, if that is too much, agree to send the subject matter of the bill to the committee.

Having looked at the bill itself and the explanatory note, it strikes me that this is one of those cases where the bill is so clear, even in its legal language, that the explanatory note was hardly necessary. I do not think that anyone who has preceded me in this debate has put the actual text of the bill into the *Hansard* record, and therefore I should like to do so. The bill proposes that there be written into the Criminal Code these words:

> As soon as an accused is brought before a court to be charged with an offence under this act, the judge must immediately ask him if he is represented by legal counsel, and if not, if he wishes an adjournment in order to obtain such legal counsel. If the accused replies in the affirmative, the judge will adjourn the appearance for one day. If the accused replies in the negative, the case shall proceed in the usual way.
>
> When the judge adjourns a case under this section he will immediately advise the accused of any and all methods of legal aid within the jurisdiction.

It seems to me that that is a progressive proposal, that it is in line with our concepts of civil liberties and justice for all, and I hope the bill will not receive the treatment that bills sometimes receive in private members' hour. I see my good friend and fellow member of the Friday afternoon club, the hon. member for Sarnia-Lambton (Mr. Cullen), is here. I hope he has not been given instructions to talk out this bill. Perhaps he will move that its subject matter be referred to the committee.

[Mr. Watson.]

Mr. McBride: He has just become a "P.S."

Mr. Knowles (Winnipeg North Centre): A "P.S."? You mean he is a postscript to somebody? At any rate, even though we on this side of the House have difficulty getting the subject matter of bills of ours referred to committee, that will not stop us from thinking that it should be done when there is a good bill before us, even when it comes from the government's side of the House. This is a good one and I hope it will be approved this afternoon.

Some hon. Members: Hear, hear!

Mr. Jack Cullen (Sarnia-Lambton): Mr. Speaker, it is always nice to catch the eye of the hon. member for Winnipeg North Centre (Mr. Knowles). I listened very carefully to any comments he had to make about me, my attitude or the actions I take in the House, and I concur with the comment he made that the subject matter of this bill should be referred to the Committee on Justice and Legal Affairs. I give that proposal my 100 per cent support.

I believe this is the second occasion in the last month that the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) has brought a subject matter before the House during private members' hour. I was happy to second his previous motion. It had to be made in the form of a notice of motion, because I know the careful study and research that this hon. member carries out before he places anything on the order paper for debate in the House.

As a result of this debate there may be a feeling that no legal aid is available in Canada. Of course, that is not true. I was a practising lawyer in the province of Ontario before I became a Member of Parliament. In that province, long before the government got into the act, the benchers, who are in effect the board of directors of the lawyers in our province, saw fit to organize and set up special committees. Their purpose was to ensure that anyone who needed a lawyer in the province of Ontario could get one, and not only could they get a lawyer but they could get one of their own choice at no cost to the taxpayer or to the individual who sought legal advice. In recent years that has been changed; the provincial government saw fit to build upon the administrative expertise. The benchers' directors and members of the Upper Canada Law Society have developed the situation where we now have legal aid directors in communities who receive a percentage of the fees set down in a particular scale.

I endorse the admonition that is recommended in this bill. The hon. member for Notre-Dame-de-Grâce may not feel that his bill will be passed by the House or that its subject matter will be referred to committee, but I think he is hoping in this way to impress on the provinces which have the responsibility of administering justice the fact that this is a question they should be considering; and if legal aid is not available in all the provinces now, it should in fact be made available.

I think we have a good legal aid scheme in the province of Ontario. Hopefully, this program can be improved upon, because one of the arguments constantly faced by

lawyers, judges and used by those who criticize our system of justice is that there is one law for the rich and another for the poor. I think a legal aid system goes a long way toward dissuading people from speaking in that manner and from taking this attitude.

I was a little disturbed when the hon. member for Notre-Dame-de-Grâce quoted statistics, not so much because he read them but because, unhappily, that seems to be the true picture. Although he was only quoting from 1,000 returns, I think it would be generally true of the attitude of the general public to the legal profession. I do not blame the public for this; I blame members of the legal profession who should spend more time on public relations' work.

Some hon. Members: Hear, hear!

Mr. Cullen: What struck me particularly was that the public felt criminal lawyers were hypocritical. Yet to my way of thinking no one who practises before the courts has a more difficult task than the individual who practices criminal law. To illustrate, take the case of a child who is sexually assaulted, killed, or beaten. Someone is accused and charged with an offence. Invariably you hear the comment, "How could anybody defend a monster like that?" Unhappily, that attitude is becoming all too prevalent in discussions that you hear on the street. Yet that individual, if we believe what we preach, is innocent until proven guilty: he is entitled not only to a defence but to the best possible defence available.

• (4:50 p.m.)

I am proud to be a member of the legal profession because among our profession we have dedicated men who are prepared to risk rust or stain on their reputations by ensuring that an individual is adequately protected before the courts. I take my hat off to any criminal lawyer in this province, because I know the difficulties he goes through. It is the freedom of the individual that he has to protect, and sometimes he has to associate with those who might be called shady characters. He has to associate with them to the extent that they come into his office and seek his help. He is not pleading his case, his position; he is pleading the case of the individual he is called upon to defend. In this respect, I believe the gentlemen who had the most difficult cases in recent history were those who defended the Nazi war criminals. It had been suggested by many people that those monsters should be given kangaroo court justice, taken out and shot. But they were given the benefit of a true court hearing. Before people begin to criticize criminal lawyers I hope they will think about the fantastic job that these men are called upon to do.

Another individual who criticizes the courts, Mr. Speaker, is the person who loses a law suit that he thinks he should have won, or the individual who convinces himself that he has done no wrong and that the other party involved is completely wrong, only to find the judge decides that the responsibility must be shared, perhaps on a 50-50 basis. That individual will be even more critical if he is found to be 70 per cent at fault. He will be critical of the court and perhaps his lawyer for not doing a sufficient amount of work or background study before taking the case. He may even criticize the fact that the lawyer, in his opinion, did not have a sufficient degree of expertise to cope with the case. We will always have that kind of criticism.

If I had the time I would speak to every one of the thousand people who returned the paper to which the hon. member for Notre-Dame-De-Grâce referred and find out why they feel as strongly as they do. I would like to find out whether they have a strong feeling about capital punishment. Do they feel that once a policeman picks somebody up it is game over; that the police have arrested the right man and he should automatically go to jail? People who feel that way will not be convinced that a lawyer has a role to play in the courts. I would like to interview those people individually. I maintain that those who wrote this report should follow it up and find out why people have such ideas. Are they ideas that have been foisted upon them by others, or do they sincerely believe there is something wrong with what they call the "rotten Bar" and even with the judges who preside over it?

I do not wish to speak longer on this motion. I support the bill. I doubt that it will be carried in its present form, but its subject matter should be discussed by the Standing Committee on Justice and Legal Affairs.

Mr. Lloyd Francis (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I have listened to this debate and I must say that I agree with the principle expressed in the bill. In fact, there does not appear to be any fundamental disagreement with it. But a bill like this should be examined on its merits, and carefully examined. In this respect I have been a little disappointed by the debate from the other side of the House. I welcomed the intervention of the hon. member for Winnipeg North Centre (Mr. Knowles). I think he spoke for only three minutes. However, we have had no contribution from hon. members on that side of the House.

Mr. Knowles (Winnipeg North Centre): We don't want to talk out the bill.

Mr. Francis: The purpose of this House is to examine matters that come before it, and I shall put forward one or two reasons why I think there should be further debate on the bill before it goes to committee. I agree with the principle of the bill. I am not a lawyer, but as I understand it, ordinarily a judge before whom an accused appears for the first time will be asked if he is represented by counsel and, if not, whether he wishes time to instruct counsel. If the answer is yes, a reasonable adjournment will usually be granted.

Judges are very conscious of this aspect in the case of a person who is in custody, perhaps having been arrested only the night before. If such a person desires counsel and is unable to retain counsel privately, the judge will usually inform him of whatever legal aid may be available. In provinces where legal aid is more highly organized, there may even be duty counsel present in the court. On the other hand, where the accused simply appears in response to a summons and where he has had ample time to retain and instruct counsel prior to his appearance, the court may be less willing to grant a lengthy adjournment in order to secure counsel unless there appears to be good reason why the accused was unable to do so.

One aspect of Bill C-50 which gives me some concern is that it would oblige the judge to grant an adjournment of one day only where the accused indicates that he wishes to be represented by counsel. Sometimes this may be insufficient. The effect would be to deprive the judge of the discretion to grant any reasonable adjournment when an accused wishes to retain counsel and has been unable to do so up to the time of his appearance.

The last aspect of the matter which I think is worthy of consideration is that the system of legal aid varies very considerably from one province to another. This is something which should be discussed by the Attorneys General of the provinces and by the federal Minister of Justice (Mr. Turner), because this bill proposes an amendment to a federal statute. Before the federal government enacts such legislation in the form of an amendment to the Criminal Code there should be good and sufficient prior discussion with the provinces which also have a major constitutional responsibility in the administration of justice.

Mr. Deputy Speaker: Order. The hour appointed for the consideration of private members' business has expired. It being five o'clock p.m., this House stands adjourned until Monday at two o'clock p.m., pursuant to Standing Order 2(1).

At five o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, October 4, 1971

The House met at 2 p.m.

BUSINESS OF THE HOUSE

RESUMPTION OF DEBATE ON PRAIRIE GRAIN STABILIZATION BILL

Mr. G. W. Baldwin (Peace River): I rise on a point of order with regard to the business of the House, Mr. Speaker. On Friday last the parliamentary secretary to the government House leader said, when dealing with the Business of the House:

> ... Mr. Speaker, yesterday the government House leader announced that Monday's business would be Bill C-244. I think everyone in this House knows that discussions are taking place between the federal agricultural minister and the agricultural ministers of the western provinces. I wish to report to the House—and I have so advised the House leaders opposite—that these discussions may continue. In that case, rather than call the agricultural bill on Monday we will continue with the measure now before the House. The House leader will endeavour to notify opposition House leaders as early as possible on Monday.

Subsequently a press release was issued on behalf of the minister in charge of the Wheat Board and the three agricultural ministers for the prairie provinces which indicated that there might be a cease-fire or armistice as the case may be. While we were not a party to that, there is no doubt that it is the desire of all members that the best interests of the farmers should be served. However, Mr. Speaker, it was our opinion at the time that this was all conditional upon certain changes being made in Bill C-244. I now find that my impressions in this regard are not correct and that the government will be proceeding with Bill C-244 today, following the shortest armistice in history. I just want to make it plain, Mr. Speaker, that this party did not at any time request a postponement of Bill C-244. Despite all the bleating in high places about what the bad opposition is doing to the poor timid little government, they have carriage of the government business, when to bring it on, how long to keep it before the House and when to end it.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to say a few words with respect to the point of order raised by the hon. member for Peace River. I do so in the belief, from telephone conversations that have taken place this morning, that it is now the government's intention to call Bill C-244 today rather than Bill C-259 as was indicated Friday afternoon by the Parliamentary Secretary to the President of the Privy Council. If that is the intention I wish to register a very strong protest. Not only was the statement made on his own initiative by the Parliamentary Secretary to the President of the Privy Council on Friday afternoon but we were advised from the government side about the intentions for these few days.

• (2:10 p.m.)

As the minister in charge of the Canadian Wheat Board knows, because we have since confirmed the telephone conversation to which I shall refer, he telephoned me on Friday afternoon and indicated that as a result of the discussions between him and the prairie Ministers of Agriculture there was a desire to have a moratorium for a few days or perhaps a week. The terms of that moratorium were, in the main, two. First, Bill C-244 would not be proceeded with today; second, we would not continue to hound the government over its non-payment of the amounts due under the Temporary Wheat Reserves Act. I indicated, as House leader for this party, that I would recommend to my colleagues that we agree to this truce, this cooling-off period, or whatever you want to call it.

It was my clear understanding that Bill C-244 would not be called today. It was also my understanding that this undertaking had been given to the prairie Ministers of Agriculture. The reason for putting off the debate on Bill C-244 was that the minister in charge of the Wheat Board—perhaps more than that, the whole government—wished to give consideration to the requests made to the government by the prairie Ministers of Agriculture, which included a request for certain changes in this bill. There was no misunderstanding between my hon. friend and myself. It was clear that "consideration" did not mean that the government would necessarily agree to the things we were requesting. But it was also clear that there would be consideration in good faith. It was made clear to me that after consideration had been given the prairie ministers would be advised of the position. We would also be advised and we would resume at that point. That kind of agreement having been discussed on Friday, I submit that the government, in wishing to go ahead with Bill C-244 today, is not operating in good faith.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I make the point that I did not telephone the minister in charge of the Wheat Board on Friday. He telephoned me. We did not ask for this cease-fire, this cooling-off period; the government asked for it. We said we were prepared to agree to it.

But the one point that was made very clear by the minister in charge of the Wheat Board was that the government would not proceed today with Bill C-244. If I may spell this out, I thought it was an agreement for a full week and the minister said no, not necessarily for a full week, it might be for three or four days. For the government to come back and ask us to debate this bill today is not only breaking faith with us here on the floor of Parliament but breaking faith with the Ministers of Agriculture who were promised that their pleas would be given consideration. I recognize that some of the things the minis-

ters asked for were outside the confines of Bill C-244, but some of them were within the confines of that bill.

The answer that sent those ministers home, namely, the assurance that there would be consideration, is completely without value if the government comes back after the weekend, in which, surely, there was not enough time to give consideration to this question, and introduces this debate today. We were asked to cool off and to call off our attack. But over the weekend we heard from the minister in charge of the Wheat Board on one television network and we heard from the Prime Minister on the other, both of them attacking us for our stand. Today they are bringing back the bill.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I object most strongly to this change in the order of business. It was the minister's suggestion on Friday, not ours, that we proceed with Bill C-259 instead of Bill C-244. I object most strongly to this change in the order of business.

Some hon. Members: Hear, hear!

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, speaking on the point of order—I presume that is what it is—I should like simply to indicate to the House that in the discussions which I had in the absence of the House leader on one point last Friday, it was quite clear that the question of the order of business would require some further confirmation between the House leaders this morning and therefore there was always in that sense the possibility that we might proceed with one item of business or with the other.

The request for postponing debate on the stabilization bill and also on any question of illegality came from the prairie Ministers of Agriculture. It was addressed in effect to all of us in the House and required all of us to consider different aspects of that question. It was that request which was put, I understand, by them to hon. members opposite and was discussed by me with my colleagues. It therefore required confirmation of discussion about what exactly would be understood with regard to the order of business.

I understand that in the course of discussions this morning agreement was not capable of being arrived at because of some view that any postponement in some way implied accepting changes to the bill, whereas in fact the proposal from the prairie ministers and our willingness to consider any delay depended upon their feeling that if we had some additional time it might be useful in our formulating a commentary to them on their proposals. It certainly was not ever meant to be a detailed or complex policy statement on those proposals but merely some kind of interim reply to them, because they raised complex matters going far beyond the bill. Briefly, with regard to the discussions we had, these depended on their being an understanding of exactly what we were agreeing upon and depended upon full consent and agreement on all sides which this morning did not appear to materialize.

[Mr. Knowles (Winnipeg North Centre).]

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS

BANNING OF NUCLEAR TESTS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I ask the unanimous consent of the House to propose a motion on a matter of urgent and pressing necessity. This urgent matter is the necessity for this House to enunciate Canada's position in actively working for an international agreement to end all nuclear tests by all nuclear powers, including China, France, the U.S.S.R. and the United States—

Some hon. Members: Hear, hear!

Mr. McIntosh: —and whether such tests be in the air, the seas or underground. I am aware, Mr. Speaker, that a motion to adjourn the House is normally made under Standing Order 26; however, my motion contains procedural qualifications that cannot be appended to a Standing Order 26 motion. If I have the unanimous consent of the House, I will move, seconded by the member for Saint John-Lancaster (Mr. Bell):

That this House instructs the House leaders of all parties to confer together to draft a motion concerning the banning of all nuclear tests; and to provide this week a period for a debate and vote by this House on the motion under terms and conditions agreed upon by the House leaders but to ensure opportunity for free expression of opinion by members: and this House orders that a message containing the text of such motion be carried to the Senate.

Some hon. Members: Hear, hear!

Mr. Speaker: Hon. members have heard the terms of the motion proposed for consideration by the hon. member for Swift Current-Maple Creek. This motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity. The motion cannot be put.

An hon. Member: Sudbury said no.

Mr. Bell: I rise on a point of order, Mr. Speaker. When there were objections on this side to a motion under Standing Order 43 it was reported in the newspapers. I think it should be recorded that the hon. member for Sudbury (Mr. Jerome) said no.

Some hon. Members: Hear, hear!

An hon. Member: Warmonger!

Some hon. Members: Shame!

* * *

ELECTORAL BOUNDARIES READJUSTMENT ACT

AMENDMENT TO CHANGE CONSTITUENCY NAME FROM HIGH PARK TO HIGH PARK-HUMBER VALLEY

Mr. Walter Deakon (High Park) moved for leave to introduce Bill C-268, respecting the Electoral Boundaries Readjustment Act.

Mr. Speaker: Is it the pleasure of the House that the hon. member shall have leave to introduce the said bill?

• (2:20 p.m.)

Some hon. Members: Explain.

Mr. Deakon: Mr. Speaker, the purpose of this bill is to change the name of the electoral district of High Park to that of High Park-Humber Valley, thereby expressing the wishes of the majority of the people of that riding, namely, to describe more accurately the boundaries of the said riding as they encompass the area.

Motion agreed to, bill read the first time and ordered to be printed.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

NATIONAL FILM BOARD—PORTFOLIO OF PHOTOGRAPHS "SÉRIE 4"

Question No. 1,621—**Mr. Dinsdale:**

1. Was a portfolio of photographs entitled "Série 4" by Normand Grégoire commissioned by the National Film Board of Canada and, if so (a) what was the total cost (b) how many copies were made (c) what was its selling price?

2. Was there any free distribution of the "Série 4" portfolio and, if so, what persons and schools were supplied with these photographs?

3. (a) How many other similar portfolios of photographs were produced for the National Film Board (b) what was the total cost (c) what is the rationale for and purpose of such photographic productions?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am informed by the National Film Board as follows: 1. Yes. (a) $10,425; (b) 3,300 copies were made; (c) $5.00 a copy.

2. No.

3. (a) None; (b) not applicable; (c) to promote and distribute visual interpretations of Canada through the work of talented Canadian film and stills artists.

[*English*]

SUPPLY AND SERVICES—PURCHASE OF HEARING-AID BATTERIES

Question No. 1,691—**Mr. McQuaid:**

Has the Department of Supply and Services awarded a contract to Mallory Battery Co. of Canada Ltd. for the supply of hearing-aid batteries and, if so (a) were any of these purchased for the use of Cabinet Ministers and, if so, which Ministers (b) for what purpose were the batteries purchased (c) to whom were they distributed?

Hon. James Richardson (Minister of Supply and Services): Yes. A contract valued at $39,025, dated July 29, 1971, was awarded to the lowest tenderer, Mallory Battery Company of Canada Ltd., for the supply of hearing-aid batteries. (a) No. (b) & (c) The contract covers the supply of various types of hearing-aid batteries, as required during the period from August 1, 1971 to July 31, 1972, to certified hospitals of the Department of Veterans' Affairs, across Canada.

SUPPLY AND SERVICES—PURCHASE OF WASTE PAPER BASKETS

Question No. 1,692—**Mr. McQuaid:**

Has the Department of Supply and Services recently awarded a contract to Office Specialty Limited for the supply of waste paper baskets and, if so, how many baskets are involved and what is the price per basket?

Hon. James A. Richardson (Minister of Supply and Services): Yes. A contract was awarded on August 10, 1971 to the lowest tenderer, Office Specialty Ltd., for 7,392 baskets at $1.36 each, for DSS No. 1 Supply Centre, Ottawa, to meet demands from all government departments.

SUPPLY AND SERVICES—PURCHASE OF MOBILE UNIT

Question No. 1,693—**Mr. McQuaid:**

Has the Department of Supply and Services purchased from Porta-Built Industries Ltd. a mobile home and, if so (a) for what purpose (b) who will occupy it (c) where will it be located?

Hon. James Richardson (Minister of Supply and Services): (a) Yes. A contract valued at $16,347, was awarded to the lowest tenderer, Porta-Built Industries, for the supply and transport of one mobile residence unit to the Department of National Health and Welfare Hospital at Inuvik, N.W.T.: (b) the unit is to be part of a nursing station complex and will also be used temporarily as office accommodation; (c) as in (a).

SUPPLY AND SERVICES—PURCHASE OF FELT HATS

Question No. 1,697—**Mr. McQuaid:**

Has the Department of Supply and Services recently awarded a contract to Biltmore Hats Limited for the purchase of felt hats and, if so (a) how many hats are involved and what is the price per hat (b) to which departments are the hats being supplied and how many hats to each department?

Hon. James Richardson (Minister of Supply and Services): (a) and (b) Yes. A contract was awarded on July 28, 1971 to Biltmore Hats Ltd., for the supply of 2,500 hats at $16.31 each for the Royal Canadian Mounted Police.

SUPPLY AND SERVICES—SUPPLY OF FRESH AND FROZEN MEAT

Question No. 1,699—**Mr. McQuaid:**

Has the Department of Supply and Services recently awarded contracts to Canada Packers Ltd. of Charlottetown for the purchase of meat and meat products and, if so, what types of meat are involved and to whom will the meat and meat products be distributed?

Hon. James Richardson (Minister of Supply and Services): Yes. Two contracts were awarded to the lowest tenderer, Canada Packers, Ltd., Charlottetown, for: (a) the supply of fresh and frozen beef, veal and corned beef to Department of National Defence ration depots at Halifax and Greenwood, and to CFB Cornwallis, N.S. Contract valued at $28,648, was awarded on July 23, 1971, and

(b) the supply of boneless, frozen beef to the DND ration substone at Halifax, N.S. Contract valued at $42,405, was awarded on June 22, 1971.

COMMISSIONER OF OFFICIAL LANGUAGES

Question No. 1,780—**Mr. Dinsdale:**

1. Does the Commissioner of Official Languages use investigators to test the bilingual competency of federal employees?

2. Was Marc Therien engaged in such an investigation when he appeared at the Prescott and Thousand Island bridges customs port in early September?

3. How many other similar investigations have occurred and where did they take place?

4. Have protests been received by the government with respect to these to date and, if so, what action has been taken?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): The Commissioner of Official Languages reports directly to Parliament and not through a minister. Questions can be made directly to him privately.

* * *

QUESTION PASSED AS ORDER FOR RETURN

PUBLIC SERVICE—7 PER CENT BILINGUAL BONUS

Question No. 1,391—**Mr. Coates:**

How many members of the Public Service of Canada have qualified for the special 7 per cent bonus available for bilingualism, what was the total cost to the Federal Treasury in each fiscal year since the program has been in effect, and what is the estimated total cost for the fiscal year 1971-1972?

Return tabled.

MOTION TO ADJOURN UNDER S.O. 26

LABOUR CONDITIONS

INCREASE IN LAY-OFFS PROPOSED BY GENERAL MOTORS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask leave, seconded by the hon. member for Brant (Mr. Blackburn), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, in the context of threats and government equivocation concerning the safeguards contained in the Canada-U.S. automotive agreement, the revelation that the layoffs in General Motors plant in Ontario will be nearly 50 per cent higher than those first announced by General Motors and confirmed by the Minister of Industry, Trade and Commerce in this House on September 21.

Mr. Speaker: The hon. member for Oshawa-Whitby has given the Chair notice of his intention to propose this motion under the terms of Standing Order 26. I have given the matter very serious consideration.

As all hon. members know, a similar motion was proposed for the consideration of the House last week, that is, on September 29. I should like to suggest that the circumstances which applied to that motion apply today in the same way. Perhaps, if hon. members will allow me, I might refer them to the ruling which is reported on page 8269 of *Hansard* for September 29. It reads as follows:

The Chair does appreciate the seriousness of the matter raised by the hon. member. It is undoubtedly one which is of national interest and of concern to all hon. members. In determining whether the business of the House ought to be set aside for the purpose of considering such an important and urgent situation, the Chair has to be guided by certain criteria specified in Standing Order 26. One of these requirements is that the matter proposed for discussion should relate to an emergency which calls for immediate and urgent consideration by the House. In other words, it is not only urgency of the matter which has to be considered but the urgency of debate.

While I surmise that the House would want an opportunity to discuss this problem, I doubt that the urgency of the situation would require that the debate be held today or tomorrow rather than later. If the Chair considers the additional factor of opportunity of debate within a reasonable period of time, I would suggest to the hon. member that from the procedural standpoint an immediate emergency debate would hardly be justified.

I suggest to the hon. member that this ruling applies to the present situation, and I do not see how I can allow the hon. member's motion and put it to the House at this time.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

DELAY IN RESUMING DISCUSSIONS WITH UNITED STATES ON ENERGY—UNITED STATES PRECONDITIONS FOR REMOVAL OF SURTAX

Hon. Robert L. Stanfield (Leader of the Opposition): My question is to the Prime Minister but, since it concerns the subject of energy, perhaps I might be permitted to express the regret felt by myself and my colleagues over the illness of the Minister of Energy, Mines and Resources and the hope that he will makes a very full and complete recovery.

Some hon. Members: Hear, hear!

• (4:10 p.m.)

Mr. Stanfield: I should like to ask the Prime Minister whether he would confirm that the government has informed the United States that discussions between our two countries relating to energy cannot be resumed at the present time because of preoccupation with the economic situation, as reported by a spokesman for the Canadian embassy in Washington? If the statement is correct, would the Prime Minister make available to members of the House a copy of the message that was sent to the United States authorities? I make this request particularly in view of the fact that some of the press is linking this action to retaliation in connection with the surcharge.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am informed that the situation is not quite as the Leader of the Opposition understands it. I believe there were talks last May or in the spring which were adjourned until some time this fall. The situation now is that we have not set any date for such discussions. We have indicated to the

United States that at this particular point we are preoccupied with other matters, particularly economic matters, and that we are not in a position at the moment to sit down with United States officials and continue these talks. But there has been no indefinite postponement of them; there is merely an inability to find the time now to proceed with them.

Mr. Stanfield: Would the Prime Minister make available to the House the text of the message in view of the importance of this whole subject to Canadians, and would he tell the House whether the preoccupation of the officials at this time relates to new initiatives that Canada is taking regarding removal of the surtax and state whether Canada has yet received from the United States any indication of any preconditions that the United States will insist upon prior to removal of the surtax?

Mr. Trudeau: Mr. Speaker, in reply to the first part of the question, I am informed by the Secretary of State for External Affairs that there is no text of any message; the communication was oral and was along the lines I have just reported to the House. As to what the Leader of the Opposition calls "preconditions", my answer is still the same, that there has been no statement by the United States authorities that if we did such and so they would take off the surtax.

Mr. Stanfield: Has the Prime Minister or the Canadian government received any indication not that the United States would necessarily remove the surtax if certain things were done, but that certain matters have to be settled between the two countries before any removal of the surtax would be considered? In particular, is the government of Canada considering any specific changes with regard to the auto pact? I ask this question particularly in view of the reported differences of opinion within the government on the subject.

Mr. Trudeau: Mr. Speaker, the answer to both questions is no, and this is not surprising since the question of the Leader of the Opposition is based on an entirely false report.

CONTINUATION OF DISCUSSIONS WITH UNITED STATES ON IMPORT SURTAX—UNITED STATES SUGGESTIONS CONCERNING REMOVAL

Mr. David Lewis (York South): Mr. Speaker, to pursue the same subject in a somewhat different way, may I ask the Minister of Finance whether discussions between officials of the Canadian government and officials of the United States administration on the question of the surcharge are continuing, and whether any specific matters have been raised in those discussions?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I believe the Secretary of State for External Affairs spoke to Mr. Rogers on Friday and mentioned this particular matter. The next occasion, I believe, on which the matter will be brought up for discussion between our officials and the United States will be at the meeting of the deputies of the Group of Ten which is to take place later this month.

• (2:30 p.m.)

Mr. Lewis: Mr. Speaker, I should like to ask the Minister of Finance whether he is saying to the House that at no time in discussions between ministers or officials were there suggestions made to Canadian spokesmen or representatives about the kind of thing that might be required for the United States surcharge to be removed from Canada, not necessarily as a precondition in firm terms but in the form of a suggestion, recommendation, proposal or in any other way? Is he saying that nothing of that kind was suggested to Canada with regard to the removal of the surcharge?

Mr. Benson: Mr. Speaker, long before the surtax was imposed, when I first visited Secretary Connally last spring after he was appointed Secretary of the Treasury we discussed frankly the difficulties which occur between the two countries. I frankly admit they indicated that they would like to see a settlement of the automotive pact. This sort of thing has taken place on each occasion we have met. We have discussed the various problems between the two countries but not in the context of, say, if you do this we will remove the surcharge, and so on. We have maintained the position that we have fulfilled all the requirements put forward by the President and therefore the surcharge should never have been applied to us.

Mr. Lewis: Is the Minister of Finance aware of reports that the United States administration is considering or is developing a program which would ask Canada to contribute $1 billion worth in the turnaround to get the United States balance of payments into relative equilibrium? Has he heard of such a report and will he inform the House whether that kind of thing is being discussed?

Mr. Benson: Mr. Speaker, not to my knowledge. As a matter of fact, on current account we are running at a deficit with the United States.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in view of the information the minister has given the House regarding continuing meetings between officials of Canada and the United States, is he confirming that the United States has now taken the attitude that Canada has been led to believe that the surcharge will be subject to bilateral discussions before modification or removal in its entirety?

Mr. Benson: No, Mr. Speaker.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my supplementary is addressed to the Prime Minister. Would he tell the House whether the failure to pursue negotiations with the United States on energy matters is a subtle form of retaliation for recent United States economic policies?

Mr. Trudeau: No, Mr. Speaker.

Mr. Lewis: You mean it is not subtle?

Inquiries of the Ministry

INDUSTRY

CANADA-UNITED STATES AUTO PACT—CANADIAN PRODUCTION OF CARS PURCHASED

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in respect of discussions with the United States government on the subject of the Canada-U.S. automotive agreement, is the government of Canada insisting that within a period of say five years the automotive industry within Canada be actually producing the number of cars on an annual basis which Canadians actually purchase?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, these negotiations are being carried out by the Minister of Industry, Trade and Commerce, and I really am not familiar with all of the details.

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[*Translation*]

UNEMPLOYMENT INSURANCE

ELIGIBILITY FOR BENEFITS OF CANADIANS WORKING IN UNITED STATES

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is for the Minister of Labour.

Last week, in answer to a question I put to him regarding the eligibility to benefits of Canadians working in the United States, the minister answered that he would report to the House before the end of the week. May I ask him if he is in a position today to give this information to the House?

[*English*]

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, the hon. member asked me last week whether we had completed reciprocal agreements with all the states of the United States on unemployment insurance. I am pleased to state that we have, but the complete answer would be rather detailed and lengthy. I could either send the hon. member a copy or consider his question as a written one and have the answer printed in *Hansard*.

* * *

GRAIN

STABILIZATION BILL—CLAUSE GUARANTEEING PAYMENTS IN PRESENT AND NEXT CROP YEARS

Mr. Cliff Downey (Battle River): Mr. Speaker, in view of the indication given by the Prime Minister on the media yesterday that farmers would be receiving under the proposed stabilization bill, in addition to the $100 million transitional payment, some $35 million in the present crop year and $35 million in the next crop year, will he indicate what clause of Bill C-244 will guarantee that the last $70 million will be put into the hands of the farmers in the next two years?

Mr. Speaker: Order, please. I have some doubt as to the form of that question.

[Mr. Lewis.]

[*Later:*]

Mr. Speaker: The Chair will recognize the hon. member for Battle River who asked the original question on this subject.

Mr. Downey: Mr. Speaker, I direct my question to the Prime Minister or to the minister in charge of the Wheat Board. Are these gentlemen not concerned that the farmers will interpret their statements for what they really are, using the terminology of the farm community, as being pure b.s.?

Mr. Speaker: Order, please.

STABILIZATION BILL—REQUEST FOR REPORT ON MEETING WITH PRAIRIE MINISTERS OF AGRICULTURE—POSSIBLE MODIFICATIONS

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, my question is for the minister in charge of the Wheat Board. Will he report to the House the substance of his discussions with the three prairie Ministers of Agriculture, and would he also indicate any undertakings which were given as between himself and the ministers at their meeting?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I think perhaps the release by the ministers after the meeting contains about all that it would be possible to say at this stage. I do not propose at the moment to make any further report, although certainly I may do so if after further discussion I decide anything should be said to the House.

Mr. Gleave: Mr. Speaker, I should also like to ask the minister whether he or officials of his department, as he may wish, are prepared to meet with appropriate representatives of the three prairie Ministers of Agriculture to determine whether some modifications to Bill C-244 may be worked out which are mutually acceptable for presentation to this House?

Mr. Lang: Mr. Speaker, in the course of discussions from October to March we met many times with not only representatives of the producer organizations but of the provincial governments. We did include within the final form of the bill those changes which seemed to be indicated as a result of those discussions. This is the bill now before the House, and I think now is the time for the House to consider it and deal with its elements on that basis. Of course, I am always ready to talk generally about the whole problem of prairie grain farmers and other such issues with the provincial Ministers of Agriculture.

Mr. Horner: Close the door to change.

REACHING OF DECISION ON STABILIZATION BILL

Mr. John Burton (Regina East): Mr. Speaker, in view of the fact that the minister in charge of the Canadian Wheat Board has made statements to the effect that either he or the government would allow one more day's debate on Bill C-244 to determine whether the opposition will allow it to come to a vote and thereby allow it to pass, and in

view of the fact that bill is to be called for debate today, following the discussions with the prairie agricultural minister does the minister consider today to be that last chance that he is providing to the opposition in his terms?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, there have been references by a number of members of the government to the need to come to a decision within a reasonable or fairly short time without specific regard to a day or a period. "Last chance" may obviously include a number of days, a period of time or a reasonable period of time, and that is really what is involved. The bill has been considered by the House for many months in different forms and in different ways, and I think the time has come to make a decision soon.

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NATURAL RESOURCES

ACTION TO REQUIRE MORE PROCESSING IN CANADA—NATIONAL CONSERVATION POLICY

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is directed to the Prime Minister. As suggested by the Prime Minister of Ontario, is the federal government considering action along with the ten provinces to require more processing of our natural resources and minerals in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this problem is one which has been under the jurisdiction of the provinces for many years and some provinces have, indeed, acted in this regard. In so far as the federal government is able to have some influence, we have tried to exercise it, for instance, through reform in the tax laws.

Mr. Ryan: Mr. Speaker, I am sure we are all interested in constructive federalism, and as the federal government is looked upon as a sort of catalyst or co-ordinator—

• (2:40 p.m.)

Mr. Speaker: Order, please. Would the hon. member kindly ask the question.

Mr. Ryan: May I rephrase the question, Mr. Speaker. Is the government considering action to compel companies based in Canada to carry out research and development in this country as urged by the Prime Minister of Ontario?

Mr. Trudeau: Mr. Speaker, we have not considered compelling, as the hon. member would want us to do, but we have given great incentives for this to be proceeded with through the taxation structure.

Mr. Ryan: Is the government going to take action with the provinces to develop a national resources conservation policy.

Mr. Trudeau: Mr. Speaker, the area of jurisdiction of the provinces over natural resources is very well established and very wide. I think the hon. member should be directing his question to the Premier of Ontario and not to us.

INDUSTRY

ALLEGED DEPORTATION OF JOBS TO UNITED STATES BECAUSE OF CANADIAN POLICY

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. In view of United States charges as reported in the Toronto *Telegram* of Friday, October 1 that Canadian industrialization policy results in the deportation of Canadian jobs to the United States, is the minister aware of the report and, if so, are his officials preparing an answer to the reported United States charges?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I am not aware of the report and will be happy to receive some comments from my officials.

Mr. Nystrom: Mr. Speaker, in light of this and other developments, would the minister agree to make a statement on motions soon in respect of government policy in granting loans and subsidies to subsidiaries of United States and Japanese corporations?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, I shall first read the newspaper and report involved, and I shall see then whether a statement should be made.

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[*English*]

REGIONAL ECONOMIC EXPANSION

EXTENSION OF SPECIAL AREA DESIGNATIONS—DATE OF DECISION

Mr. Murray McBride (Lanark-Renfrew-Carleton): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion. In view of evidence provided on May 12 by Tom Kent, former deputy minister of that department, that the decision to extend the special area designations beyond June 30, 1972, would be made this fall, can the minister now inform the House concerning the date when the decision will be made and what the last date for submissions from interested parties will be?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, no specific dates are mentioned in the law, but we intend to start negotiating with the provinces during November in the hope of reaching a decision in the last part of February.

Mr. McBride: In view of the importance of this question to local representatives and industrial promotion generally, at what date will the government's decision concerning the extension or termination of the special designations be made known?

Mr. Marchand (Langelier): Mr. Speaker, I am not in a position to answer now because we are entering on negotiations with the provinces. After these negotiations we will be in a position to fix a date.

Inquiries of the Ministry

ENERGY

DELAY IN RESUMING DISCUSSIONS WITH UNITED STATES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question relating to the message which has gone from the government of Canada to Washington with regard to the energy negotiations. Was this message sent to the United States in the context of a definite date having been set for the resumption of these discussions? Did this message involve a postponement from a particular date set for the meeting?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. There has been no message in the sense in which the Leader of the Opposition implies. There have been conversations. I can only repeat what I said a few minutes ago, that the talks were adjourned last spring to be resumed again in the fall and we have not yet set a date.

Mr. Stanfield: When the message referred to by the Canadian embassy spokesman was delivered to Washington, was it in response to a request by the United States officials or authorities for a specific date to resume these discussions relating to energy?

Mr. Trudeau: I rather think so. I would have to verify it. But I think the position is that the United States asked us when we were going to resume the discussions which had been postponed last spring and we said we had not had time to put our minds to it and therefore could not set any specific date right now.

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THE CANADIAN ECONOMY

FOREIGN OWNERSHIP—GOVERNMENT POSITION RESPECTING CRACKDOWN—REQUEST FOR PUBLICATION OF REPORT TO CABINET

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Prime Minister arising out of the speech made in Houston, Texas, by the Minister of Industry, Trade and Commerce in which he assured his audience that the Canadian cabinet were now studying the report on foreign ownership prepared by the Minister of National Revenue and that when a final decision was made they could be sure there would be no crackdown on foreign ownership. I want to ask the Prime Minister whether this represents the view of the government, whether any final decision has been made and if it is true that the new policy will not reflect any significant measures to lessen the growing control of the Canadian economy by foreign investors?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, the NDP member talks of a crackdown and then interprets it to mean a significant change. If that is what he means by "crackdown", then I am sure even his party wants to crack down on United States foreign ownership. But that is not what the minister said. To say there is not going to be a crackdown, with which I am sure we all agree, is not to say there will not be some measures taken to ensure greater Canadian control of our domestic and economic environment.

Mr. Douglas: In order that members of the House and the country generally may be able to assess the government's policy on foreign ownership when it is brought down, may I ask the Prime Minister if he would be prepared to make public now or at a later date the entire report submitted to the cabinet by the Minister of National Revenue on foreign ownership?

Mr. Trudeau: Mr. Speaker, if the hon. member is talking about a cabinet document, the answer is obviously no. We will not make that public. We never make cabinet documents public.

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GOVERNMENT ADMINISTRATION

SUGGESTED REDUCTION IN PRIVY COUNCIL AND PRIME MINISTER'S STAFFS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I have a question for the Prime Minister. In light of rising unemployment in Canada brought about by fear and frustration among Canadian industrialists over tax reform, the new competition bill and the Canada Development Corporation, which is—

Mr. Speaker: Order, please. The hon. member is now making a speech. He should ask a question.

Mr. Crouse: Thank you, Mr. Speaker. These events are causing massive lay-offs and my question to the Prime Minister is whether it is his intention to do some belt tightening to match the lay-offs in industry by laying off some of the excess staff in the Privy Council office and in the Prime Minister's office which has increased by one-third to 288 members in the past year?

Mr. Speaker: Order, please. The hon. member for Cape Breton-The Sydneys.

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REGIONAL ECONOMIC EXPANSION

CLOSING OF ACADIA FISHERIES PLANTS AT CANSO AND MULGRAVE, N.S.—MEASURES TO ASSIST UNEMPLOYED

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. On September 22 I posed a question to the minister with reference to closure of fish processing plants at Canso and Mulgrave placing 800 workers on the unemployment rolls and asked what steps were being taken by his department to alleviate this serious problem. The minister at that time stated that had he had one hour's notice he would have been in a position to make a full report, to use his own words, and added that he would do so the next day, September 23. As it is now 12 days since he had notice of the question, is the minister now in a position to give us some information on this subject?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the government of Nova Scotia

has informed us that they are very carefully considering this case. We are closely following the discussions between the management of this industry and the government of Nova Scotia and if we can help at any time, we will be informed and I shall be happy to take part in the re-establishment of this business.

[*English*]

Mr. Muir: In other words, is the minister assuring the House that his department is getting ready to assist in opening up these fish plants?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, if a request is addressed to us, it is with great sympathy that we shall try and help the government of Nova Scotia to reach its objectives.

* * *

• (2:50 p.m.)

[*English*]

INCOME TAX

CRTC RECOMMENDATION FOR DISALLOWANCE AS EXPENSE OF COST OF ADVERTISING ON RADIO OR TELEVISION STATIONS NOT LICENSED BY COMMISSION

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, my question is directed to the Minister of State, the hon. member for Scarborough East (Mr. O'Connell). Has the minister asked the government to act on the recommendation of the Canadian Radio-Television Commission to introduce an amendment to section 12(a) of the present Income Tax Act, or to Bill C-259, that would disallow as an expense the cost of advertising on radio or television stations not licensed by the commission? I ask the minister this question in the absence of the Secretary of State.

Hon. Martin P. O'Connell (Minister of State): Mr. Speaker, questions concerning the Income Tax Act should more properly be directed to the Minister of Finance.

Mr. Speaker: Order, please. I am not sure whether that question is in order. The hon. member for Greenwood.

Mr. McCleave: A supplementary, Mr. Speaker—

Mr. Speaker: Order, please. I will recognize the hon. member in a moment. The Chair has already recognized the hon. member for Greenwood.

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EXTERNAL AFFAIRS

REPRESENTATIONS TO PREMIER KOSYGIN ON RIGHT OF SOVIET JEWS TO EMIGRATE AND RIGHTS OF OTHER ETHNIC GROUPS

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is directed to the right hon. Prime Minister. In light of the fact that in 1971 some 50,000 persons of Jewish origin applied for exit permits in the U.S.S.R. and only about 7,000 permits were granted, will the Prime Minister take the opportunity presented by the forthcoming visit of Mr. Kosygin to indicate to him the serious concern of Canada about this refusal of the right to emigrate from the U.S.S.R.?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will look into these figures and if they do indicate the situation which the hon. member seems to describe I will renew with the Premier of the Soviet Union representations I made to him when I saw him last May.

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. It was reported yesterday that the Minister of Communications promised that the government will "renew the representations" the Prime Minister made for the rights of minorities in the U.S.S.R. when Premier Kosygin visits Canada. Will the Prime Minister say whether this is the intention of the government and, in light of what he said in the U.S.S.R., will the Prime Minister say what the minister meant by "representations"?

Mr. Trudeau: Mr. Speaker, I shall have to look up the statement to which the hon. member refers and see myself what it says I said, or would say.

Mr. Speaker: Order please. The Chair will recognize the hon. member on a supplementary but we have reached the point in the question period when I have to remind hon. members that we will soon be running out of time.

Mr. Paproski: As a supplementary question, Mr. Speaker, has the Prime Minister hired from the Toronto *Telegram* the services of Peter Worthington and Lubar Zink to look after the itinerary of Mr. Kosygin when in Canada?

Some hon. Members: Oh, oh!

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, this is a supplementary to the original question. Will the Prime Minister discuss with Mr. Kosygin the rights of other ethnic groups to visit Canada, as well as the rights of the Jewish people in the Soviet Union, along the lines of the question of the hon. member for Edmonton Centre?

Mr. Trudeau: Here too, Mr. Speaker, I will ask the hon. member what exactly he would like me to say to the Premier and certainly give it very deep consideration.

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COMBINES

SALE OF TORONTO "TELEGRAM" SUBSCRIPTION LIST TO TORONTO "STAR"

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I wish to direct a question to the Minister of Consumer and Corporate Affairs. In view of the expressed intent of Bill C-256, the new Competition Act, I wonder whether he has notified the purchaser of the subscription list of the Toronto *Telegram* that under the new act his officials may take retroactive action if they believe competition is significantly decreased by the sale of that subscription list?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, that would be prejudging a decision by parliament and would be in contempt of Parliament.

Some hon. Members: Oh, oh!

Mr. Stanfield: You would never do that.

Mr. Horner: Mr. Speaker, I would like to direct a supplementary question to the right hon. Prime Minister. Did he not prejudge the wishes of Parliament when he told Home Oil that they could not sell out and that, if they did, retroactive legislation would be enacted by Parliament?

Mr. Speaker: Order, please. That, of course, is argument.

REQUEST FOR INVESTIGATION OF MONOPOLY CREATED IN TORONTO NEWSPAPER FIELD

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I with to direct a supplementary question to the Minister of Consumer and Corporate Affairs. Will the minister investigate the monopoly situation that apparently has been created in the Toronto newspaper field, particularly in view of the fact that his department investigated and is now prosecuting in a situation similar in the New Brunswick newspaper field?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I do not accept either hypothesis relative to Toronto or New Brunswick. I indicated at the time the announcement was made relative to Toronto that the Director of Investigation and Research under the Combines Act would conduct an inquiry in order to determine whether he had reason to believe the Combines Investigation Act was being violated.

Mr. Bell: Mr. Speaker, then may I take it from the minister's answer that a monopoly is all right in Toronto but not in New Brunswick?

Mr. Basford: No.

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AGRICULTURE

CORN—ACTION TO PREVENT DUMPING OF UNITED STATES PRODUCT AND LOWERING OF CANADIAN PRICE

Mr. Derek Blackburn (Brant): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. In view of the fact that the price of corn in southern Ontario has now declined to $1.09 a bushel and may in fact decline even more to 99 cents a bushel, and in view of the fact that this is mainly due to the dumping of American corn on the Canadian market at this time, would the minister consider preventing this dumping so that Ontario corn producers will get a fair price for their product?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, representations along these lines were made to me and to officials of my department several days ago and they are under active consideration at the moment.

[*Translation*]

REGIONAL ECONOMIC EXPANSION

ST. ROMUALD—USE OF GRANT TO GOLDEN EAGLE COMPANY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a question for the hon. Minister of Regional Economic Expansion.

Last Friday, the minister was a guest of honour at the inauguration of the Golden Eagle refinery in St. Romuald. Following the ceremony, newspapers reported that the Department of Regional Economic Expansion had made a grant of five million dollars to the firm.

An hon. Member: Ten.

Mr. Lambert (Bellechasse): May I ask the minister whether a portion of those five million dollars was allocated for the construction of the St. Romuald pier?

Mr. Speaker: I believe that question should normally be placed on the order paper. If it is urgent, as I believe might be the case, the matter could be dealt with at the time of adjournment.

Mr. Lambert (Bellechasse): I have a supplementary, Mr. Speaker.

Mr. Speaker: Does the hon. member want to put a supplementary question?

Mr. Lambert (Bellechasse): Yes, Mr. Speaker.

[*English*]

Mr. Speaker: The Chair will recognize the hon. member for Bellechasse on a supplementary.

[*Translation*]

POLICY RESPECTING GRANTS

Mr. Adrien Lambert (Bellechasse): In view of the importance of the matter, I wish to ask the minister why in his capacity as representative of the federal government he has not been invited to elaborate on its policy governing subsidies to companies, even in Quebec?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the incident at St. Romuald has nothing to do with a speech I may have made. However, the officials of the company have not mentioned the assistance from the Canadian government, which is of the order of $10 million, and I found it improper for them not to thank the Canadian public for the assistance granted to them.

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[*English*]

HIGHWAYS

DISCUSSIONS WITH UNITED STATES AND BRITISH COLUMBIA ON PAVING OF ALASKA HIGHWAY AND BUILDING OF ROAD TO SKAGWAY

Mr. Erik Nielsen (Yukon): Mr. Speaker, I was waiting for the Minister of Public Works to return to the chamber but since he has not may I direct my question to the Prime

Minister. Have the discussions been concluded which have been going on between Canada and the governments of the United States and British Columbia with respect to the paving of the Alaska Highway and the construction of a road through the Panhandle to Skagway? If they have been concluded, what are the results of those discussions? If they have not been concluded, are the discussions continuing?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am afraid I cannot answer this question. I am not aware of the state at which these talks or discussions may be now but I will inquire and either answer or ask the minister to prepare an answer.

[*Later:*]

Mr. Nielsen: Mr. Speaker, I have an indication that the Secretary of State for External Affairs has an answer to the question I put to the Prime Minister a moment ago. I wonder if he could provide that answer to the House?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, as the hon. member knows, the United States Congress authorized discussions with Canada concerning the improvement and paving of the Alaska highway, and officials of the two governments met in Ottawa in June for an exchange of views, largely on technical questions. It was decided at that time that Canada would conduct a survey of the origin and destination of traffic on the highway during the summer months and when the results of that study were available there would be a further meeting.

Mr. Nielsen: That leaves only the question of discussion with the British Columbia government and the U.S. government with respect to a road through the Panhandle to Tidewater. Perhaps that could be answered at some other time by the appropriate minister.

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THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—RENEGOTIATION OF DEFENCE PURCHASING ARRANGEMENTS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, this is supplementary to a question asked earlier this afternoon by the hon. member for Edmonton West and I direct it to the Minister of Finance. I wonder whether in the discussions with the Americans the question of defence purchasing in Canada has come up? If so, was there any particular request from the Americans that we perhaps re-orient part of our defence purchasing to offset their difficulties somewhat?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, these discussions have gone on for a long time, in fact, as I indicated previously, since last spring, and this is one of the questions that were raised. The Americans indicated to me, and I was told this in general discussions with Secretary of the Treasury Connally, that they felt we had done very well and that this exchange of defence procurement had worked out for us rather better than they would like to see us do in the long run.

Mr. Forrestall: Could the minister indicate whether or not we have in any way made any concessions that would place professional judgment in some difficulty, particularly with respect to a replacement for the Argus? Are we going to buy the Orion despite the professional judgment we have received?

• (3:00 p.m.)

Mr. Benson: No concessions whatsoever have been made or are being considered.

CONCENTRATION ON PROVISION OF EMPLOYMENT PROGRAM

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to direct a question to the right hon. Prime Minister. In view of the statement emanating from our embassy in Washington that Canadian ministers and officials are at present unable to focus on such problems as the discussion of energy with the United States, is there any reason to hope that the Canadian ministers and officials are busy focusing on some program to provice massive employment in Canada?

Right Hon. P. E. Trudeau (Prime Minister): That is the upshot of what I have been saying earlier, Mr. Speaker. We have other things in mind.

WINTER WORKS PROGRAM—INQUIRY AS TO ANNOUNCEMENT THIS WEEK

Mr. John Lundrigan (Gander-Twillingate): I have a question for the right hon. Prime Minister. Can the Prime Minister indicate whether he or one of his colleagues will be making an announcement this week of any employment program for the winter?

Right Hon. P. E. Trudeau (Prime Minister): If we are to make such an announcement, Mr. Speaker, I will try to ensure that the hon. member knows of it a little bit in advance so that he can prepare himself to congratulate the government.

Mr. Lundrigan: That is typical Trudeau bunk. Can the Prime Minister answer the question—

Mr. Speaker: Order, please.

Mr. Lundrigan: Mr. Speaker, I have raised an important question. I understand that Treasury officials have worked all weekend trying to concoct some sort of program. I am asking whether an announcement of that type will be made this week by the Prime Minister or one of his colleagues, and I should like an answer to that very important question.

Mr. Trudeau: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Moose Jaw.

Mr. Nielsen: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member will understand that the Chair has already recognized the hon.

member for Moose Jaw. If he has a supplementary, I shall recognize him in a moment.

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GRAIN

WITHHOLDING BY GOVERNMENT OF PAYMENTS UNDER TEMPORARY WHEAT RESERVES ACT—SUGGESTED POSTPONMENT OF WRIT OF MANDAMUS AND BILL C-244

Mr. John L. Skoberg (Moose Jaw): I have a question for the minister in charge of the Canadian Wheat Board. Can the minister tell the House if he made a request to the Minister of Agriculture of Saskatchewan for postponement of the writ of mandamus served in Saskatchewan last week against the Minister of Justice and the Minister of Finance? At the same time, can the minister state if there was any request made to him at the meeting of the three prairie agricultural ministers with their federal counterpart for a one-week moratorium on Bill C-244?

Mr. Speaker: Order, please. The hon. member has asked two questions and, to my way of thinking, one is not supplementary to the other. Perhaps the minister might reply to the second question. I have some doubts as to the first one.

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, the request that was made by the prairie Ministers of Agriculture was addressed by them to hon. members opposite as well as through me to my colleagues. It depended on certain understandings in relation to the whole situation covering both the stabilization bill and payment under the Temporary Wheat Reserves Act.

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EXTERNAL AFFAIRS

CONFERENCES OF FRANCOPHONE COUNTRIES—ARRANGEMENTS RESPECTING VOTING BY CANADIAN DELEGATES AND DISPLAY OF FLAGS

Mr. Heath Macquarrie (Hillsborough): I have a question for the Secretary of State for External Affairs on the upcoming meeting of Francophone countries and it follows upon a question which I asked the Acting Prime Minister on Friday. Can the minister advise the House what provinces, other than Quebec, are now being consulted about the manner of structure of the delegation and on voting procedures?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Discussions are proceeding with other provinces that have expressed interest in the meeting of the agence, particularly those that will be attending the meeting and will be participating in the Canadian delegation.

Mr. Macquarrie: May I ask the minister if it has been decided that the flag of Canada and the flag of Quebec will be flying at this conference of sovereign states?

Mr. Sharp: Mr. Speaker, we have had some very useful discussions with the province of Quebec, and I am very happy to say that this kind of matter did not receive prime consideration.

[Mr. Speaker.]

REPRESENTATION ABROAD OF CANADA AS FRENCH-SPEAKING NATION

Mr. Donald MacInnis (Cape Breton-East Richmond): I have a supplementary question for the Secretary of State for External Affairs. Does the minister consider it proper that a Canadian cabinet minister should go abroad and represent Canada as a French-speaking nation?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Yes, Mr. Speaker. I think Canada is one of the most important French-speaking countries in the world.

Mr. MacInnis: Mr. Speaker, would the minister consider it proper for a cabinet minister to do so to the exclusion of the other language spoken in this country?

Mr. Sharp: No, Mr. Speaker. Canada is also one of the most important English-speaking countries.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. May we have order please.

Mr. MacInnis: I wonder if the minister would take the opportunity to explain the kind of language that we are hearing now in the House. However, on what basis can the Prime Minister allow himself to associate with a cabinet minister who promotes Canada as a French-speaking nation only, as has been done by this minister?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Orders of the day.

Mr. MacInnis: On a point of order, Mr. Speaker, if the Prime Minister is disturbed by my charge, I not only have the transcript but I have the tape which I will make available to him.

Mr. Speaker: Orders of the day. The hon. member for Gander-Twillingate also rises on a point of order.

Mr. Lundrigan: I should like to raise a point of order regarding the business of the House for the coming week and serve notice of points which should be raised today, in anticipation of something that may happen later. Could I ask the government House leader if discussions can take place among all House leaders to try to make some procedural arrangements for a lengthy response from various parts of the country, not only by the various parties in this House of Commons, to any announcement by the government of a works program for this winter, so as to ensure that all areas of the country receive adequate representation in response to a statement which the Prime Minister would like to make on a works program for this winter.

Mr. MacEachen: When an announcement about a winter works program is made by the government, I am sure there will be an opportunity for members of the House to comment upon it. I gather that my hon. friend is referring to an opportunity for members of this chamber to comment on the program.

• (3:10 p.m.)

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION OF PAYMENTS TO WESTERN CANADA PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

On the order:

September 24, 1971—Resuming the report stage of Bill C-244, an act respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture—The Minister Responsible for the Wheat Board.

Mr. Stanley Knowles (Winnipeg North Centre): I rise on a point of order with respect to the proposal to proceed with the order which has just been read from the chair. As Your Honour will recall, I made a brief reference to this matter on Friday morning as reported in *Hansard* for that day at page 8345. My point of order arises from a citation in Beauchesne's Fourth Edition which I shall read. It is found at page 127 and the part I wish to quote is citation 149 (c) which reads as follows:

149. Besides the prohibitions contained in Standing Order 35; it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not:

(c) refer to any matter on which a judicial decision is pending;

I ought to point out, Sir, that the first person who raised this question was the Parliamentary Secretary to the Minister of Justice (Mr. Béchard). He raised it last Thursday evening when it was his turn to respond to a question which had been put to him by the hon. member for Halifax-East Hants (Mr. McCleave). The Parliamentary Secretary to the Minister of Justice pointed out that there is now a matter before the Federal Court of Canada, notice having been filed in that court last week, at Regina, on behalf of the Attorney General of Saskatchewan and four farmers of that province, as applicants. The respondent in the case is the Minister of Finance (Mr. Benson). I think it is appropriate to read again, as did the parliamentary secretary the other night, the first part of the notice of motion. It is as follows:

Take notice that an application will be made to this honourable court on Wednesday, October 6th, 1971, at the hour of 10 o'clock in the forenoon, central standard time, or so soon thereafter as counsel can be heard on behalf of the applicants, at the Court House, at the city of Regina, in the province of Saskatchewan, for a writ of mandamus, directing the respondent Minister of Finance to pay to the Canadian Wheat Board forthwith all sums of monies required to be paid to the Canadian Wheat Board by the respondent minister by virtue of the provisions of The Temporary Wheat Reserves Act of Canada, chapter 2 of the Statutes of Canada, 1956.

After reading that part of the motion, the Parliamentary Secretary to the Minister of Justice referred to the hon. member for Halifax-East Hants as a distinguished member of the bar and said that he would know "that it is inappropriate for the Minister of Justice and others to comment on this subject at this time."

Sir, there has now been called for debate in this House Bill C-244 which includes a clause that seeks to repeal, effective July 31, 1970, the Temporary Wheat Reserves Act. The entire question of the government's position in relation to that act, a question arising from the fact that it has not paid the last 14 or 15 monthly payments that it should have paid, is now before the Federal Court of Canada. Any discussion of this bill is bound to involve a discussion of that situation. Any comments that are made are bound to involve comparisons of the results of operating under one formula or under another. Also, if discussions on this bill were to come to the point where we would be called upon to vote, I submit that we would be expressing an opinion. We would be taking a decision on a matter that is, in the terms of Beauchesne's citation, "before the courts for a judicial decision". It seems to me that our discussion of whether or not the government is in default at a time when the matter is before the courts is, in the language of the Parliamentary Secretary to the Minister of Justice, inappropriate. Indeed, now that the whole question has been referred to the courts, we shall have to look very seriously at whether or not we can discuss it.

I am ready to admit that there are strong arguments on the other side of the question. It can be argued that Parliament is the supreme court of the land and that we have the right to change the law. No one here ever denies that; indeed we, in this place, insist on that right. At present it is not the right of Parliament to change the law that is in question but the position of the government under the law, as that law now stands. Since that matter is before the courts, we must consider whether we have the right to discuss it. As I said the other day when I raised this matter briefly, a ruling is called for one way or the other. Either the matter is sub judice, in which case this bill should not be proceeded with until the court's decision has been made, or it is not sub judice, in which case the Parliamentary Secretary to the Minister of Justice and others should not refuse to answer questions about it.

To this legal objection there has now been added, I believe, the weight of the moral position in which the government finds itself. The minister in charge of the Wheat Board only a few days ago requested of us on this side of the House an agreement to delay discussion of this matter, because he was discussing the whole bill with the prairie Ministers of Agriculture. We feel, in fairness to them and in fairness to ourselves, that the matter should not be proceeded with at this time. That may be slightly aside from the legal point I have raised. However, we are in a new regime. The Prime Minister says that it is not just legalistic matters that count; it is justice. I suggest that proceeding with this bill at this time does not do justice to Parliament and does not do justice, to say nothing of fair play, to the prairie Ministers of Agriculture. Therefore, Mr. Speaker, as I said on Friday I would do, I raise this point now, feeling that there should be some discussion of it and a ruling from the Chair as to where we stand.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I will not detain Your Honour and the House for long. The hon. member for Winnipeg North Centre (Mr. Knowles) has summed up the position with admirable clarity. I sometimes think he would have practised successfully in the profession to which Your Honour and I belong. I sometimes am under the impression that the hon. member is a member of the bar.

Mr. McCleave: And a distinguished member at that.

Mr. Baldwin: The hon. member's argument I accept thoroughly. I concur in it and urge it on Your Honour. The government is indulging in impudent, fraudulent intimidation of the worst kind.

Some hon. Members: Shame.

Mr. Baldwin: It is attempting to litigate by legislation, something which is frowned on in many circles. Actually, an amendment standing in the name of the minister indicates that the act, which was to come into force on August 1, 1970, will now come into force on a date to be set by proclamation.

I suggest that the government accept my hon. friend's point of order that we not proceed with clause 33, which provides that the Temporary Wheat Reserves Act is repealed, effective July 31, 1970. The minister ought to agree with the contention advanced by the hon. member for Winnipeg North Centre, a contention which I support. I hope he will agree that this particular clause will not be amended or will not come into effect until such time as the litigation, properly begun by citizens who have the right to bring an action before the courts, has been carried to the courts and has received final judgment. I suggest that that is the only fair way to deal with the matter, unless the government intends to seek an amendment which will pardon it retroactively for its 14 months of lawbreaking. It may be that the minister will seek such an amendment. As a member of the bar he may realize that it is essential, if the government is to be pardoned for the lawbreaking it has engaged in and in which it continues to engage. Apart from that, I support my hon. friend's argument and ask Your Honour to give careful consideration to what he said.

Mr. Speaker: Are hon. members rising on the point of order raised by the hon. member for Winnipeg North Centre?

Mr. McCleave: Yes, Mr. Speaker.

Mr. Speaker: I hope we do not spend the next three hours on the point of order because, to my way of thinking at least, it will not be too difficult to make a ruling on it. The hon. member for Winnipeg North Centre was thoughtful enough to give notice of his intention to raise his legal point, and I have spent a great deal of time giving it serious thought. At the same time, if hon. members think that their contributions will assist the Chair, of course I will be glad to hear them. I will not limit their right to make their contributions.

• (3:20 p.m.)

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, perhaps I can be forgiven for taking two or three minutes in this debate. I think it was my contribution the other evening that started this whole process. I suggest if any member has a vested interest in this, I am that member. I wish to make four points to Your Honour. I will do so as quickly as I can.

First, it should not be possible for someone in Canada to issue a writ to halt a discussion in Parliament of the law being questioned. For example, although some members may not be aware of it, a gentleman on the west coast has tried several times to file writs in court dealing with the status of the Canadian flag. I hate to think that all discussions of issues of Canadian nationalism would have to come to a halt because someone issues a writ, even though I may think that person's writ has some substance to it.

Second, the court should decide on the substance of the issue rather than merely on the issuance of a writ, so that we at least are not put in the position of trying to influence the judge or appeal court. Short of that, we should surely be allowed to have our say.

Third, we should not inhibit Parliament at any time from changing the law, attemping to change the law or Members of Parliament from asking about the law as it exists when it is not being carried out.

Finally, we should be very careful about any steps being taken by the government or Parliament which would denigrate from the fact that we, after all, are the ultimate court in the land.

Some hon. Members: Hear, hear!

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I will be brief. I am concerned about the possible effect on farm people if we proceed with this bill at this time. There are certainly two or three facts that are well known. One is that a writ of mandamus has been issued by four farmers in the province of Saskatchewan with, I understand, the consent or knowledge of the attorney general of Saskatchewan. This is known. It has been publicly admitted by the Prime Minister (Mr. Trudeau) that this government stands in default of certain payments which should have been made. It is under these circumstances that this Parliament is being asked to consider this bill.

What is the situation? If, for example, the bill is considered, passed by this Parliament and becomes law, the transitional payments are distributed under clauses 32 and 33 and this writ of mandamus is in force, what will happen? The government will find that it must pay out under this bill. If the transitional payments were made, would they have been made legally or illegally? If the writ prohibits the payments under clauses 32 and 33 of this bill, will any payments that have been made been made illegally? Would it then be incumbent on some legal agency to go to the farmers to whom the money has been paid and collect that money? This is what bothers me. I have a letter on my desk from a farmer—

Mr. Speaker: Order, please. It is up to the hon. member, but it seems that what he is now saying does not relate precisely to the point now before us as to whether this is a sub judical matter and, being a sub judical matter according to the established procedures of either the Canadian or British houses, questions might be asked about the matter, motions might be made and bills considered. I suggest that this is strictly a procedural question. I doubt whether we should get into the background of the situation or consider what will happen if the writ is granted, and so on. I suggest to the hon. member that is not the point before us. I do not in any way want to restrict the debate on the procedural point, because this is very important, but as much as possible we should limit our contribution at this time to this very limited point of procedure.

Mr. Gleave: Thank you, Mr. Speaker. I will do so. I only wanted to point out the danger to the ordinary farmer. I know of one case where a farmer is being asked to return money which he was paid under the Lift program. I am aware of the niceties of the law. I am not a lawyer, but I am aware of the vulnerability of the farmer if we persist in dealing with this bill while the legal situation is in question.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I rise on the point of order. During the question period, I asked two questions. Your Honour suggested the first question was not in order and allowed the second one. I will use that as an analogy in dealing with the situation we are faced with under this point of order. The question is whether there has been any request by the minister responsible for the wheat board for the postponement of the writ of mandamus. Possibly Your Honour did not allow my first question because this matter is now before the courts. If we proceed with this bill, how can we possibly fit the question that is now before the courts in the form of a writ of mandamus into our discussion.

The reason Your Honour did not allow me to ask the question which referred to the Minister of Finance (Mr. Benson) and the Minister of Justice (Mr. Turner), who are included in the writ of mandamus, must have been based on some past practice or ruling of this House. I wonder how we can possibly expect to discuss this bill, if we wish to discuss it, when this question is still before the courts in this particular form. The only reason I am drawing this to Your Honour's attention is to use the question I asked today as an analogy to the question now before the House. The only reason the question was asked was to find out whether we were in fact faced with a double-cross by the government.

Mr. Speaker: I think that—I apologize to the President of the Privy Council (Mr. MacEachen). I am sure he has very interesting comments to make which, I am sure, will be helpful to the House and to the Chair.

Hon. Allan J. MacEachen (President of the Privy Council): After that introduction, Mr. Speaker, I am hesitant to even make a point. However, I do not want it to be understood that we accept the point of order raised by the hon. member for Winnipeg North Centre (Mr. Knowles) or that we agree with the validity of his point of order.

Mr. Knowles (Winnipeg North Centre): It came from your side.

• (3:30 p.m.)

Mr. MacEachen: I understand the point was based on Citation 149 (c) of Beauchesne which says that a member whilst speaking must not refer to any matter on which a judicial decision is pending. The key phrase seems to be the words "on which a judicial decision is pending." One thing I know is that no judicial is pending with regard to this bill, Bill C-244. There is certainly no judicial decision or writ or legal action in progress with respect to the report stage of the bill. I know, too, by a process of elimination, that there is no legal action in process or judicial decision pending in connection with any of the amendments which are set down for discussion by the House today. Whatever might be that matter which will unfold itself on Wednesday, it will not be the bill or the report stage or any of the amendments which are now to be discussed.

I would suggest that if the rule of relevancy were strictly observed by all of us it would perhaps be possible to discuss the report stage and dispose of the amendments without the necessity of referring to the matter which will be commenced in the courts on Wednesday, as I understand it. It seems to me we should not be asked to withdraw from a discussion simply because something is to happen in the courts, when that discussion could properly be handled without reference to those proceedings—unless, for other reasons, it might be difficult not to refer to what is happening elsewhere having regard to the broad political situation. I am not a member of the bar, as some hon. gentlemen are, but I would assume the quotation merely implies that a member in speaking cannot refer to a matter on which a judicial decision is pending. I would probably ask the leader of the New Democratic Party to assist me by confirming my conclusion that a judicial decision can only be pending after evidence has been taken and arguments have been made by opposing counsel—the point at which the judge says he is about to decide the case. The purpose of the citation is, presumably, if there is any sense to our proceedings in this House at all, to impose a structure against Members of Parliament making comments from that point on in connection with the pending decision, comments which might amount to an interference with the independence of the judiciary. Otherwise, there would be no sense to the rule.

Consider how idiotic we would appear on Wednesday if, having said we cannot proceed to discuss this subject because the matter was pending in the courts, the judge, after hearing the initial arguments, were to say that the process had been wrongly put together and that he would not proceed with it until it had been put together in proper form. I suggest that whatever situation this citation is expected to cover, it really does not cover the situation which is now before the House as it is called upon to deal with the report stage of a bill, or, more strictly speaking, with amendments thereto. Certainly, none of these form the subject matter of the legal action.

I could continue, Mr. Speaker, and make further arguments, but I have said enough to convince, at least myself if not hon. members of the opposition, of the unsoundness of this particular point of order. I note that the hon. member for Halifax-East Hants (Mr. McCleave) coming from a good legal city, has reached the same conclusion as I have reached, namely, that this is not really a serious point of order and that we should be in a real mess if debate in this House could be stopped because somebody had taken legal action in some court. We would have to close our doors.

Some hon. Members: Hear, hear!

Mr. Speaker: I thank all members who have taken part in this interesting discussion. As I mentioned a moment ago, the hon. member for Winnipeg North Centre (Mr. Knowles) had given me notice of his intention to raise this matter today. I have given it serious thought and looked at precedents which enabled me to make a ruling. I think I should apologize to the hon. member for Halifax-East Hants (Mr. McCleave) for appearing at one point to cut off

discussion before he really had a chance to make what I consider to be a valuable contribution on an important aspect of the subject. May I say that I agree entirely with his submission to the House. I only wish I could make a ruling as clearly as he expressed his views when taking part in the debate.

I cannot agree with the contention of the hon. member for Winnipeg North Centre that a legal proceeding initiated in a court of law in Canada, be it by way of writ of mandamus or any other writ, should prevent the House of Commons or Parliament from continuing or even initiating the discussion of legislation. The hon. member has quoted as his authority citation 149(c) in Beauchesne's Fourth Edition, in addition to the prohibition contained in Standing Order 51:

It has been sanctioned by usage both in England and in Canada that a member while speaking must not . . . not refer to any matter upon which a judicial decision is pending.

I think this citation should be interpreted as narrowly as possible. I doubt very much if the Chair should be called upon to intervene whenever a member refers to a matter which is before the courts. Hon. members, in particular the hon. member for Halifax-East Hants and the President of the Privy Council, have suggested that the citation should be interpreted narrowly and that the phrase "judicial decision pending" means that the case has been heard in full and that the court has before it the matter on which a decision will be rendered in the near future, in which case debates in the House might not be interpreted as influencing or attempting to influence the decision of the court.

I do not believe we should go that far. I believe hon. members should look at other citations, for example, at page 400 of May's 16th Edition—the same citation is repeated in the 17th Edition:

A matter, whilst under adjudication by a court of law, should not be brought before the House by a motion or otherwise. This rule does not apply to bills.

I think it would have been useful had this limitation been included in Beauchesne. It seems to me logical, as hon. members taking part in the discussion have indicated, that we should take this view, otherwise the whole legislative process might be stopped simply by the initiation of a writ, or legal proceedings in one or other of the courts of Canada. I can imagine, for example, amendments to the Criminal Code relating to matters of great interest to Canadians being prevented by the issuance of a writ of mandamus in one of the courts of Canada. This would place Parliament in an intolerable situation. I do not think this is an interpretation which hon. members would wish to place on the sub judice rule.

The hon. member for Moose Jaw (Mr. Skoberg) has referred to the fact that the Chair had some doubts as to one of the questions which was asked today. The hon. member will have noted that this matter was handled somewhat gingerly by the Chair. I said I had doubts as to the first question, but that I would allow the second one. What I had in mind was that the question was bearing directly, and perhaps a little too closely, on the case before the court. However, I was not disposed at that point to make a ruling on the matter; I just had some doubt, which is why I felt that if one of the two questions were to be allowed as we approached the end of the question period, it was easier for the Chair to allow the second than the first. This was the extent of the ruling that I made at that time.

[Mr. Speaker.]

• (3:40 p.m.)

I suggest to hon. members that the citation which applies is that which can be found in May, that a matter, while under adjudication by a court of law, should not be brought before the House by a motion or otherwise, but that the rule does not apply to a bill. I suggest that what is now before the House is a bill. A bill is legislation and the sub judice rule should not apply so as to prevent discussion of the bill or an amendment to the bill, or any proceedings under that bill at the present time.

The House resumed, from Friday, September 24, consideration of Bill C-244, respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture, and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. Deputy Speaker: Order. Hon. members will know that when this matter was last before the chamber we were dealing with a point of order with respect to the amendment proposed by the hon. member for Skeena (Mr. Howard). The Chair had not made a decision, and if there are other hon. members who would like to assist the Chair on that particular point of order I would be very pleased to hear them now.

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I should like to say a few words on the proposed amendment. It seems to me that one of the fundamental points here relates to the novelty of the proposed amendment in terms of what it would do to the situation facing the House. The motion before the House which the present amendment would purport to amend has been described as vague in meaning, and so on, which I think is the substantial difference between the amendment and the motion before the House. Among other things, the amendment being proposed would eliminate from the original motion the words "and including stabilization payments", which would have the effect of leaving only the proposed deduction of increased production costs. I say that because it would make a substantial difference to the original motion if a matter which could have major significance were eliminated.

It is also quite clear that the amendment in the form proposed by the hon. member for Skeena (Mr. Howard) would be beyond the terms of the recommendation. It may be argued that the motion before the House is already beyond the terms of the recommendation, but I submit that its very vagueness and probable unworkability means that no firm judgment can be made upon it. In its present form, the amendment would clearly go beyond the terms of the recommendation in that it increases the amount of the commitment by the treasury beyond that outlined in the recommendation. It would do this in terms of its impact upon at least one of the clauses in the bill, namely clause 3.

I think this bears further on the point about making a substantive amendment to the definition clause of a bill. Again I suggest, with respect to Your Honour, that this may have been forgiveable in the case of the motion

before the House, which after almost two and a half days everyone has agreed would either be unworkable or meaningless. The present amendment would have an important effect upon a series of clauses in the bill, namely clauses 3, 4 and 9 among others.

Interestingly enough, it would have a quite different effect on other clauses, and this simply highlights the danger of proposing an amendment which, though clear, would have a substantial effect on different clauses in the bill. For this additional reason, I would urge Your Honour to find that the amendment now proposed is not in order.

Mr. Deputy Speaker: If hon. members have concluded their contributions to assist the Chair, I would be prepared to make a ruling on the point of order which has been raised on the amendment proposed by the hon. member for Skeena (Mr. Howard). It might be helpful to the chamber if the Chair were to read the motion and the amendment that is before the House.

The motion proposed by the hon. member for Saskatoon-Biggar (Mr. Gleave) reads as follows:

That Bill C-244, an act respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, be amended by adding the following to paragraph (c) of subclause (1) of clause 2 after the word "producer" in line 18 at page 1: "and after the deduction of the increased costs of production, and including stabilization payments, if any;"

The hon. member for Skeena proposes to amend that motion in the following manner:

That the amendment be amended by deleting all the words after "deduction" and substituting therefor the following: "of the amount by which the costs of production for the crop year within which a levy under section 9 is deducted exceeds the cost of production for the crop year ending on July 31, 1970".

Hon. members will recall that when this bill came on for consideration at the report stage on June 22 last, Mr. Speaker indicated some doubt about the procedural acceptability of some of the motions. In addition, the hon. minister responsible for the Canadian Wheat Board expressed his doubt about many of the motions, including the motion of the hon. member for Saskatoon-Biggar which I have just read. There was, it seems to me, general agreement on the part of all hon. members at that particular time to debate the substantive aspects of the motion then before the House, and debate proceeded on that basis.

On September 22, the hon. member for Skeena proposed the amendment which I have just read, and on September 24 the Chair, having expressed some doubts about the procedural acceptability of the amendment, heard argument from several hon. members. The Chair has also heard argument from the minister responsible for the Canadian Wheat Board, and I want to thank all hon. members who have assisted the Chair on this procedural problem.

I might say that because my ruling will be premised on this point I think I should restate, at the outset, the proposition that the motion by the hon. member for Saskatoon-Biggar is properly before the House for consideration. Hon. members will recall that I stated during the argument on June 22 that I was satisfied on that point. As an aside, I might say that had there not been the consent of the House to proceed, I might have taken the view that the motion of the hon. member for Saskatoon-Biggar was not acceptable procedurally. However, the House is now seized, by consent, with that motion, and the matter before us at this time is whether or not the amendment of the hon. member for Skeena is in order procedurally.

The question for determination, I suggest, is whether or not the amendment substitutes something new in place of the motion, or whether it merely amends the main motion. I appreciate that one must apply the rules even more strictly when dealing with an amendment to the motion. In effect, it is a subamendment because the motion amends the clause of the bill. The hon. Parliamentary Secretary to the President of the Privy Council (Mr. Jerome) made an effective argument when the matter was last before the House for debate and I would find his argument very persuasive if the motion of the hon. member for Saskatoon-Biggar were now before the Chair for consideration as to its procedural acceptability.

However, I have dealt with that point; we have accepted the motion of the hon. member for Saskatoon-Biggar and what is now before the House for consideration is the amendment, or the subamendment if I may use that terminology, of the hon. member for Skeena.

The minister responsible for the Wheat Board has assisted the Chair and, in essence, has argued in some respects along the line taken by the Parliamentary Secretary to the President of the Privy Council, particularly on the point about the difficulty that the Chair has in accepting an amendment to the interpretation clause of a bill. Indeed, the Chair would have that difficulty if we did not have before us the motion of the hon. member for Saskatoon-Biggar. With all respect, I cannot agree with the hon. minister, who has just argued the point, that the amendment of the hon. member for Skeena should have some doubt cast upon it because it may go beyond the terms of the recommendation. I think it is probably an argument I would have no hesitation in accepting if it were made in respect of the amendment of the hon. member for Saskatoon-Biggar. I need not repeat that I am satisfied, because of the concern of hon. members, that we are now seized with the motion, so we must deal with the matter on that basis.

• (3:50 p.m.)

Paraphrasing the situation in general terms, it seems to me that the motion by the hon. member for Saskatoon-Biggar provides that the increased cost of production will be taken into account in determining grain sale proceeds, and the hon. member for Skeena amends this by saying that the determination of the increased costs of production shall be measured on the basis of the crop year ending on July 31, 1970. When the amendment of the hon. member for Skeena was before the House on September 14, I invited assistance from hon. members on the procedural point and indicated that at first blush, before hearing arguments, it appeared to me that the amendment might be a substitution of one procedure for another and, therefore, not acceptable procedurally because of the lack of notice as provided under Standing Order 75(5).

The hon. minister has argued today, in addition to the argument of the hon. parliamentary secretary with respect to a substitution of one procedure or principle by another, that the question of stabilization payments is one which the Chair should take into consideration. Indeed,

that is the question which gave the Chair, although it was not argued previously, a great deal of concern when considering the arguments. It was my opinion, and I must say I considered the matters raised by the hon. minister, that stabilization payments must be included in or somehow form a part of the cost of production. Therefore, it was my opinion at that time that I could not give the degree of weight to the argument which the minister has urged upon me today.

I might say that after hearing the helpful arguments from all hon. members, and after careful consideration of the *Hansard* record and the authorities cited, I am of the opinion that the amendment of the hon. member for Skeena does not go beyond the scope of the motion of the hon. member for Saskatoon-Biggar and does not substitute one method or principle for another. I think its purpose and effect is to clarify that which would be, I might say with respect to the motion of the hon. member for Saskatoon-Biggar, a bit difficult of interpretation if it stood by itself.

The minister argued that point today, and this is something that certainly occurred to the Chair. It is very difficult to understand exactly what the motion of the hon. member for Saskatoon-Biggar means or how it could be operative. It does seem to me that the addition of the amendment of the hon. member for Skeena is of assistance to the Chair in understanding what is before the House.

I am of the opinion, therefore, that the amendment under consideration is relevant to the motion of the hon. member for Saskatoon-Biggar; it makes it more intelligible and, therefore, is in order and should be put to the House. The hon. member for Skeena (Mr. Howard) moves, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by deleting all the words after "deduction" and substituting therefor the following "of the amount by which the costs of production for the crop year within which a levy under section 9 is deducted exceeds the costs of production for the crop year ending on July 31, 1970."

Mr. David Lewis (York South): Mr. Speaker, it was not my intention to enter the debate and I would not do so were it not for what the government did today. I suggest that the behaviour of the government with regard to the Temporary Wheat Reserves Act, and the behaviour of the government today, together constitute the most disgusting kind of contempts for a parliamentary and gentlemanly agreement possible. There has been a deliberate attempt on the part of the Prime Minister (Mr. Trudeau) and the minister in charge of the Wheat Board—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but if he was listening to my decision he will recall that I did say if the amendment to the motion were accepted we would at this stage be confining the debate very narrowly. I suggest to the hon. member with respect that he should not range beyond the motion and the amendment which are now before the House.

Mr. Lewis: Mr. Speaker, you will have me resume my seat when you see fit. With great respect, however, what I am saying is relevant to the motion and the amendment before the House. I intend, without the slightest disrespect, to continue along the lines I began.

[Mr. Deputy Speaker.]

What we have attempted to do through these amendments is genuinely and sincerely change the bill from one which we think is bad to the kind of stabilization we think would be better. That is what we have attempted to do. This is what members in my party and the Conservative party have been trying to do. What the government has done has been not to attempt to meet the arguments we have put forward in respect of their stabilization plan, but deliberately confuse, on the floor of this chamber, on radio and on television, the western farmers into thinking that all that is involved is an amount of money under one act and an amount of money under another act. When the Prime Minister and the minister in charge of the Wheat Board do that, they are doing a dishonest disservice to the western farmers of this country. That is not the issue of either the motion, the amendment or the bill. The bill is an attempt to establish a stabilization plan, and you do not have to be a genius to understand it, in spite of the fact that the legalese of the bill makes it difficult to follow.

An hon. Member: Speak to the Chair.

Mr. Lewis: I will speak to the minister, Mr. Speaker, which does not give me as much pleasure as speaking to the amendment, but unfortunately that is what I have to do. I speak to the minister because he is the cause of the confusion and the distortion with which this Parliament and the western farmers are now faced. What the bill before us suggests is that we establish a measure to stabilize the ups and downs of grain farmers' income, by creating a fund into which the government will pay a certain amount and into which farmers will pay a certain amount, using that fund to equalize these ups and downs or booms and disasters to which the western and eastern grain farmers are subject.

What the motion before the House and the amendment of the hon. member for Skeena attempt to suggest is that the stabilization proposed by the government is stabilization of poverty. If you are going to have stabilization which is of value to the grain farmers, that stabilization must deal with the net income of the farmer, taking into account the rising costs of production. If you stabilize income on the basis of gross revenue only, you will be putting the farmer into a straitjacket of poverty because the gross revenue for the average is established on a moving five-year period, with the cost of production going up and net revenue contracting. The farmer, like every other professional, worker or businessman, does not live on his gross revenue, but on his net income after he has paid the costs of production.

• (4:00 p.m.)

We have therefore urged that the law be changed so that the stabilization is based on net income. This is the reason I say, with respect to you, Mr. Speaker, that what I started to say is entirely in order. This is what the three prairie ministers of agriculture proposed to the minister in charge of the Wheat Board last Friday. One of the things they urged on him was precisely the line which is proposed in the motion of the hon. member for Saskatoon-Biggar and the amendment by the hon. member for Skeena to the effect that the stabilization be based on net income. It is not the amounts of money that are involved in this. What we want to make clear so far as the members

of this party are concerned is that we have objected to the bill not because of any amount of money in it, but because the stabilization plan is a bad plan for the grain farmers since it will be based initially on a period of five years which are poor years. The average established, therefore, will be a poor average and for the two or three years after that, the farmer will be held down by the poor average on which the stabilization is based.

Second, we object to this stabilization plan because it is based on gross income which does not take into account the cost of production which, as we know from history, is bound to rise every year so that the net situation of the farmer may be worse as a result of this bill rather than better. We are all interested in a better situation for the farmer, including I am sure even the ex-dean of law who is now rapidly becoming the dean of lawlessness, in view of his disregard of his duty under the Temporary Wheat Reserves Act. Now, Mr. Speaker, if that were the subject the government permitted us to discuss, then the farmers of western Canada and eastern Canada would be able to sit down and try to decide what they think of the law. Most of them with whom I have spoken—and I have had occasion to speak to literally thousands of them on the Prairies in the last couple of months—are very much opposed to the bill just for the reason I have given, but the government has not permitted us to have this kind of discussion.

Despite the fact there had been an agreement last Friday that there was to be some kind of—I do not know exactly what to call it—truce or cease fire for a few days, the Prime Minister (Mr. Trudeau) went on the air last night and made a statement to the western farmers which I can describe only as being inaccurate and misleading. If the Prime Minister did not know any better, he ought to have made himself more knowledgeable before making those statements. He made statements about the amount of money that would be paid under the bill we are discussing now. He said that there would be $100 million in payments on a transitional basis. I agree that that is there. Then, he talked about $35 million in a year and $35 million the year following. The minister nods his head. I say to the minister, because the Prime Minister is not here, that he does not know and the Prime Minister does not know how much money they will put into the fund two years hence. We do not know what the market will be; we do not know what the price will be, and we do not know what the yield will be or what the weather will be. They are talking out of their hats.

No one can make such a forecast concerning what will happen two years from now. I have often said to farmers in the west and in the east, as a person who has never been a farmer, that they are the real gamblers in Canada. They gamble on the weather, on the market and on the price. Why in heaven's name they gamble with this government is something I have never been able to understand. I say that the Prime Minister and the minister in charge of the Wheat Board are misleading the people of Canada and the western farmers by reciting figures about which they know nothing. They have no idea what the amounts will be. They are misleading the farmers because they fail to tell them the whole truth. The minister knows he is not telling them the whole truth. They fail to remind the farmer that he will have to pay 2 per cent out of his gross crop revenue into the stabilization fund. Not only is the government to pay 4 per cent but the farmer is to pay 2 per cent. He never mentions that. He never mentions that if this bill passes the farmer will lose what he has now under the Temporary Wheat Reserves Act, and that from now on he will have to pay the cost of storing any surplus grain which formerly was paid out of the federal treasury.

The minister knows that if this bill passes the PFAA will be removed from the statute books. The farmer who used this as a form of crop insurance will now have to enter into another crop insurance scheme for himself. The minister knows that will cost the farmer another one per cent or one and one half per cent of the sale price of his crop. He never tells him that. I say that the Prime Minister and the minister in charge of the Wheat Board are misleading the western farmer and I, as a member of this House, am ashamed of their behaviour in respect of a bill which is as important as this bill which is before us. Last Friday the minister met with the three prairie ministers. I read the statement he made to the press. I was not in Ottawa on Friday afternoon or over the weekend, but I read the statement he made to the press. I shall not quote him but shall give an accurate representation. Reporters quoted him as saying that the three prairie ministers of agriculture made certain suggestions to him, that he and they agreed that there would be an attempt in this House not to proceed with the matter of the Temporary Wheat Reserves Act and that the government would not put Bill C-244 before Parliament today but would take some days—the report said a week—to give serious consideration to what the three prairie ministers of agriculture proposed to the minister.

My colleagues—I did not myself, because I was not here—spoke to the two New Democratic ministers of agriculture from Saskatchewan and Manitoba and were informed that that was the understanding between the two ministers and the minister in charge of the Wheat Board. They told our members that this was the understanding, that there would be a week of delay before this bill came before the House and that the government would give serious consideration in good faith to their proposals in so far as they attached to this bill. This has not been done. The minister in charge of the Wheat Board spoke to our House leader, the hon. member for Winnipeg North Centre (Mr. Knowles) on Friday, and conveyed this information to the hon. member for Winnipeg North Centre who is sitting right beside me now as he does every day in this House. The minister in charge of the Wheat Board informed the hon. member for Winnipeg North Centre that it was his intention that this bill would not come before us today but that the government would take some days—he said not necessarily a week, and my friend will correct me if I am wrong.

Mr. Lang: Mr. Speaker, on a point of order. I should like to make a correction in respect of what the hon. member is saying. I must say I should do so in respect of quite a number of things he has been saying. Since he said these things in my presence this might leave the impression that I am in some way agreeing. At all times the request to which he refers was from the prairie ministers. At all times it was conveyed as being that to the government and

to parties opposite, and was dependent upon certain agreement being arrived at all around. It was also clear at all times that the final understanding would depend upon agreement this morning, Monday morning, between the government House Leader and the House Leaders of other parties. It was that discussion which failed to bring about agreement. I may add that it may well be that if all parties in the opposition had taken the view of his colleague, the House leader for his party, we might have had such an agreement. They did not, and therefore we did not have such an agreement.

• (4:10 p.m.)

Mr. Lewis: Mr. Speaker, the minister's explanation shows precisely the kind of tortuous route that his mind always travels. I was not present, but the hon. member for Winnipeg North Centre (Mr. Knowles) told me what the conversation with him was, and the hon. member for Winnipeg North Centre never deviates one iota from what he is told and what he says. Members of the House know that.

What was the agreement to be dependant upon? The minister answered a question earlier this afternoon in a way that was completely unintelligible to me, and his remarks just now were completely unintelligible to me. What kind of agreement was it that the three or four House leaders were supposed to reach? There was no meeting of the House leaders. The government House leader spoke on the telephone to my hon. friend from Winnipeg North Centre. I do not know how he spoke to the hon. member for Peace River (Mr. Baldwin).

Mr. Knowles (Winnipeg North Centre): By telephone.

Mr. Lewis: I did not know that. Now, I am told it was by telephone. I repeat that there was no meeting of the house leaders. The minister made no proposal to the hon. member for Winnipeg North Centre which that hon. member rejected. We made no proposal to him. Mr. Speaker, he is not telling the entire truth to this House. He is weaseling and distorting what the situation is.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. It did seem to the Chair that, before the minister responsible for the Canadian Wheat Board rose, the hon. member for York South (Mr. Lewis) might have been straying a bit from the motion and the amendment before the House. Perhaps the Chair was at fault. I think, with respect, that the minister did not have a point of order but I felt in fairness, and in the absence of objection, that if he wanted to explain his position, that was fair enough. The hon. member for York South, who has the floor, has responded to that. I think it has been a useful exchange. However, I would hope that at about this time we might try to get back to the motion and the amendment before the House.

Mr. Lewis: Mr. Speaker, in a moment you will see my reason for answering the minister. I say this with great seriousness. When members of this House and the people of Canada read in the press that there has been an understanding among ministers of the Crown, the federal minister and three provincial ministers, it is important for Parliament and for the democratic process that such an understanding be kept, and that it not be betrayed and breached. I know that the prairie ministers, at least the Manitoba and Saskatchewan ministers of agriculture, are planning a press release to make that clear. I am almost finished, Mr. Speaker.

Mr. Deputy Speaker: Order. It does seem to the Chair, as the hon. member for York South has pointed out, that the arguments he makes, in which the minister has joined, are important arguments for the people of Canada, and indeed are important for this chamber. However, I know that the hon. member for York South and the minister are both learned counsel and will appreciate that the Chair must be bound by the rule of relevancy. The Chair cannot hear this particular argument at this time. There are other forums in which it can be raised, and I need not mention them. I would ask both hon. members to confine their remarks to the motion and the amendment before the House.

Mr. Lewis: What I seem to have failed to get clearly before Your Honour is that the issue of the basis for stabilization of the grain farmers' income was precisely one of the issues that was the subject of the discussions between the three prairie ministers of agriculture and the minister in charge of the Wheat Board. It was precisely what was suggested in the motion by the hon. member for Saskatoon-Biggar and in the amendment by the hon. member for Skeena. It was precisely the subject matter of those amendments, motions, or subamendments—whatever you want to call them. That was one of the subjects of discussion with the minister last Friday, and therefore it is relevant.

I say that it is important for these agreements to be kept. It is important for the Members of Parliament, to make the government honest in keeping such agreements. Because the minister and the government broke that agreement, and because we of the NDP, and I hope others on this side of the House, will not be parties to the breaching of that kind of agreement by having Bill C-244 before us when it was agreed that it should not be put before us today, I move, seconded by the hon. member for Vancouver-Kingsway (Mrs. MacInnis):

That this debate do now adjourn.

Mr. Deputy Speaker: Is the House ready for the question? All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Lewis), which was negatived on the following division:

• (4:20 p.m.)

Division

YEAS

Messrs:

Bigg
Blackburn
Brewin
Broadbent
Burton
Douglas
Gleave
Harding
Horner
Knowles (Winnipeg North Centre)
Lewis
MacInnis (Mrs.)
McIntosh
Mather
Nystrom
Rowland
Saltsman
Schumacher
Skoberg
Thomson (Battleford-Kindersley)
Winch—21.

NAYS

Messrs:

Alexander
Allmand
Andras
Badanai
Baldwin
Barrett
Basford
Beer
Bell
Benson
Blair
Blouin
Borrie
Boulanger
Breau
Cafik
Carter
Chrétien
Clermont
Coates
Comtois
Corriveau
Crouse
Cullen
Danson
Deachman
Deakon
Dinsdale
Downey
Faulkner
Forget
Forrestall
Foster
Francis
Gauthier
Gibson
Gillespie
Goyer
Gray
Guay (St. Boniface)
Guilbault
Hales
Harkness
Hogarth
Hopkins
Howard (Okanagan Boundary)
Howe
Hymmen
Isabelle
Jamieson
Jerome
Kaplan
Lachance
Laing (Vancouver South)
Lambert (Bellechasse)
Lambert (Edmonton West)
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Lefebvre
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
Lundrigan
MacEachen
MacGuigan
MacInnis (Cape Breton-East Richmond)
Mackasey
MacKay
MacLean
Macquarrie
McBride
McCleave
McCutcheon
McGrath
McIlraith
McKinley
McNulty
McQuaid
Mahoney
Major
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Monteith
Morison
Muir
Nielsen
O'Connell
Olson
Orange
Osler
Paproski
Perrault
Portelance
Pringle
Prud'homme
Reid
Richard
Ritchie
Roberts
Rock
Rodrigue
Roy (Timmins)
Roy (Laval)
Ryan
Sharp
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stanbury
Stanfield
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Trudeau
Turner (London East)
Turner (Ottawa-Carleton)
Walker
Whelan
Whiting—118

• (4:50 p.m.)

Mr. J. H. Horner (Crowfoot): In rising to speak to the amendment to the motion moved by the hon. member for Skeena (Mr. Howard) I wish to state that I will support the amendment and the motion to amend Bill C-244.

I might first of all agree with the hon. member for York South (Mr. Lewis) who stated emphatically that it was his impression there was an agreement between the minister in charge of the Canadian Wheat Board and the agriculture ministers of the three prairie provinces. It was obviously clear on October 1, because, as reported under the heading "Business of the House" at page 8368 of *Hansard*, the hon. member for Sudbury (Mr. Jerome) had this to say:

> Yesterday the government House leader announced that Monday's business would be Bill C-244. I think everyone in this House knows that discussions are taking place between the federal Minister of Agriculture and the agriculture ministers of the western provinces. I wish to report to the House—and I have so advised the House leaders opposite—that these discussions may continue. In that case, rather than call the agriculture bill on Monday we will continue with the measure now before the House. The House leader will endeavour to notify opposition House leaders as early as possible on Monday.

This gives one some idea that there was an agreement. It is regrettable that agreements mean nothing to the federal government, that agreements mean nothing now to federal ministers. I used to think this only applied to the Minister of Agriculture (Mr. Olson) when he reneged on the agreement he made with the cattle producers of western Canada, but we now see the minister in charge of the Wheat Board disregarding the agreement he made with the three agriculture ministers of western Canada.

Mr. Lang: Nonsense.

Mr. Horner: This gives us some concept of the wording of the present bill. Can the country go along placing faith and trust in the word of a government one cannot really trust very much? When that situation becomes an established fact, it is wise for the government, I suppose, to call an election so that the public can restate its confidence in them or choose another government.

The formula presented to us takes 1970 as the base year, as the year to which costs of production should be related. In order to gauge that year as the foundation year for the establishment of net farm income as a basis for a stabilization program, one has to establish the net farm income position. As the bill now stands, it is really an insurance concerned with marketing the grain. It is not an insurance of the farmers' ability to produce or sell. It is a guarantee for a marketing system toward which farmers are asked to contribute a 2 per cent levy. Has that system worked?

Net farm income in Saskatchewan in 1966, which is the year this program starts, was in the neighbourhood of $580 million. In 1970 it was down to a low of $194 million. This gives one some idea as to the level upon which the stabilization program would be based. It is based on a declining income from 1966 to 1970. The level will be very low. The Minister of Agriculture realizes the effect that "low years" will have on the bill.

As reported in the minutes of committee proceedings No. 55, the minister had this to say on Wednesday, June 2:

The stabilization program is designed to fill in the very deep valleys which can occur when a bad year follows some good ones.

I want to emphasize those words. We have experienced a series of bad years since 1966. How will the stabilization bill fill in the valleys?

An hon. Member: All bad years.

Mr. Horner: As reported at page four of the minutes of proceedings No. 55, the minister went on to say:

It does not cut down the good years except to the extent of the producers' contribution of 2 per cent. It could be as good a year as sales really make it. Our emphasis must be on sales and we are optimistic that with continued effort on sales we can see an ever-rising total in the gross receipts from grain in the prairie region.

Well, if we start off with a low in gross receipts, and we are optimistic about seeing a continuing rise in gross receipts, when is the farmer to get the $35 million the Prime Minister (Mr. Trudeau) talked about on television when he said farmers were going to get $35 million this year and the year after, and so on? The minister in charge of the Wheat Board understands this program. The government is geared to getting out of paying money to the farmers of western Canada.

What has been paid under the Temporary Wheat Reserves Act? Look at Volume 58 of the committee proceedings. If anyone is in doubt as to the exact interpretation of this bill I suggest he read volumes 58 and 59 of those proceedings. At page 117 of committee report No. 58, it appears that $79.7 million was paid out under the Temporary Wheat Reserves Act during the crop year 1968-69. Since that time the minister in charge of the Canadian Wheat Board has deliberately reduced the amount of wheat in storage, thus depriving the farmers of income that was theirs as well as their opportunity to sell their wheat. All that was paid out the following year, 1969-70, was some $15 million.

• (5:00 p.m.)

Mr. Lang: Would the hon. member permit a question?

Mr. Horner: When I am through; I have only 20 minutes. Some $40 million was owing in the crop year 1969-70 according to the tables presented to the committee by the Canadian Wheat Board. In addition to that $40 million there was another $20 million owing, making $60 million due to the farmers on August 1, not of this year but last year. If any member doubts my word for this, let him turn to page 15 of the committee report to which I have referred, where Mr. Treleaven, a representative of the Canadian Wheat Board, admitted that $60 million was due as of August 1, 1970, of which, he said, $40 million roughly would be applied against the 1969-70 pool account and the other $20 million applied against the 1970-71 account.

What has occurred since August 1? Another $26 million is due for the year 1970-71. Mr. Earl, as reported at page 12 of the report, had this to say:

Of that $60 million, again recognizing that there are two pools open, 1969-70 and 1970-71, we estimate that very roughly about $40 million belongs to the 1969-70 pool. Now were that amount in the pool it would mean to producers in the final payment 9.5 cents a bushel.

This would mean that about 14 cents a bushel is due as of August 1, 1970 and that another 7 or 8 cents a bushel is due as of August 1, 1971. In other words, there is due about another 20 cents a bushel.

In his great lecture to the Canadian farmer last night on television, the Prime Minister (Mr. Trudeau) did not mention the Prairie Farm Assistance Act and the $6 million that the PFAA fund costs the federal treasury every year. In fact, he skipped a year in showing the payments under the Temporary Wheat Reserves Act and added a year to his grain stabilization program calculations. By skipping one year's payments under the Temporary Wheat Reserves Act and disregarding the PFAA payments, it was no wonder that the Prime Minister was able to present such a lopsided calculation of $170 million as opposed to $112 million under the respective schemes. To me, his statistics just did not add up.

Let me now look at the question whether the payment should or should not be made. It is of interest to note that this whole question was dealt with extensively in the debate before the agriculture committee, and if one were to refer to page 9 of committee proceedings No. 58—

The Acting Speaker (Mr. Laniel): Order. The Chair is finding difficulty relating the remarks of the hon. member to the amendment before the House at the present time. Hon. members have already been advised that when the House is dealing with a specific amendment they should try as much as possible to confine their remarks to the subject matter of such amendment. It seems to me the hon. member is once again opening up the question of payments to be made under some other piece of legislation, and I think he should return to the amendment before the House in accordance with instructions. The Chair had hoped that as far as possible he would do this and invites him to try to keep within the confines of the amendment.

Mr. Horner: Mr. Speaker, may I speak briefly to the point of order, though my remarks should not be counted as part of my time. The point Your Honour has raised is a valid one, but the motion and amendment seek to place the stabilization fund on a net basis, using the 1970 crop year as the basis for evaluating cost of production. I am endeavouring to support the establishment of the year 1970 as the basis, and I shall be coming to that point.

The Acting Speaker (Mr. Laniel): The Chair did not intervene when the hon. member was dealing with that specific point and trying to base an argument upon it. However, he has gone far beyond this point now and is referring to payments made to farmers under another piece of legislation and to the responsibility of the administration for that legislation. In doing so, I suggest he is opening up previous debates we have had on the subject. Therefore, his remarks do not conform to the guidelines that have been given to hon. members.

Mr. Horner: Mr. Speaker, I realize this is a difficult subject matter to follow. It is also difficult for one to confine his remarks to such a narrow point as using as the basis for calculating cost of production the year 1970. May I refer to catalogue No. 62-004 published by Dominion Bureau of Statistics which gives the price index numbers of the commodities and services that are used by the farmers. This is the way DBS calculates cost of production, which is the cost of the goods and services that our farmers must buy.

It is of interest to note that if you base this equation on gross income, you fail to take into consideration the increase in cost of production, which thereby puts a tremendous squeeze on the farmers—what we have all heard referred to as the cost price squeeze. I suggest one has to examine cost of production over recent years in order to see whether or not there is any merit in basing your calculations on net income and using the year 1970 as the base year. According to the price index of the number of commodities and services used by the farmers as published by DBS, in 1949 the composite index inclusive of living components for the cost of goods the farmers buy was 199.2. In January 1970, it had risen to 390.8, very nearly double over a 20-year period.

In the event that the government's program is enacted, the fact that we are on a downward trend in establishing an average under the stabilization program means that in order for the farmers to collect they would have to build up their gross sales and then suffer a drop subsequently. Notable economists have estimated that there may be one, at best two, payments between now and 1980. Taking the past 20 years' cost of production as a guide, one can readily see that cost of production has doubled. A better way of putting it is to say that the cost of the goods and services that farmers must buy has doubled. As sure as night follows day, the cost of the goods and services that the farmers have to buy during the next ten years will double again, especially if the present government continues in office. This will place our farmers in a tremendous squeeze.

As this squeeze approaches, under the stabilization program that the Prime Minister has put forward and which the minister in charge of the Wheat Board is attempting to pilot through the House, no payment is made unless the farmers have a bad crop year. The $35 million that the Prime Minister spoke of last night will not be distributed to help offset cost of production unless the farmers experience a calamitous year, whereas under the Temporary Wheat Reserves Act money flows in each year to help offset the ever-rising cost of the goods and services the farmers buy.

• (5:10 p.m.)

I made reference a while ago to what the chairman of the Agriculture Committee said on page 9 of committee proceedings 58 regarding this whole question as to whether the $60 million should be paid. He said:

> That is probably a matter that would have to be referred to the Supreme Court of Canada.

That is very clear. There is a good legal point here. The Prime Minister said last night that this government is breaking the law, and he seemed proud of that as he lectured the farmers. He went on to say they are in default of payments, and I suggest they will continue to be in default until they change this program in such a way that the bill takes into consideration the net position of the farmers and is related to some time which is more favourable to farmers. If you use 1970 as the year on which to base the net position, that will be fine, but on the basis of gross sales it is not good.

The minister went on to say in respect of the lows and highs of the cycle, and I read from proceedings No. 55 at page 4:

> This is an important thing in relation to some of the arguments which have been made by producers about whether there is anything to guard against inflation or cost increases and so on in this program. In a sense there is, in the sense that its sales continue to increase if over-all gross receipts for prairie grains do go up as they have indeed over any past period of years; you can see an increase in total receipts in any long-term graph you may draw.

He is predicting that you will see an increase at some time in the future in respect of gross receipts, and you will know when a payment should be made, but this is the dangerous thing about the grain stabilization program. If a program is to be beneficial to the farmer you must have a situation in which there is continuing growth in gross receipts, but you would have a payment under this bill that merely represents a transfer from one government pot to another government pot. It is merely a paper transfer.

The minister went on to state, as recorded at page 29 of committee proceedings No. 59, regarding the logic of setting up such a fund:

> All I can do, in terms of your question, is reframe the statement I made earlier that if you start with a high average, the average is high; if you start with a lower average, the average is lower. Obviously, the only way you know exactly what is going to happen is by starting to forecast the future and that is a thing I have been refraining from doing.

He is reported on the same page as saying:

> The logic of making the trade now is very clear in terms of what this stabilization plan will provide in the way of money from the treasury toward the grain industry compared to what would have been provided if we had gone on with the Temporary Wheat Reserves Act, standing in its present terms, and with less wheat in the system to make room for the barley and rapeseed and better functioning of the system.

This refers to a reduction of wheat in the system. The minister is well aware of the fact that he is starting now in a position favourable to the government rather than to the farmers. If this stabilization program were presented again five years from now, it might find a more favourable climate in this House of Commons because of a change of climate in the agriculture industry. I suggest that if farmers accept this program today, they will accept it to their own detriment.

There is one other situation that is not covered, and this is related to the amendment regarding the net receipts. Under the Temporary Wheat Reserves Act, money would be paid out if a farmer suffered a calamity, as happened in some parts of Saskatchewan and Alberta this year because of the Bertha army worm. However, under the stabilization program, the farmer would receive nothing because this is a regional situation and is not covered. The minister in charge of the Wheat Board suggests that this should be covered under crop insurance, but there are fewer farmers who took out crop insurance this year in

the province of Alberta than last year, merely because it was not to their liking.

There is one statement I should like to put on record before concluding. This statement was made by the secretary of the Canadian Federation of Agriculture when appearing before the committee. It appears in committee proceedings No. 54 at page 37.

Mr. Chairman, in our brief we did not go into the intricacies of the legislative process, thinking that that was perhaps something that you people could deal with, but we are quite clear on the principle, that this bill needs amending, that the total policy package needs amending, and that it is not satisfactory to be in a position where one runs the risk of a delayed payment of a very necessary $100 million if one gives sufficient attention to the bill to get those amendments in the other part of it. If that requires separation, if that is the only way that can be done, then that is fine. The best way to do it is to amend the bill the way it needs to be amended right through the piece and to do it right away. That is the other way to do it, to accept our proposals for amendment of the whole bill, of course.

He goes on to suggest that this is a very complicated bill and a very great deal of time must be spent on it. I make no apology for the length of time this House has debated this complicated piece of legislation. It is regrettable the minister did not bring it forward earlier in order that it might have been passed last June. For some reason known best to himself and the cabinet, he introduced it in a proposal to the country on October 29, 1970 but withheld it from the House until April 3, 1971. It is regrettable he kept it to himself for that long.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Halifax-East Hants (Mr. McCleave)—Public Service—Extension of regional pay differentials; the hon. member for Notre-Dame-de-Grâce (Mr. Allmand)—External Affairs—Representations to Premier Kosygin on right of Soviet Jews to emigrate and rights of other ethnic groups.

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION FOR PAYMENTS TO WESTERN CANADA PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

The House resumed consideration of Bill C-244, respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture, and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. Baldwin: Mr. Speaker, I rise on a question of privilege. I understand that shortly before we had the vote on the motion to adjourn in the name of the hon. member for York South (Mr. Lewis), the minister responsible for the Wheat Board intimated that for some unknown reason the responsibility for bringing this bill back today rests on my shoulders. Perhaps the minister did not intend to create that impression, and if that is the case I will pause here for a moment to allow him to stand and say so.

Mr. Lang: Mr. Speaker, the statement I made was perhaps more general than that, but I would be pleased to be more specific with regard to the matter. I indicated to the leader of the NDP, who was then speaking, that if the understanding which the house leader of the NDP and I had arrived at had been shared more widely or generally in the House there might, indeed, have been no debate today. If you would like me to be more specific about what I was saying I shall attempt to do so.

I was indicating that during our discussion with the House leader of the Progressive Conservative party there was some indication that any delay or postponement of the debate on both the bill and on any question of legality under the Temporary Wheat Reserves Act would depend to some extent on the likelihood of amendments being accepted to Bill C-244. We thought in all fairness to him we should make it clear that the purpose of any delay was, in fact, to give us time to consider what our reply should be to representations made to us rather than for any other reason, and that in our view any question of an amendment to Bill C-244 at this stage of the proceeding was pretty remote.

As I understood it, it was no longer acceptable to the Progressive Conservative party, represented by the House leader, that the debate on both questions should be delayed. For that reason I understood there was not the kind of agreement on all sides in respect of which the request of the prairie agricultural ministers could be accepted. Therefore the order of business was confirmed in the original format, and Bill C-244 was called.

Mr. Baldwin: Mr. Speaker, the minister has clarified the situation to some extent, but I think I have no alternative than to repeat what I said this afternoon when the House opened. Throughout the discussions which took place last Friday, the firm impression was created in my mind that one of the reasons for seeking a moratorium in respect of the debate on this bill for a week was, among other things, to consider the question of whether there would be amendments to the bill. Quite frankly this was the main subject of the exercise at the inception of this debate. Our side made this quite plain. Without any substantial amendments our views could hardly be met.

• (5:20 p.m.)

I kept that view until this morning when, in discussion with the Government House Leader, I told him this was my impression and he then, I assume, got in touch with the minister. The minister then made the statement, which the government House leader repeated to me, that the chances of any amendment to Bill C-244 were very, very remote. I think those were the words the minister used. In any event, they are the words which were passed on to me. On that basis, I had to say the impression I had derived on Friday was certainly changed, and so far as we were concerned there could be no commitments given of

the kind asked because the whole basis for discussion had been destroyed. Then, the question was asked whether or not we were prepared to proceed with the bill, and to that my answer was categorical, that it was for the government to decide. The government has the carriage of business in the House and brings measures forward when it desires to do so. I believe the minister and I are not too far apart, but I thought I should make plain at the first opportunity that this was the discussion which took place.

In my opinion, I bear no responsibility for this bill being here today. It is for the government House leader and the government to decide what they want this House to discuss.

The Acting Speaker (Mr. Laniel): Order. The Chair has given an opportunity to the hon. member for Peace River and the minister to clarify a point for the House. Insofar as it is possible to be lenient, the Chair has done so because this is a very important question. However, I believe it should be left at this point now that both hon. members have had an opportunity to express their views on the matter.

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, the amendment to the motion which is before us deals with the question of the net cost element being introduced into a stabilization bill. There have been quite a number of statements about the problem of the grain farmers' income position as requiring some special modifications under the stabilization bill, notwithstanding the fact that we on our side made clear at all times that the stabilization bill was indeed a partial increase in the amount of support the government was giving to the grain industry, immediately and prospectively, but that the over-all question of support by the Canadian people as a whole to the grain farmer was a question which would continue to require examination. I made this quite clear in statements I made on March 15. I stated that, for the moment, this bill was adding $40 million or so for this year and increasing the commitment for future years compared to the commitment under the Temporary Wheat Reserves Act and its declining amount of payment estimated on the basis of keeping the elevator system and transportation system operating efficiently. I said this was what we were doing and that the stabilization plan as a whole was particularly important in that it gave massive protection to farmers against drastic declines in gross sales in world markets over which no one has control because control is dependent upon climate and growing conditions throughout the world.

The hon. member for Crowfoot (Mr. Horner) in this connection referred to an amount of $60 million or $70 million or so on a comparable basis which would in fact have been paid under the Temporary Wheat Reserves Act. The question I had wanted to put to him in that connection was whether he would mind referring to the amount of money which would have been paid in those years if the stabilization plan had been in effect in its present form without the amendment in relation to net proceeds or net deduction of costs which is before us. If he had answered that question, he would have had to say that somewhere between $200 million and $300 million might have been paid in each of the years 1968-69 and 1969-70 compared to the $60 million or $70 million which in fact was paid under the Temporary Wheat Reserves Act in those years.

For the future, one can afford to look at the government's commitment of expenditure in an absolute way and estimate it. This does, of course, involve some speculation about sales, except that those of us who are optimistic believe the amount will in fact rise.

Mr. Horner: Would the hon. member permit a question?

Mr. Lang: Mr. Speaker, I think I will let the hon. member wait until I finish.

Mr. Horner: Thank you.

Mr. Lang: The question of the future, and the commitment of say $35 million estimated for this year or next year of course, depends upon some speculation concerning the level of sales. However, it is a fairly realistic, if modest, estimate of the amount which may be spent based on the 4 per cent contribution by the federal government. The Temporary Wheat Reserves Act provisions are likely to result in a declining amount to something like $30 million in the current year and perhaps down to $20 million or so in the following year. If one looks at the amount to be paid to farmers in those years it becomes more speculative but it is unlimited. The amount paid to the farmers may well exceed the amount being paid out of the treasury because of the commitment in the bill to lend, in an unlimited way, interest-free to the fund, whatever is required to keep the farmers' income or gross sales level at the previous five year average.

The amendment comes to the House in an interesting fashion. It really demonstrates not the objective on the part of the opposition to improve the plan, but simply part of the tactics we have seen in adjournment motions and other motions to delay Bill C-244 being voted on in the House. The reason it does this is clear. I should like to remind hon. members that the principal motion which is here being amended was brought before the House for debate on June 22. After a couple of speeches from the opposition side praising it, I made a very short interjection in which I indicated that in my view it was in its form unworkable and, I might have added—and I did refer to the committee proceedings—that there had been other suggestions about that kind of amendment and that it would, in fact, be impossible to give any meaning to it. Notwithstanding that advice, hon. members opposite lauded the motion proposed to the House.

Yet when the hon. member for Skeena (Mr. Howard) introduced his amendment, he said he felt that without this further clarification the motion would have left wide open just what was meant by increased cost of production. His statement is recorded in *Hansard* at page 8089. In the course of the debate on this amendment the hon. member for Skeena later on, as recorded at page 8148 of *Hansard*, referred to that amendment as being one which was necessary in order to make the motion intelligible. Further comments were made by the hon. member for Crowfoot as recorded at page 8150 of *Hansard*, to the effect that the motion produced by the hon. member for Saskatoon-Biggar (Mr. Gleave) may be very difficult to implement.

This was very kind language to use in describing their colleague's motion but it meant what I had said at the very beginning of the debate, that the whole thing was very unworkable. Indeed, the hon. member for Winnipeg North Centre (Mr. Knowles), referring to whether the amendment was in order, as recorded at page 8152 of *Hansard*, said he did not quarrel with the suggestion of the minister with regard to the fact that there is no possibility of an accurate determination under the amendment. Now in its place they have moved a subamendment. In view of the fact that in order to delay debate, in order to stall debate, they have had this long debate on an amendment which they have agreed to be worthless, I would hope hon. members would pay careful attention to my comments on the subamendment which they propose.

• (5:30 p.m.)

By their subamendment hon. members would change the definition of "grain sale proceeds." As I indicated on the question of order, this would have a different effect depending on which clause in the bill it is applied to. In particular I would like hon. members to refer to clauses 4 and 5 of the bill where the term "aggregate grain sale proceeds" is used, "grain sale proceeds" being already defined, or when they are used as the basis for determining the payout to be made to a farmer in a particular year.

Since hon. members, by the subamendment, would deduct from grain sale proceeds the increases in costs of production incurred by a producer, the producer who himself had the greatest increase in his costs of production from the base period to the period in which the amount is being paid would, in fact, find he is eligible for a payout reduced that much more—reduced more than that paid to another producer whose costs were increased to a lesser degree or, in fact, whose costs were reduced. In the first amendment we had an unworkable amendment or one which would be meaningless. It would simply have been an obstruction if the House were to adopt it, and I urged the House not to do so.

Now we have an amendment which seems to increase the amount paid to farmers in the prairie region at a particular point in time on a basis which might be impossible to determine. But with respect to an individual person, where you could more likely determine his increases in costs, there would be a real reduction in the amount to be paid to him under this plan. Surely anyone who continues urging the House to support this amendment, or indeed the amendment to which it is an amendment, is clearly demonstrating that his interest is not in helping the prairie farmer, is not in a plan which is workable and he is only willing to stall the debate, helping to prevent the law from coming into effect, endlessly using up the time of this House to do that without putting forward any suggestions of real merit with regard to the bill.

The Acting Speaker (Mr. Laniel): Does the hon. member for Crowfoot (Mr. Horner) wish to ask a question?

Mr. Horner: Yes.

The Acting Speaker (Mr. Laniel): The hon. member can only do so if the minister accepts the question.

Mr. Lang: I accept it.

[Mr. Lang.]

Mr. Horner: My question has to do with the stabilization fund. Isn't it also a criterion under the stabilization fund that it will be reduced by the net loss in the grains pools, oats, barley and wheat, and aren't we in a position today that there will be a loss in the barley pool, a loss which was previously picked up by the federal treasury?

Mr. Lang: The rules relating to deficits in the pools may well lead to such deficits—which, I may say, are highly speculative at this stage—being paid out of the stabilization bill fund. But the reduction of the fund by any amounts required to pay deficits in no way reduces the amounts to be paid to farmers, because those payments depend not on the amount in the stabilization fund but upon the formula; and behind the fund stands the clause in the bill which the hon. member continues to ignore, which says that the federal government, where required by the formula, will lend money interest-free to the stabilization fund of whatever amount may be required to make a payment out of the fund.

Mr. Horner: But today this is a grant paid out of the federal treasury. Under the stabilization bill plan it will have to be paid back.

The Acting Speaker (Mr. Laniel): Order, please. The Chair cannot allow a debate on this point.

Mr. Skoberg: May I ask the minister a question?

The Acting Speaker (Mr. Laniel): The hon. member wishes to ask a question. Does the minister consent?

Mr. Lang: Yes.

Mr. Skoberg: At the end of his remarks the minister suggested that he was undecided as to whether there was any material gain to be had from continuing the debate in the House. Can the minister say whether he believes that nothing constructive came out of his discussion with the three prairie ministers of agriculture on Friday last?

Mr. Lang: Mr. Speaker, I indicated quite clearly to the prairie agricultural ministers that I would always be ready to talk with them about problems relating to the grain situation and the prairie income situation, and indeed we were intending to follow up our initial discussions last Friday with other discussions. We will still do so even though the debate now before the House is continuing.

Mr. Burton: Would the minister permit another question?

The Acting Speaker (Mr. Laniel): Again, this may be done only with the permission of the minister. The Chair hopes that hon. members will not go too far in exploiting this possibility now that the minister has completed his speech.

Mr. Burton: I was wondering if in his meeting with the three prairie ministers of agriculture on Friday he discussed the subject matter involved in the amendment and subamendment now before the House. If so, was there any understanding or agreement on the part of the ministers who were making representations to the minister in

charge of the Wheat Board or on the part of both parties involved in the discussion?

Mr. Lang: There was no agreement on the substance of any proposals except on the need for further time to discuss a number of them, including major questions about the prairie grain income situation and how the federal treasury would pay an extra $100 million or $200 million a year to assist in that direction. There were proposals which did touch on a variety of things, including the legislation now before the House, but certainly no proposals in the material I saw which would in any way link the amendment and subamendment before the House, in the sense that I have indicated both are meaningless and unworkable, and I am quite sure the prairie ministers of agriculture would not be willing to be associated with them.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, that is a good note on which to start. The minister is within his right to say that in his judgment a particular amendment is unworkable, but when he goes on to say it is meaningless he ceases to put forward any logical debate. At that point he ceases to meet the real argument and contention that we have put forward from this side of the House. He is continuing in the arrogant way to which he has adhered solidly since this bill was first introduced.

The real sense of our amendment was repeatedly brought to the attention of the minister and the government when the bill was before the standing committee. It was repeatedly brought to their attention by farmers' organization after farmers' organization who said that this proposal should be a factor in arriving at a formula which sought to stabilize or establish a certain standard of farm income.

• (5:40 p.m.)

It may have been meaningless to the minister, but it certainly was not meaningless to a large number of farmers and the organizations which spoke for them. They felt that this particular point had a great deal of meaning. I suppose the reason it would have such meaning is that the two factors, costs of production and gross returns, are factors that decide whether a farmer is to stay in business, just as they decide whether any individual operating an enterprise of any kind in Canada could stay in business. It is quite understandable, therefore, that it should be meaningful to farmers and farm organizations. I am sure it was also meaningful to the prairie agricultural ministers who came to Ottawa last Friday. I am surprised how lightly the federal government dismisses that visit.

Some hon. Members: Shame!

Mr. Gleave: I am surprised how lightly it dismisses the representations they made. The minister and the government, Mr. Speaker, dare not take four or five days to consider the representations made to them; they must immediately bring this bill again before the House.

The government says that the things we propose are meaningless. I would judge, then, that in their opinion the things that the prairie governments proposed to them were also meaningless. If they were not, this government would have listened to what they had to say. None of these prairie governments has been in power for long. All are newly elected. The government of Alberta came to power with an overwhelming majority only within the last few months, so no one can say that it is not representative of the rank and file voter in Alberta.

Some hon. Members: Hear, hear!

Mr. Gleave: In Saskatchewan, a government was elected with the same strong thrust of voter support as in Alberta. It turned out a government of the same stripe as that opposite, a government without the courage to come here and point out what was being done to Saskatchewan farmers.

Mr. McBride: They will tell in Assiniboia.

Mr. Gleave: You have listened to that so long you begin to think it is true. The two governments were elected last summer and, unquestionably, speak for the people in these two provinces. The Manitoba government is barely two years old. It was elected by a slim majority, but when it went back to the people in by-elections it received the unquestioning support of the voters.

In the measure now before the House, Mr. Speaker, this government has disregarded the representations of farm organizations, it has disregarded the representations of the provincial governments who speak for the voters and the farmers in their provinces, and then it accuses us of being unintelligible and of talking nonsense. This reminds me of the story of the two old people who were sitting in front of the fire. The old fellow said to his wife, "You know, I think almost everybody in the world is a little odd except thee and me, and sometimes I think thee is a little odd, too." This government should watch out.

Mr. Baldwin: "Queer".

Mr. Gleave: Well, queer is an idea. With all this weight of opinion, the government still cannot afford to stop for a day or two to give a little thought to what might be done to meet the considered opinions of the prairie governments and the opposition. It cannot afford a few days of thought. Does the minister and the government consider it is easy for us on this side of the House to debate at such length a measure that is supposed to be for the benefit of western farmers? I heard a report that as soon as one election was over we would drop our opposition and fall into line. Mr. Speaker, I want to inform members on the other side of the House that we are not using this bill to fight elections.

Some hon. Members: Oh, oh!

An hon. Member: Tell us another one.

Mr. Jerome: Alf, you are losing your credibility.

Mr. Dinsdale: That is all the Grits think of.

An hon. Member: All they do is heckle; they never speak.

Mr. Gleave: I expected to draw a little fire on that, Mr. Speaker. The bill presented to us is essentially wrong. The minister says that this amendment is unworkable, but in some respects his bill is unworkable. In the three prairie provinces there are partnerships, co-operatives, corporate farms comprised of a father and a couple of sons, partnerships of a father and son, and so on. This bill is not

workable for such people. It was designed on one course. No suggestions were made that would make it workable as it went through the general legislative process.

The minister says that we should not consider net income. I should like to quote some figures on net income, taken from Statistics Canada. In Saskatchewan in 1970, the net income received by farm operators from farm production was $158 million; in 1969 it was $420 million. In other words, the net income received by farm operators in 1970 was one-third what it was in 1969. But if you look at the gross income, Mr. Speaker, that is not the picture you get.

I do not have the figures on gross income from Statistics Canada, but in a paper entitled "Proposals for a Production and Grain Receipts Policy for the Western Grains Industry," issued by the minister's office, some figures are given. On the first page we see that cash receipts from the six major grains in the 1969-70 crop year were $878 million. They were down $270 million from the average receipts applying to the preceding five years. The decrease, therefore, is in the order of 25 per cent. I mention these figures to illustrate to the House that bad though these figures might be when applied to gross income, they become much worse for the western farmer when applied to net income.

• (5:50 p.m.)

I merely say to the minister that if he really did not like the kind of amendment we have advanced, which would take into account some kind of realistic net income for the farmer, he should have taken the necessary steps himself to arrive at a workable formula. In other words, he should have sat down with the prairie Agricultural Ministers and worked out a formula that might have suited his kind of logic.

I do not think anyone on this side of the House insisted on the minister adopting the particular proposals that were made. I do not think the farm organizations which came here at the beginning of the hearings on this bill insisted on a particular formula. They merely said that the provisions of this measure must bear some relationship to the costs of production. If the government had come in with a proposal or amendment along that line, I am sure it would have been carefully considered.

I do not understand how, in this day and age, we can justify a stabilization program that does not take into account costs of production. In our society all manner of people, professional people, working people and people who run industries for profit, as well as those who made representations to the Prices and Incomes Commission, insist on using as a factor in calculations increases in the cost of living or costs of production, as the case may be. Unions bargaining with industries insist on the cost of living being considered. All these people say that unless such a factor is included in these calculations we will inevitably become poorer and poorer while the rest of society either maintains its standard of living or enjoys a larger measure of well-being.

There is nothing far out in insisting on this kind of approach. It is done in western countries. It is as much a part of our present economic system as profits and wages. It is an accepted part of our system. Yet when we try to tell the government this their reaction is that we are putting forward an idea that belongs to the eighteenth century. Maybe this bill belongs to the eighteenth century.

An hon. Member: To the seventeenth.

Mr. Gleave: Perhaps one day we will persuade the government to catch up to modern trends. I am sure the government is still getting representations from western farm organizations on this bill, just as we are. The Alberta Wheat Pool, in a release dated September 30, 1971, said:

> Alberta Wheat Pool's position concerning proposals recently mentioned in the House of Commons has previously been made clear. It seems necessary to reiterate them again.

Then it goes on to say bluntly:

> This organization does not believe the grains receipts and income stabilization plan as it is presently written provides adequate provisions for maintaining economic health in western grain production. Alberta Wheat Pool has requested several modifications to the plan, including a provision which would recognize any increasing cost of production.

The ideas advanced on behalf of the prairie farmers are not peculiar to the people sitting on this side of the House. Mr. Speaker, this government operates, through the Canadian Dairy Commission, a dairy program which gave certain increases to the producers of dairy products during the past year. Those increases took into account changes in costs of production and the manner in which dairy farmers had to operate. The government did that last year for the dairy farmer, yet when we talk about doing the same thing in a moderate way for the grain farmer, we are charged with putting forward an unworkable idea. Really, Mr. Speaker, I do not know what to say. I do not know how they have the gall to talk that way.

Mr. Dinsdale: Oh, they have lots of gall.

Mr. Gleave: It takes an original mind to put forward ideas like that. The Alberta Wheat Pool goes on to say in its release:

> The present proposal takes no account of the serious effects of inflation on prairie grain income.

The proposal does not consider the effects of inflation at all. That is what the Alberta pool says. I could quote statements made by various farm people in western Canada.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member, but his time has expired. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Jerry Pringle (Fraser Valley East): Mr. Speaker, I am sure the opposition is now convinced they would like to bring the House to a vote tonight, so I will take only a few minutes to make one or two points with regard to what is now known as the amendment to an amendment to Bill C-244.

I appreciate that the hon. member for Skeena (Mr. Howard) and the hon. member for Saskatoon-Biggar (Mr. Gleave) are sincere in their desire to attempt to change the format and try to propose a plan which in their minds would be of more benefit to the grain farmers of western Canada. They are concentrating their proposals on net receipts, the difference between costs of production and sales. The people involved, those who have worked for months and have endeavoured to plan this bill in such a way that it will be fair to all farmers as well as being workable, have decided that in the interests of a bill that is workable they should arrange the formula based on the sales or the receipts to farmers. The question arises with regard to formula.

I am sure everyone has read bulletin No. 5 issued with regard to the prairie grain stabilization program, wherein is very clearly outlined how the bill will operate and how the formula will work. I wonder if serious consideration has been given to the problem relating to costs of production. I am not concerned whether it is farm produce or any other type of production, such as automobiles. People who have operated a head office and branch plants understand that a formula of payment to the managers of the plants, suggested while meeting in convention, based entirely on the net average would not be well received because there are so many variables in this respect.

Farmers operating on a similar basis will show a different net profit. How can it be suggested that someone, somewhere is to be told that we in this House have decided that the net cost of producing a bushel of one type of grain is a certain figure? Farmers in various areas will say, "Oh, no, that is not the net cost of production. My cost is different; it is more than that. You have taken the wrong average." We then get into the question of management and all kinds of variables which control the costs of production.

I have found in the various plants with which I have been associated that bigness alone is not the answer. Often a big plant operating at the wrong plateau, where the unit costs are difficult to control, will have a lower net profit per unit than a smaller plant. We have found that bigness alone is not the answer. When we consider the possibility of working out a formula on net receipts, we must come to the conclusion that it is unworkable. It is a matter that will end up the subject of an arbitrary decision by somebody.

I am not sure that anyone in western Canada would like to declare to western farmers that he has the expertise to decide for them what are their net receipts. I suppose we might say we can get this information from each farmer. I wonder if the fund can afford the cost of the bureaucracy which would be required to analyse the various costs of production, in order to arrive at the net figure for each farmer.

Let us look at the other side of the question, the matter of sales. Under the Wheat Board, the sales per unit formula is more or less established. In fact, if the true intent of the Wheat Board is carried out by all the farmers involved, it is not too difficult to establish a unit receipt or unit price. There is also the fact that the grain is delivered to only a few places in the country. The required information will be easily available to those in charge. In my opinion this formula will be much simpler.

• (8:10 p.m.)

Then we come to the business of unnecessary pride. We shall find those who in their own minds decide they have a formula they would like to use. It might not be compatible with the formula which is established as required. So it would mean getting rid of unnecessary pride. I do not think we want to impose this on farmers. It appears to me that if we consider this matter in a serious vein, the plan as proposed is workable and is one which could eventually be accepted by all farmers in the west. The Palliser Wheat Growers Association, a well-known group of successful grain farmers, has said through its president, Mr. Walker Nelson, of Avonlea in the great province of Alberta, that the board of directors has decided publicly to support the controversial stabilization bill.

Mr. Horner: Avonlea is in Saskatchewan. Will the hon. member permit a question?

Mr. Pringle: Palliser, in my opinion, is in Alberta. I am sorry if the hon. member for Crowfoot (Mr. Horner) is objecting to my mentioning the great province of Alberta. I did so because I thought it would please him. I realize that the Palliser triangle is a large area.

Mr. Horner: On a point of order, the hon. member who has the floor mentioned me in the course of debate and I only corrected him to say that the Palliser Wheat Growers Association is mostly in the province of Saskatchewan. He referred to it as being in the province of Alberta. The president's home is in Saskatchewan. I just wanted him to be correct, that is all.

Mr. Pringle: I thank the hon. member. I happen to have spent most of the day with one of our big wheat and rapeseed farmers from Saskatchewan, a well-known citizen of Alberta, as a matter of fact. He is from Falcon, Alberta. He is a well known member of the Palliser triangle. I have been listening to him all day and perhaps I did not make the right statement geographically. I quote from the press release. Mr. Nelson said:

The Temporary Wheat Reserves Act placed the emphasis on storage of grain, rather than movement of it, and with the new government policy of keeping wheat stocks low, the TWRA loses much of its importance as a factor in farm income. Under the new act, the fund can be used to keep Canada competitive in world markets by using competitive pricing at all times, and placing more emphasis on moving grain rather than spending money on storage, which tended to subsidize the elevator companies.

We are now discussing the amendment to the amendment.

Mr. Horner: May I ask the hon. member a question? Would he read the whole of that news release put out by the Palliser association, from the first paragraph?

Mr. Pringle: I would be prepared to do so. I did not want to prolong the debate. I made requests of the same kind to the hon. member in committee, but he did not oblige me. I now quote from the press release issued by the Palliser Wheat Growers Association:

Mr. Lang, minister in charge of the Canadian Wheat Board, has assured us that fullest consideration would be given—

Mr. Horner: You are reading the third paragraph, not the first.

Mr. Deputy Speaker: Order. The hon. member for Fraser Valley East (Mr. Pringle) has the floor.

Mr. Pringle: Mr. Speaker, I do not wish to take advantage of the hon. member for Crowfoot. When he interrupted me I was reading the first paragraph.

President Walter Nelson of Avonlea said today, "The decision was not an easy one as our association does not agree with certain aspects of Bill C-244, but if it is faced with choosing between acceptance of the stabilization plan or retaining the storage-oriented Temporary Wheat Reserves Act, we must concede the new act is a big improvement."

Some hon. Members: Hear, hear!

Mr. Pringle: To continue:

"Mr. Lang . . . has assured us that fullest consideration will be given to placing actual producers on the advisory board which will administer the fund," Mr. Nelson said. "This will ensure that it will be used for the benefit of the man who grows the grain, thereby enhancing our marketing position."

"In view of all the ramifications involved," Mr. Nelson added, "our association has reached agreement with several farm organizations, including the Manitoba Rapeseed Association, the Saskatchewan Rapeseed Association and the Carman Farm Business Association to make a public plea to Members of Parliament to allow Bill C-244 to come to a vote in the House."

Some hon. Members: Hear, hear!

Mr. Pringle: We are now considering whether we should scrap the whole formula, which is based on receipts, in order to adopt, possibly, some other formula which would be extremely difficult to administer, one which I have heard described as unworkable, in my opinion properly so. The amendment to the amendment is rather meaningless. The stabilization act is applicable to wheat, oats, barley, flaxseed, rapeseed and rye and the federal government contributes at the rate of at least $2 for every $1 put in by producers.

A payout to producers will be made when the total receipts of grain sales fall below the five-year average. Computation of receipts is a comparatively simple matter, although some problems will certainly be attached to it. The producer board, which has been promised by the minister, and all those directly concerned will have to work out some of the details. But I am sure anyone who has been concerned in operating a business will say that it will be much simpler than any other method which has been suggested. If the point were ever reached at which consideration could be given to working on the basis of net receipts, the whole basic formula would have to be changed. There is only so much money available for this.

The minister has told producers that if they wish, they may also contribute 2 per cent of receipts from their sales of approved feed lots and other approved buyers. I presume they would have to submit cash receipts showing what sales have taken place. The bill is so designed that payments into the fund will be made by the federal government on an annual basis. Four per cent of receipts will be contributed on an annual basis and this, especially in the present year, will amount to a very large sum of money.

The grain growers of the west will also be in a position to contribute to their own future and build up a meaningful fund which could be used to advantage when they needed it. I am sure that although we buy insurance

[Mr. Horner.]

policies, we hope we will not need to collect the insurance. Similarly, we hope that sales of grain will be sufficiently large that the farmers will not have to draw upon this fund in order that the fund can grow.

• (8:20 p.m.)

Mr. Stanfield: Filibuster.

Mr. Pringle: It has been suggested by the Leader of the Opposition (Mr. Stanfield) that I might be filibustering, so at this point I will close with my thanks to him, since I am sure he now wishes to call the question and have the House conclude debate on this bill.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the amendment proposed by my colleague for Saskatoon-Biggar (Mr. Gleave) and the subamendment of my colleague the hon. member for Skeena (Mr. Howard) deal with the crux of the measure now before the House. They deal with the formula upon which payments under the grain stabilization act will be made, which really is what this whole controversy is about. I think there would be no difficulty in getting the agreement of this House to proceed very quickly with the legislation were the minister prepared to look sympathetically at a formula that would be more realistic and in keeping with the farmers' needs.

I have seldom heard a speech so full of unctuous self-righteousness as the one the minister delivered to the House this afternoon. According to the minister, the members who are proposing amendments are not trying to improve the legislation or serve the needs of the farmers; they are merely trying to obstruct the minister in his efforts to get the legislation through the House. It is only the minister in charge of the Wheat Board (Mr. Lang) who is interested in the farmers; every other member is trying to keep him from playing Robin Hood to the prairie farmers.

I wonder whether it has ever occurred to the minister that everybody else is out of step except him. The governments of the three prairie provinces have sent their ministers of agriculture to Ottawa to tell the minister what, in their opinion, is wrong with the formula contained in the grain stabilization legislation and why this legislation will not meet the needs of the prairie farmers.

I wonder whether it has ever occurred to the minister that all of the farm organizations have expressed their disapproval of this legislation. These organizations are not anxious to obstruct. The minister is being paranoic on this subject. The farm organizations are not plotting against the minister or against the government. I read in today's *Globe and Mail* the statements that were made by the minister. According to the *Globe and Mail*—

Mr. Lang yesterday expressed regret that prairie farmers organizations had still not said that the bill is a step forward. He said that to date no clear voice on the legislation has been heard from the west.

"I'm concerned that the issue whether this was a step forward was confused in the minds of prairie farmers by the fact that in their zeal to demand more (money) they never chose to admit that this was a step forward".

I cannot conceive of a more childish statement than that the farm organizations would not admit that this was a step forward. The minister then went on to say:

"If they'd said this was a step forward . . . then I think that the support for the bill in the House might have been forthcoming more quickly and we would have been out of our difficulty".

Is all that the minister needs in order to make some adjustments to this legislation, a statement by the farm organizations, by the opposition, that this is a step forward? If that is all he needs, let me start by saying to the minister that it is a step forward for any government, particularly for a Liberal government, to admit that there is a need for a grain stabilization fund and that steps must be taken to stabilize the income of prairie grain farmers. Certainly that is a step forward. But when the measure before us completely fails to stabilize the income of the grain farmers of western Canada, then we are duty-bound to say to the minister that there needs to be some changes made in the legislation, particularly in the formula upon which the payments will be made from the grain stabilization fund.

That is exactly what the ministers of agriculture from Manitoba, Saskatchewan and Alberta came to Ottawa to tell the minister. They are not plotting against the minister. They are just as interested in the farmers of western Canada as the minister is and, some people may think, more so. They came to Ottawa to plead with the minister to make some changes so that the legislation now before the House will be acceptable not only to the governments of the three prairie provinces but to the farmers and the farm organizations of western Canada.

To judge from the press statement which was released by the three ministers, they left Ottawa under the impression that the minister was going to take some time—they suggested a week, or some days—to consider this matter; that the opposition would cease to belabour the government for not making payments under the Temporary Wheat Reserves Act, and the government in its turn would take this matter under consideration, the minister would take the matter to cabinet and probably the cabinet would agree to some fundamental changes.

But what has happened? Instead of this cooling-off period, the minister has brought the legislation back today. I wish the minister had told us this afternoon the answer to some of the questions that have been asked. For example, does this mean that the consideration which was promised the three ministers of agriculture from the prairie provinces has already been given and that the answer is in the negative? If the answer is not in the negative, then what value is there in passing this measure since the minister is going to negotiate some changes?

I think it is perfectly apparent from what the minister said this afternoon that he has no intention of making any changes. I also think it is apparent from what the hon. member for Peace River (Mr. Baldwin) said about the information conveyed to him that there is a very remote chance of any changes being made in the legislation. If that is so, then I would contend that the agreement made with the three ministers of agriculture from western Canada was simply a device to get them out of this city. I would say that they have been double-crossed. They went away from here with the distinct impression that the whole formula for making payments out of the grain stabilization fund would be reviewed. It is now perfectly apparent that the government has no intention of reviewing this formula. I go further and say that the government probably never had any intention of reviewing it, that the so-called cooling-off period was merely a means of getting rid of the ministers so the government could proceed with this legislation.

• (8:30 p.m.)

There is no doubt in anyone's mind about the need for legislation to stabilize the income of the grain farmers of western Canada. Anyone who has been familiar with the plight of the prairie farmer over the last 30 years knows that the ups and downs in prairie farm incomes have been such that the farmer has suffered undue hardship because of lack of any stabilization of his income. No one is quarrelling with a grain stabilization act. What we are quarrelling with is that this legislation is not a grain stabilization plan at all. This legislation will not stabilize the income of grain producers in western Canada. The minister put it more accurately this afternoon when he said it was designed to give massive assistance in a year of catastrophe. That is what it will do—but it will not stabilize income.

In the first place, the previous five-year average upon which payment will be based contained two of the most disastrous years, in terms of farm income, in the west.

Mr. Lang: And two of the best.

Mr. Douglas: Two of the worst. The average will be low because three out of the five years will be low in terms of the five-year average, and the prospect of getting payment is remote. When the Prime Minister (Mr. Trudeau) appears on national television and tells the farmers they will get $35 million next year and $35 million the year after, I say that is a deception.

An hon. Member: You are a Santa Claus.

Mr. Douglas: In all probability there will be no payments under this plan for the next decade; and if there are, they will only be made in a year of catastrophe or crop failure.

An hon. Member: Are you predicting that?

Mr. Douglas: The second objection to this formula is that it deals with gross income. No other group in the Canadian economy would be prepared to accept as a formula for stabilized income 90 per cent of a moving, five-year average of gross income. The professional groups in Canada, including managers and business executives, have had an average increase of 7.5 per cent per annum.

An hon. Member: What about the unions?

Mr. Douglas: Trade unions and groups of organized workers on the average have received 6 per cent per year. The cost of living has been going up at the rate of 5 per cent per year, and the costs of farm production have been going up at a rate of over 5 per cent per year. Therefore, to talk about a stabilization formula that is set in terms of 90 per cent of gross income over the last five years is not to talk about a stabilization plan but a plan to fix perpetual poverty on the grain farmers of western Canada. This is a plan to fasten any assistance to prairie farmers at a poverty level.

Mr. Lang: That is not true.

Mr. Douglas: What this means is that the farmer will be levied 2 per cent on his grain sales, to go into the fund to provide assistance in any year when there is a catastrophic crop failure or a very serious and radical drop in farm income. The minister said this afternoon there is no limit to how much the government could lend the fund. That is true. But the farmer will then start to pay one-third of the cost of replenishing the fund. If the minister really wants to have an income stabilization plan, I am convinced that in the next day or two it is possible for this House to work out the kind of formula which would be acceptable to the farmers of western Canada and the governments of the prairie provinces.

If the minister does not like the wording of the motion or the amendment, surely it is not beyond the wit of his department to devise a formula under which there would be a factor dealing with farm costs. It is not difficult to work out a formula which would take into account the annual increase in farm production costs. Year after year Statistics Canada and the Department of Agriculture publish figures on farm production costs. The minister could put that factor into a formula. If he did that, much of the objection to this legislation would disappear. Why does the minister not do this? Is it because of mere stubborn arrogance?

Mr. Lang: It won't work.

Mr. Douglas: Is it because he is so surrounded with his own conceit that what he proposes is the only thing that can be done? The minister says it won't work.

Mr. Lang: Your amendments prove that.

Mr. Douglas: The minister says it won't work. If the minister is telling us it is not possible to put into a stabilization formula a factor which will provide for increased production costs, then he has no right to be occupying his present position. He ought to resign and go back to his ivory tower where he will not be faced with the practical problems of administering a grains program.

An hon. Member: I hope he doesn't go back to Saskatchewan.

Mr. Douglas: I suspect that the reason the minister has not been prepared to make these changes to the grains stabilization act is not because his officials cannot devise a formula, and not because he is not seized with the validity of the arguments put forward by farm organizations that net income, rather than gross income, ought to be the basis upon which stabilization payments are made. The real reason the minister is trying to force this legislation through the House is that this is part of the program which arises from the task force on agriculture and the farm adjustment resources mobility plan, which envisage getting off the farm those farmers who are described by the task force as being inefficient. It is designed to get farmers out of wheat growing because they will be much worse off under this legislation.

It may be that under this legislation, with gross income from the six grains enumerated in the legislation, they will remain at a fairly good level. But farm wheat deliveries could be low. Yet out of the few deliveries the farmer is able to make he will have to pay the storage which is now being paid under the Temporary Wheat Reserves Act. The wheat farmer will be the worse off. The government wants farmers to get out of wheat growing. I concede that under the farm adjustment resources mobility plan, the government does not propose to leave them negligently alone. According to the government's statement, it proposes to take them into the minister's Department of Manpower and train them as electricians, plumbers and welders so they can go into the cities and join the other unemployed electricians, plumbers and welders.

That is the plan and purpose of the grain stabilization act. It is to reduce the commitment this government is making to support the western wheat grower. The government is seeking to cut its losses and to put the screws on so that only large farmers will survive and this stabilization plan will come into effect only in a year of catastrophe. We could go through an entire decade without a dollar having been paid out of that fund to the farmers of western Canada. I think unless the minister is prepared to amend the formula upon which grains stabilization payments will be made, this legislation constitutes a retrogressive step.

The minister is now making the threat that if this legislation is not passed promptly he proposes to withdraw it. Speaking only for myself, may I say that I do not scare worth a damn. I say to the minister that as this legislation now stands, it proposes to fasten upon the farmers of western Canada a rigid framework of poverty and I am opposed to it. I do not care whether the minister forces it through the House or withdraws it, I will make no apology for opposing the legislation.

• (8:40 p.m.)

I am prepared to go across the Prairies with the minister any time and discuss this legislation. I am prepared to go into the minister's constituency and discuss this legislation. I am prepared to abide by the decision of the farmers of western Canada when they have a chance to go to the polls and say what they think of this legislation, because up until now, despite all the propaganda of the minister, his colleague the Minister of Agriculture (Mr. Olson) and the fictitious and misleading figures of the Prime Minister (Mr. Trudeau), they have not yet been able to convince the farmers that the legislation is not harmful to their best interests. I for one am prepared in the final analysis to leave that decision to the farmers of western Canada.

Mr. John Burton (Regina East): Mr. Speaker, the debate on the motion and the amendment now before us must be cast within the framework of a rather ominous shadow. That shadow takes the shape of one of the worst double-crosses western Canada has ever seen. I suggest that the minister in charge of the Wheat Board (Mr. Lang) is the person primarily responsible, at least on the evidence available to us at the present time. If he wants to tag anybody else within the government, that of course is up to him. But he is speaking for the government at the present time and the government is prepared to accept him as their spokesman.

Regardless of the little song and dance he tries to come up with, I think his record in the cabinet as a representative from the province of Saskatchewan is not one to be

proud of. I would hope the minister would have a little more sense of history than he has displayed up to now in consideration of this bill. We have had ministers from western Canada who in the view of many of us have not always represented the interests of the west. However, they stood by what they thought; they did not attempt to pull some of the tricks the minister is now prepared to engage in.

An hon. Member: Shame!

Mr. Deputy Speaker: Order, please. I would invite the hon. member for Regina East (Mr. Burton) to relate his remarks to the motion and the amendment before the House. With respect, I believe he is roaming considerably wider than the scope allowed him.

Mr. Burton: Mr. Speaker, I was attempting to cast my remarks within the framework of the present situation as I see it. I shall deal with the motion and the amendment as I see them within the context of the considerations which must be before members of this House. It seems to me that they go to the very core of the debate in which we are presently engaged.

The plan as presently constituted by the government is totally inadequate. It will be impossible to come up with a meaningful plan for the farmers of western Canada unless provision is made for taking into account increases in the costs of production, as my colleague the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) has pointed out. Farmers are faced year after year with increases in costs of production. For many years they have seen their gross grain sale proceeds come up to near the level of past years, but they have also seen increases in costs of production. They have seen the portion of their net income upon which they have to live, and from which they have to find their savings and capital for expansion and new investment, dwindle as a result of steadily rising costs.

I think it is important to note some of the factors involved in the proposal which has been placed before the House. First of all, in the motion moved by my colleague, the hon. member for Saskatoon-Biggar (Mr. Gleave), and the clarifying amendment moved by my colleague the hon. member for Skeena (Mr. Howard), they are trying to set out the principle that account must be taken of increases in the costs of production if, in fact, western farmers are to have a meaningful sort of plan.

I think it is important to note the differences which exist between the patterns of gross farm income and net farm income as they involves farmers in western Canada. I have some figures I should like to place before the House, which I feel illustrate the difference, the reason this matter is so important to farmers in western Canada and why our proposal is so important to the bill now before us. The minister has pointed out that the provisions of the bill are based upon aggregate grain sale proceeds for the six major grains produced in western Canada, wheat, oats, barley, rye, flaxseed and rapeseed. Taking figures which were immediately available to me, I totalled for the last five years the gross cash receipts from sales of these six grains in Canada as a whole. I recognize that some sales would have been made outside the prairie provinces, but I believe it would be agreed that the greater portion would have been made within them.

The figures of the cash receipts from these six grains for the past five years are as follows: for 1966, $1,281.1 million; for 1967, $1,307.3 million; for 1968, $1,191.7 million; for 1969, $929.8 million; for 1970, $1,013.2 million. I made a calculation in respect of these five figures; I attempted to find the relationship between the lowest of and the highest figures. I found the highest figure in these five years, in 1967, was 41 per cent higher than the lowest figure, which occurred in 1969.

• (8:50 p.m.)

Interestingly enough, I found when I looked at the farm income picture for the province of Saskatchewan alone, my own province, that there was a very close relation between the degree of variation between the lows and the highs of total gross farm income province and the sales figures for the six major grains right across Canada. Without quoting all the figures I might note that for the period 1966 to 1970, total farm cash income in the province of Saskatchewan varied from a low of $619 million in 1970 to a high of $976.2 million in 1967. I found, again, that the high figure in 1967 was 41 per cent higher than the low figure in 1970.

There has been a steady downward trend in gross cash income over the past several years, so that the minister will find, whatever way his present averages hold out, that given another year or two we will be dealing with a very low average figure. I think it is important to note this degree of variation in the gross cash income figures, namely, a variation of approximately 40 per cent over a five-year period when you compare the low figure with the high figure. I think it is important to compare these figures with the variation that exists when you consider farm net income.

The only figures I could use adequately in this sense were of total net farm income in the province of Saskatchewan. I think it has to be kept in mind, as hon. members will realize, that the difference between your cash income and your net income is your costs of production. I would like to note briefly the pattern of farm net income in Saskatchewan over the past five years. In 1966, farm net income in my province was $583 million; in 1967 it was $354.9 million; in 1968, $462.3 million; in 1969, $402.9 million and in 1970, $195 million. Thus, we have a variation between a low of $195 million in 1970 and a high of $583 million in 1966. The figure of $583 million is almost 300 per cent higher than the low figure of $195 million in 1970. We see that while farm cash income, gross income, only varied by some 40 per cent, there was a variation of some 200 per cent when looking at net income figures.

Therefore, we see that we must look at more than the farm cash income picture if farmers are to have a plan that means anything at all to them. That is why many of us have been pressing this matter and have been debating it in the House of Commons. We feel that the present provisions do not provide the type of stability that is required in western agriculture. I think there will not be disagreement with the contention that there has been a high degree of instability throughout the history of prairie agriculture. We in this party, and I am sure members in all parties, have no disagreement with the proposition that

we do want to find a means of ensuring an adequate degree of stability in western Canada.

In the grain stabilization bill now before us we have a very specific set of proposals. As I have already indicated to the minister, I have no disagreement or no quarrel with the fact that we have a very specific, detailed plan in this bill. At least we are able to form an adequate judgment on the bill as it is before us. It is a specific plan. It does not simply lay down guidelines, broad criteria, or just provide enabling authority for the government to establish a plan.

It already has been noted in the debate this evening that some farm organizations have expressed approval of the grain stabilization proposals. The hon. member for Fraser Valley East (Mr. Pringle) said that the Palliser Grain Growers Association have expressed themselves in favour of the grain stabilization bill as it is. That is their privilege. They are entitled to present their views. But I think it needs to be noted for the record that many other organizations have continued to express their dissatisfaction with this bill and in fact are now expressing themselves in stronger terms.

I have in my hand a news release issued by the Alberta Wheat Pool last Thursday, September 30, under the name of G. L. Harrold, president of the organization. His news release states as follows:

> Alberta Wheat Pool's position concerning proposals recently mentioned in the House of Commons have previously been made clear. It seems necessary to reiterate them again.
>
> This organization does not believe the grains receipts and income stabilization plan as it is presently written provides adequate provisions for maintaining economic health in western grain production.

I am sure there are other members of the House who will agree that the Alberta Wheat Pool is a responsible organization and would not make such a statement unless it had given the matter thorough study and had come to the conclusion that the bill now before us is very inadequate. I am sure all hon. members recently received from the secretary of the Alberta Wheat Pool a letter setting out certain criticisms of Bill C-244. Mr. Broughton in his letter pointed out that since the Alberta Wheat Pool made their submission to the House of Commons standing committee on June 1, the members of his association have become even better informed on its provisions and the association had received further expressions of opinion from them. I quote:

> We need hardly mention that they are less than complimentary. It was a shock to many producers to realize during the summer that the Canadian Wheat Board had not received any payments during the crop year under the provisions of the Temporary Wheat Reserves Act. Quite naturally, grain producers had operated during the year in the belief that the act was in force and that its provisions could be counted upon in the grain income picture. The realization it was not, was extremely disappointing.
>
> We have, in the interval, also heard on an informal basis from a good number of our members, their viewpoints on the stabilization plan as proposed. It again seems to have failed entirely to capture their support. While no producers are now in doubt that the plan is one for stabilization of the grain producing industry as a whole on the prairies, they relate it quite naturally to their own operations and circumstances. Localized mishaps—

I wish to emphasize this point because I feel it has not been given adequate consideration in the debate so far. The minister in charge of the Canadian Wheat Board (Mr. Lang) has pointed out on a number of occasions that practically every significant criticism of the plan was based on putting more money into it. But there is another problem with respect to the provisions of the bill. It is the lack of equity in the plan in terms of the method of operation set out in the bill. This point is dealt with by the Alberta Wheat Pool in the following paragraph:

• (9:00 p.m.)

> Localized mishaps such as occurred this year through the Bertha armyworm attack on rapeseed can leave an individual farmer or groups of farmers with no income from that crop and under circumstances where the total prairie picture is relatively unaffected, these farmers could expect no assistance from the proposed stabilization plan. This is small comfort to the individual and we believe, will be a continuing and strong influence in his attitude toward the plan. An additional feature is the 2 per cent deduction on any gross grain income which he may have.

As has been pointed out on many occasions, this will take from many farmers whatever net income they have left as a result of the current situation. The contribution to be made by the federal government to the grain stabilization plan has been discussed in this debate, and we heard the remarks of the Prime Minister (Mr. Trudeau) on television last night. I now have a transcript of that broadcast.

Mr. Osler: It is more than your leader had today.

Mr. Burton: It came in the mail just tonight. One of the statements of the Prime Minister was:

> Let's first compare them in terms of money.

He was referring to the Temporary Wheat Reserves Act and the grain stabilization program.

> For the last crop year, under the Temporary Wheat Reserves Act, we would be in process of paying the western farmer $62 million, for the crop year which we are now in—

I think there is no quarrel with the figure of $62 million, Mr. Speaker, but the Prime Minister was wrong when he said:

> . . . we would be in process of paying the western farmer $62 million, for the crop year which we are now in—

I think it should be pointed out that under the terms of that act the process should now be completed, because all the payments should have been made in 12 monthly instalments between August 1, 1970, and July 1, 1971.

The Acting Speaker (Mr. Laniel): Order, please. I regret having to interrupt the hon. member, but his time has expired.

An hon. Member: Continue.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): Unless there is unanimous consent, the hon. member may not continue. There does not appear to be unanimous consent.

Mr. Mahoney: We already heard it. Gleave gave us that.

Mr. Burton: It might do you good to listen to somebody else for a change.

Mr. Cliff Downey (Battle River): Mr. Speaker, the pattern of deception that the government has engaged in—

Some hon. Members: Hear, hear!

Mr. Mahoney: Heigh ho, Silver!

Mr. Downey: —over the past weeks and during the debate on this bill, short as it may have been, has been pointed out this afternoon. First there was the failure to observe the law that was finally brought to the attention of those not already aware of it. Last weekend there was the betrayal of the trust of the prairie Ministers of Agriculture. I think they left here in good faith, believing that some of their logical and beneficial proposals, would at least be studied by the minister in the following week. The blatant indulgence in deception that the Prime Minister (Mr. Trudeau) engaged in last night after the eleven o'clock news was one of the highlights of any deception that I have ever witnessed.

Mr. Osler: Your sidekick said there were a couple of minor errors.

An hon. Member: He read the transcript.

Mr. Downey: Those are minor errors? Today in this House I asked the Prime Minister if the $70 million that he referred to would actually go into the hands of the farmers, but he did not choose to answer. I do not think he can fool the farmers any longer, however. I have the transcript of the remarks he made on television last night, and he said that $35 million will be paid out in the present year as against $30 million, and $35 million next year as against $20 million. He knows very well that unless total agricultural products drop below 90 per cent of the five-year average the money will remain there and not be paid out to the farmers. Yet he came on television with a shrugging approach, that convincing approach, and he is trying to sell this—

An hon. Member: Convincing and shrugging—which is it?

Mr. Downey: I saw him shrug, yes; I saw him trying to deceive.

The Acting Speaker (Mr. Laniel): Order, please. The Chair regrets having to interrupt the hon. member, but has difficulty in relating his remarks to the amendment before us, which concerns the method of implementing the bill. The Chair would hope that for the purpose of orderly debate the hon. member would return as quickly as possible to the subject matter of the amendment before us.

Mr. Downey: Thank you, Mr. Speaker. It was only after listening to the previous speakers and the range of their remarks that—

Some hon. Members: Oh, oh!

An hon. Member: Especially the minister.

Mr. Downey: Before I go to another point which you may consider more closely associated with the amendment, Mr. Speaker, I should like to say it is evident to all of us that there are no principles across the way in this government.

Some hon. Members: Hear, hear!

Mr. Downey: It is merely a union or an alliance—

An hon. Member: A team.

Mr. Downey: —concerned with the power to rule; an unholy alliance to say the least.

An hon. Member: A dictatorship.

Mr. Downey: I should like to read from an act which is still law, the Agricultural Stabilization Act which received royal assent on July 1, 1958, under a Conservative government. I should like to draw parallels between that act and the bill before us. Section 2(1) (a) reads:

in relation to a named commodity—

These are the criteria for increasing farm income under this policy. It went to the 80 per cent formula instead of the 90 per cent formula under the present plan.

in relation to a named commodity, 80 per cent of the base price thereof, or such higher percentage of the base price thereof as the Governor in Council prescribes—

Section 8 (1) provides:

In each year the board shall establish the base price for each agricultural commodity, or the grade, quality, variety, class, type or form thereof, the price of which is to be stabilized under this act.

Section 7 (1) provides:

The board shall from time to time in accordance with this act take such action as is necessary to stabilize the prices of agricultural commodities at their respective prescribed prices, and shall take such action and make such recommendations as are necessary to ensure that the prescribed prices for an agricultural commodity in effect from time to time shall bear a fair relationship to the cost of production of such commodity.

Some hon. Members: Hear, hear!

Mr. Downey: Here we have a law already on the statute books which has a built-in inflation factor. Let me read that last part again:

—shall bear a fair relationship to the cost of production of such commodity.

An hon. Member: Listen, Otto.

• (9:10 p.m.)

Mr. Downey: Section 5(1) of the act provides:

The minister shall appoint an advisory committee consisting of a chairman and at least six but not more than nine other members composed of farmers and representatives of farm organizations.

That act is in force today, but you come along with all this garbage—

Some hon. Members: Hear, hear!

Mr. Downey: —and cloud the issue.

Some hon. Members: Oh, oh!

Mr. Downey: Whereas with a few simple, timely amendments you could have amended this act that is already on the statute books and made it work for the benefit of farmers.

An hon. Member: Boloney.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Laniel): Order, please. I hope hon. members will refrain from addressing each other and will, instead, address the Chair. Hon. members should refer to the constituencies of other hon. members or to the

positions they hold. I say that without referring otherwise to citation 147. I hope that as much as possible hon. members will refer to the constituencies of their colleagues or to the positions they hold in this House.

Mr. Alexander: Mr. Speaker, I think the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) should resign.

Mr. Woolliams: After the election he will wish he had.

Mr. Downey: Mr. Speaker, I appreciate your attempts to get the minister's attention. We want him to get the benefit of some of our counselling.

Some hon. Members: Hear, hear!

An hon. Member: Listen, Otto.

Mr. Downey: Mr. Speaker, I read section 2(2) of the act I have been referring to. It provides:

> In prescribing a percentage of the base price of an agricultural commodity under paragraph (a) or (b) . . . the Governor in Council shall be guided by the estimated average cost of production of the commodity, and such other factors as the Governor in Council considers to be relevant.

Here we have a stabilization act that is far more complete than the bill we are now considering. With a few simple amendments it could improve the entire agricultural picture in this country. It is no longer the aim of my party to save this government from itself.

Mr. Mahoney: Some aim.

Mr. Downey: We are tired of saving it from itself. We did that last year for the Minister of Agriculture (Mr. Olson) when he was piloting through the marketing bill. We prevented his making a fool of himself, as it were, in front of the farmers and people of Canada. I say, let us bring this bill to a vote.

Some hon. Members: Hear, hear!

Mr. McBride: Now you are with us.

Mr. Downey: Let the people find out what this government is trying to do to them. Let them judge the government when election time comes again.

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker—

Mr. Orlikow: Now here speaks a real farmer, I suppose.

Mr. Osler: Thank you. It is amazing; every time I have risen to speak—

An hon. Member: The hon. member says nothing.

Mr. Osler: —in the past 2½ years the obvious has been repeated to me. People keep saying, "There's a man who is not a farmer, there's a man who is not a farmer." You would think they would have something new to say. I do not know how many times I have told hon. members, "I am not a farmer," but they do not seem to get the message.

Mr. Orlikow: The hon. member does not look like a farmer.

[The Acting Speaker (Mr. Laniel).]

Mr. Osler: I am not one. Farmers are not the only ones who think, and people who are not farmers are sometimes able to speak for farmers. Many whom I have heard today are certainly not farmers; and if they claim to be farmers I do not think any farmer would recognize them as such. I know many farmers and they certainly do not behave the way some people behave. Most farmers are doers.

An hon. Member: Are what?

Mr. Osler: Doers. Most farmers are doers. Most farmers are interested in getting things done.

Some hon. Members: Hear, hear!

An hon. Member: Not if they are in the NDP.

Mr. Osler: I suppose even NDP farmers like to get things done, because they like to eat as do other farmers.

An hon. Member: What about Conservative farmers; are they different?

Mr. Osler: Conservative farmers certainly like to eat, but they do not eat as well as Liberal farmers because they use the methods of 50 years ago.

Mr. Alexander: Maybe they are honest.

Mr. Osler: Without carrying on in this vein any longer, may I say this. I really have one small message. We are speaking on an amendment to an amendment. This is big stuff. We could talk for 50 years on this subject. We could talk for two more or for six more weeks. Although this is supposed to be a government headed by a dictator, it is obvious that we will have to talk for 50 years if the opposition has no new light to throw on the subject. Out of one corner of their mouths they allege we are governed by a dictator, and out of the other corner they say the government cannot get something through Parliament when it is confronted with an absolutely nonsensical, nonthinking filibuster.

Some hon. Members: Hear, hear!

Mr. Osler: We have various points of view in this House. That is why, probably, we have four parties represented here, with a couple of mavericks who have no party. That is honest.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Borrie: That did not mean you, Stanley.

Mr. Speaker: Order, please. Is the hon. member for Winnipeg North Centre (Mr. Knowles) rising on behalf of the Speaker?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. Since the present occupant of the chair is one of the members of this House who does not belong to any party, I do not like the reference that was made to Your Honour by the hon. member for Winnipeg South Centre (Mr. Osler).

Mr. Osler: Mr. Speaker, as usual, quality shows. The hon. member for Winnipeg North Centre (Mr. Knowles),

who represents the riding next to mine, has made a good point. I apologize to the Chair, for the sake of those who may have thought that I had insulted the Chair and on my own behalf.

Mr. Alexander: I do not accept.

Some hon. Members: Oh, oh!

Mr. Osler: Mr. Speaker, honest and honourable people entertain honest and different points of view. Nevertheless, words are only words. They have nothing to do with cash. We agree, as the three premiers from western Canada have agreed, that what the farmers need is cash.

An hon. Member: Pay your bill.

Mr. Osler: It is no use castigating the Prime Minister (Mr. Trudeau) for what he said on television last night. One member has asked him to pay the bill; another has called him a rogue.

An hon. Member: And what does the hon. member say?

Mr. Osler: If I did not think that our Prime Minister is the best Prime Minister we have had for a long time, I would not be on this side of the House.

Some hon. Members: Hear, hear!

Mr. Alexander: Now the hon. member is being carried away.

Mr. Osler: Hon. members can castigate the Prime Minister and rib the minister. We could spend months doing this. It might be a great deal of fun. It is lots of fun playing the game called politics. The people of Canada are fed up with this game called politics.

Some hon. Members: Hear, hear!

Mr. Osler: I am not a farmer, Mr. Speaker, but I do not want to delay this bill.

Mr. McCleave: Pay the bill.

Mr. Osler: I am not a farmer, and I will be the first to admit that this bill is not absolute perfection and does not meet all of a farmer's dreams. Actually, I am not qualified to know whether it is perfect or not; I merely know that the farmers of western Canada would rather have $100 million than this entertainment. They do not want to be entertained with the sort of display that has been presented to the people of Canada for the past few weeks. This entertainment is cheap. We do not even charge admission here. Old parliamentarians, to whom we pay a pension, may attend. How we entertain the people of Canada is not important.

• (9:20 p.m.)

I am perfectly willing to stand on the record of this government at the next election. If the people of Canada do not like what I have helped the government to do, they can elect someone else to this House. I am damned if I am going to sit around listening to this garbage week after week while the farmers of Canada go short of cash.

Some hon. Members: Hear, hear!

Mr. Osler: The minister has made it abundantly clear—I have heard him say it—that this bill can be amended or changed. It will be open to compromise and change as time goes on. For God's sake, let's get something started. This is a new deal for the farmers. They need a new deal. It is nice to be holy at this stage, but what do we have? The people of Canada know this bill has gone through to the report stage. It has been approved in principle and this House is now deciding whether it can be accepted. Having been approved in principle, we now find—

Mr. Speaker: Order, please. I am sorry that I missed some of the speeches which preceded the one being made by the hon. member for Winnipeg South Centre (Mr. Osler). I am not in a position to judge to what extent hon. members have limited their contributions to the debate on the subamendment. As the hon. member has said, there is a motion, an amendment and a subamendment. My understanding of the rules of parliamentary debate is that we should limit contributions to the question before the House. It does not help the institution of Parliament if hon. members move motions, amendments and subamendments and then entirely disregard the rules and talk about whatever they please.

Some hon. Members: Hear, hear!

Mr. Speaker: I am not necessarily referring to the hon. member who has the floor at the present time.

Some hon. Members: Hear, hear!

Mr. Speaker: My thought is if we are to make any progress in Parliament, not necessarily in connection with this bill but in connection with the work of the House of Commons in general, we should respect the rules. The basic rule that should be respected at all times is with regard to relevancy. If hon. members were prepared to disregard this rule at all times, I doubt that Parliament could work at all. I invite hon. members to limit their contributions to the matter before us at the present time.

Mr. Osler: I heartily concur with Your Honour's remarks. I will try to observe your counsel. I hope other members who participate in this debate will do likewise.

This amendment to an amendment is another method of implementing this bill. That is my point. Having arrived at this stage, the House is in general agreement with the bill. We are arguing about ways and means which are becoming finer and finer as the debate progresses. Perhaps this is necessary because there is a certain inefficiency to democracy and the democratic process that is worth debating because the alternatives are so disastrous and bleak. Noting Your Honour's admonition and profiting by it, I will limit my words to just one thought.

Some hon. Members: Hear, hear!

Mr. Osler: Hold it. It is a thought I would like to get into their heads, Mr. Speaker. We are at the point where we can go on with amendments and subamendments for the next year. We will probably be able to write home to our constituents and say that we again have 176 inches of snow. This will say, "Big deal; it is really rugged in Ottawa." However, you will not get a single mark unless you allow this matter to come to a vote. In a democratic

process, things come to a vote. They must be decided. The time has come to decide. We have talked long enough. If the House will let this question come to a vote, members will have enough courage to live up to their convictions and let us live up to ours. The country will in the long run decide who is right.

Mr. Speaker: Is the hon. member rising for the purpose of asking a question? If the hon. member for Winnipeg South Centre wishes, he can allow the hon. member for Crowfoot (Mr. Horner) to ask a question before he resumes his seat. Does the hon. member consent?

Mr. Osler: In lieu of a vote, yes, Mr. Speaker.

Mr. Speaker: It appears to be rather qualified approval. In view of the circumstances, the Chair will recognize the hon. member for Joliette (Mr. La Salle).

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I did not intend to take part in this debate, but the remarks of some members have prompted me to do so, especially since the previous member seemed somewhat to neglect the importance of an independent member. In addition, Mr. Speaker, you will realize the importance which I give to my mandate as well as to the debate now under way.

In my opinion, we have on several occasions slightly strayed from the subject of this discussion. I will try in the next few minutes to deal with the subamendment and the amendment now before the House.

It does seem that Bill C-244, which guarantees more money and even certain services to farmers, does not contain as many faults as the members of the opposition seem to suggest, but I must recognize the major importance of the amendment and sub-amendment, as regards a policy based on production costs.

• (9:30 p.m.)

Unless I am mistaken, the bill is intended to define a policy of stabilization for the western farmers. Of course, being an easterner, I also understand the problems of the western producers; but needless to say, I shall take this opportunity to ask the minister to pay special attention to any policy that concerns the East as well.

But wanting to be as objective as possible, I should not want to miss this opportunity of showing the members and farmers from the West that we are just as concerned about agriculture in the East when it comes to wanting a sound economy.

The amendment and sub-amendment now before the house are quite significant in terms of the profits of the producers. I wonder to what extent those responsible in government could study seriously the sub-amendment to set up a plan for the stabilization and cost prices.

It was mentioned earlier, for instance, that production costs have changed in the last few years. I think we can justly say that production costs become extremely important in terms of the profits which may be expected. The sub-amendment however deserves consideration from the minister and Parliament. How far could the government go in considering this amendment in order to arrive at a compromise? We have reached the point where we must at all cost find a compromise in the interest of farmers who are awaiting these payments.

I had the opportunity to say that I surely cannot give my blessing to opposition members who have had the opportunity and plenty of time to pass the bill. Legally, the government should have made payment at a date already past. It proved its good will by trying to give more and by introducing a bill that, in my opinion, is more justified with regard to the small or average farmers.

Now the opposition is attempting to find faults in this bill. As an independent member, I am in a better position than anybody else, I think, to ask for a compromise and this, in the interest of farmers affected by this bill who are still waiting for payments they undoubtedly need. How far would the government accept to go to arrive at a compromise with the opposition members?

I think that the amendment in question which explains production costs should retain the government's attention since any stabilization plan must be based on the agricultural policy while taking production costs into account. We may talk about gross profits but I think the farmers' interests would be protected only if production costs were also taken into account. I wonder to what extend the government could consider this amendment. For my part, I am fascinated by this, because I am among those who believe that production costs must be analysed first of all, when a stabilization program is in question. It may be possible for the government to give more serious consideration to this amendment in order to reach a compromise and to limit the length of the debate on Bill C-244, always taking into account, of course, the interests of the farmers concerned.

So, I hope, Mr. Speaker, that my comments, which have the objectivity that is desirable in this House, will help, not to enlighten hon. members—because I do not think that I am qualified to enlighten my colleagues especially with regard to this bill—but only to call their attention to the objectivity which they should always practise. I felt that I ought to point out to them the possibility of reaching a compromise—and this, only in the interests of farmers who are waiting for payment.

We know that the government is willing to pay, as it has demonstrated on several occasions. We also know that members of the opposition are very anxious to improve the fate of farmers in their own ridings. But how far does logic determine our actions? We must look seriously for a compromise, keeping in mind the primary interests of those farmers, who are waiting to be paid.

I would like this appeal which I am making tonight to be one of the last which I will have had to make on behalf of farmers, in view of the interests of the latter, and maybe also of this House, as it seems that stubbornness, whether on the part of one party or another, will contribute to make the public lose its already much shaken confidence in Parliament.

It seems to me that, if we consider that matter objectively, then not only will payments be made to the producers but also the Canadian people will again have faith in the members of this House.

[*English*]

Mr. Rod. Thomson (Battleford-Kindersley): Mr. Speaker, I should like to suggest some practical changes which I

believe could be made to this bill. They all relate to the net income position. I suggest that the minister seriously consider these points. If he were to do so, I do not think we should hesitate to pass the bill quickly.

We have heard comments from backbenchers on the other side about our opposing this bill. I would ask some of them, including the hon. member for Winnipeg South (Mr. Osler): Why should the farmers of Alberta grow wheat at below cost of production to feed the people of Calgary? Why should the people of Manitoba grow wheat at below cost of production to feed the people of Winnipeg?

I ask the minister why he has not included in this bill provision for a two-price system. This would take into account the rise in the cost of production and would have relevancy to the cost-price position in Canada. This is a contention we have been making all along, but the minister has not yet told us why he could not include such a provision.

It is a reasonable conclusion that people should get a decent price for a product they grow and the service they have to sell. Members of this House received a 50 per cent increase in their salaries, yet farmers are asked to produce wheat at below cost. What kind of nonsense is this? I do not understand why he cannot include in the bill an amendment to cover this point.

The minister admitted to me when the bill was in committee that if the plan were to work properly a form of crop insurance would be necessary. The PFAA had not only some income value but some crop insurance value. The plan before us deals only with income. If it contained crop insurance features as well, I think we would be more ready to approve it than is the case.

These are two points. Another point is that there has to be a drop in income in the prairie region before any payment can be made under the plan. I ask those who have factories in their areas what they would think if the government said, "All the factories in your area must be shut down before anyone can receive unemployment insurance." Yet this is what the present bill implies. Again, I ask: What kind of nonsense is this?

Possibly the scheme could be dealt with on a regional basis to a far greater extent than is proposed. Let me give the House an illustration. I have rapeseed growers in my area. Some of the land is especially good for producing rapeseed and last year a number of rapeseed growers harvested a crop valued at $100 an acre. If a payment had been made under proposed legislation they would have received money in addition to the $100 an acre. I suggest that should not be the situation. On the other hand, farmers who suffer a complete crop failure may be unable to receive any benefit. For example, this year farmers in certain rapeseed growing areas lost their entire crops to worms. If the general picture throughout the area had been reasonably good, these farmers would not have received a single cent on the basis of the minister's proposals.

These are the sort of objections we are making to the plan which has been put forward. They are practical points which should be looked into. Apparently the minister has not paused even to consider them; he is not listening. I am not talking in the abstract; I am talking about farmers who have suffered from the effects of maladministration by this government. I have suggested that the minister look at some of these problems, but I do not think he has done so.

• (9:40 p.m.)

May I make one more point before sitting down. If I were a farmer operating in the red, not making any money, the plan that the minister envisages could cost me another $300, increasing my deficit by that amount. I have no guarantee that I would get five cents under this plan. I would ask the hon. member for Lanark-Renfrew-Carleton (Mr. McBride) whether he has returned to his constituency and explained this plan to his farmers. If he did that I think he would look at the plan in a completely different light.

If some of the points I have made were taken into account and the plan amended, it would have an enthusiastic reception on this side of the House. We would shake the minister's hand and congratulate him on his good sense and political good will in solving the problems that are plaguing the prairie farmers.

Mr. Doug Rowland (Selkirk): Mr. Speaker, it has been said on a number of occasions this evening that the basic concept of the bill is one with which members on this side of the House agree, namely, the stabilization of the incomes of western farmers. It is the details of the plan and the way the plan is implemented by this bill with which we quarrel, and I think we have legitimate reasons for doing so.

In case it has missed the attention of hon. members opposite, one of the purposes of the amendment standing in the name of the hon. member for Saskatoon-Biggar (Mr. Gleave) is to have the stabilization payments for which the bill makes provision related to net farm income rather than gross farm income. For this reason the amendment provides that increased costs of production be deducted from the purchase price received for grain in order to arrive at a figure for grain sale proceeds.

The subamendment submitted by the hon. member for Skeena (Mr. Howard) clarifies this amendment by providing as a base year for the purpose of calculating increased production the crop year ending July 31, 1970. This was a necessary clarification. As the minister has said, the original amendment was probably less precise than it needed to be in order to accomplish the intended purpose, and that is why the hon. member for Skeena submitted his subamendment.

Having said that, in his remarks this afternoon the minister suggested that the subamendment as presented would result, because of the way the concept of grain sale proceeds is employed in clauses 4 and 5 of the bill, in the possible reduction of payments to some individual farmers. That may be the case. He concluded, and rightly, that such was not the purpose of the subamendment. He then said for that reason the subamendment confused matters and was therefore not worthy of support.

I submit that this kind of reasoning, coming from the minister in a debate like this where it is perfectly clear that what we on this side of the House are arguing is for a plan based on net income, is simply a cop-out. The minister knows that the purpose of this amendment is to

change the bill and to base the plan on net income rather than gross income. The minister knows that if that concept were accepted by the House there would be no problem in making the necessary, consequential amendments to the bill to ensure that it accomplishes the purpose for which it was designed. So what we are debating here is the principle of net farm income as opposed to gross farm income as the basis for the plan. This the minister knows, and to say anything else is a cop-out.

The concept of a plan based on net income is one of the changes for which the three prairie ministers of agriculture came to Ottawa to argue. It is the concept that the three pools, the National Farmers Union and the Canadian Federation of Agriculture wish to see incorporated in the bill. Because it is not, they continue to oppose the bill. These organizations and the three prairie governments have not wilted when confronted with the government's ultimatum that they either let the bill go through the House as it is or they get nothing. They have not knuckled under to such blackmail. They have not replied to the government's assertion—

Mr. Osler: A point of order, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order. The hon. member for Winnipeg South Centre (Mr. Osler) on a point of order.

Mr. Osler: Mr. Speaker, I should like the hon. member to document his statement. I do not think anyone has ever heard the government say they would either have to take this bill or get nothing.

The Acting Speaker (Mr. Laniel): Order, please. The Chair feels that the point raised by the hon. member for Winnipeg South Centre is argument and a point for debate, not a point of order.

Mr. Rowland: This government has repeatedly said to the farmers of the west; "Either you accept Bill C-244 or you will get no stabilization plan".

Some hon. Members: Oh, oh!

Mr. McBride: Who's confused now?

Mr. Rowland: The farm organizations in the west are not going to take this kind of approach and neither are the prairie governments. They are not going to give up the fight for justice for the west because of an attempt at blackmail, and a cheap attempt at that.

Some hon. Members: Oh, oh!

Mr. Rowland: Hon. members opposite have complained about the time it has taken to get this bill through and they charge us with filibustering, mounting a blockade, and so on. Despite the agonizing by hon. members opposite, no attempt has been made to change the bill and no logical, reasoned arguments have been advanced on their part for not doing so. If this bill had been drafted by people genuinely knowledgeable about the problems of the west and genuinely concerned for the west, it would be through the House right now because the plan would have been based on net farm income rather than gross farm income.

[Mr. Rowland.]

This bill is supposed to meet the needs of the prairie farmer. The three prairie ministers of agriculture came to Ottawa—

Mr. Osler: Listen to our farmer talking.

Mr. Rowland: Mr. Speaker, it has been said that I am not a farmer, and I am confronted by the same problem as the hon. member for Winnipeg South Centre (Mr. Osler). However, the difference between the hon. member for Winnipeg South Centre and me is this: I know that I have a lot to learn about the problems of agriculture. This is why I listen to the people who know something about agriculture, such as the NFU, the CFA and the Wheat Pools.

Before I was interrupted I was saying that the agriculture ministers representing the governments of the three prairie provinces to which the provisions of the bill are supposed to apply, came to Ottawa expressly to tell the minister that unless the plan were based on net income rather than gross income it would not stabilize farm incomes, which is the intent of the bill. They came to argue, rather, that the bill would act only as insurance of doubtful adequacy in the event of a catastrophic crop failure or some other economic event of equally disastrous proportions.

Nevertheless, the minister would not even listen to them. He misled the ministers from the three prairie provinces into believing that they had reached an agreement with a gentleman, and did so in order to get them out of Ottawa. Then as soon as their backs were turned he tore the agreement up. And this government wonders why there is discontent in the west! It wonders why the government is about as popular in the west as the plague. It wonders why Ottawa is as foreign to westerners as Bangkok.

• (9:50 p.m.)

The treatment this government has accorded the western agricultural ministers supplies the answer to each of these questions. Can anyone here imagine this government treating the ministers of agriculture of Ontario and Quebec as it treated the ministers of agriculture of Manitoba, Saskatchewan and Alberta? Can anyone here imagine this government welching on an agreement with the ministers of agriculture of Ontario and Quebec? You're damned right they cannot. This government, composed almost exclusively of easterners, would be falling over itself in its attempts to do exactly what Ontario and Quebec wanted.

Look at the chicken-and-egg war. When Quebec was in obvious violation of the laws of this country, the government would not act. It was left to Manitoba to seek the court ruling which eventually resulted. As long as this government has Ontario and Quebec firmly in its pocket the rest of the country can rot as far as the government is concerned. That is why there is discontent in the west. We are sick of being ignored and insulted. We are sick of government of, by and for Ontario and Quebec.

Why did the three prairie ministers come to Ottawa to ask for a plan based on net income? Why are we on this side of the House determined to have a plan based on that concept? I suggest it is simply and solely because a stabili-

zation plan based on gross income will only serve the function of stabilizing farm incomes for small farmers at current levels of near poverty.

It is obvious that if rising costs of production are not taken into account in calculating grain sale proceeds, proceeds could go up and still result in losses for the farmer in terms of net farm income—and net farm income is what the farmer lives on. Many of the current difficulties in western Canada are the result of costs of production increasing at a much faster rate than proceeds from sales. Indeed, while costs of production have consistently risen, prices received for farm products have in many cases dropped. Thus, it is entirely conceivable under this plan for gross income to increase or to drop only marginally, therefore no payments under the plan would be made, while at the same time actual net farm income might drop.

There is absolutely no justice for calling a plan which would promote such a situation an income stabilization plan. It might be called a fire insurance plan, but let no one believe that it will contribute to the stabilization of prairie farming communities. The unwillingness of the government to even give cursory consideration to the concept of net farm income as the basis of this plan is just one more example of the government's determination to drive the small prairie farmer off his land in the name of efficiency, without regard for the tragic social consequences of such action.

What does a man of 55 or 60 years of age, who has been a farmer all his life, trained as a farmer and with no other training in industry or commerce, do when he is forced off his land? He moves to the city and looks for a job. In the cities in this country there are people who, despite the fact they have spent their lives in industry, are looking for jobs. They have been forced out of work and laid off. What does the farmer do under these circumstances? Can the government really tell us that it is more desirable to have farmers wandering around cities looking for work than to have them on the land productively employed in producing the agricultural products necessary to sustain life? That is what this plan will do.

The time has come to demonstrate that the west will no longer stand for legislation which has as its effect the destruction of its culture and its way of life. We are drawing the line on this side of the House at Bill C-244. We are insisting that this bill be changed so it is based on net income, will provide real income support for the small farmers and some sustenance for the western way of life. That is what this debate is really all about. That is why we on this side of the House are not giving up. That is why we will continue to fight this bill until we get some change.

The government has not heard the last of the three prairie ministers. They will be back here to raise the same points. The minister has probably seen and heard enough about net farm income. He is probably sick of the phrase. But if he is sick of it now, he should wait and see how sick he will be in a short time if he refuses to listen.

An hon. Member: Bring it to a vote.

Mr. Rowland: My friends on the other side suggest we should bring this to a vote.

An hon. Member: Some of them are westerners.

Mr. Rowland: This bill will come to a vote when the minister has made the changes necessary to see that it serves the needs of the western farmers. There is not one western member representing an agricultural constituency who has spoken in favour of this bill. There is a reason for that.

An hon. Member: The minister has spoken.

Mr. Rowland: Someone suggests that the minister has spoken, and he represents a western agricultural constituency. I doubt very much whether the minister's words in cabinet were the same as we heard in this House. If they were, he is not the member we thought he was because he should be fighting for western Canada. I suggest he has been shot down. He could not persuade his cabinet colleagues and now comes to us with this half-baked plan.

With the legions and legions of members on that side of the House from Ontario and Quebec, it is understandable that they may not know what this legislation will do to western Canada; but it is understood on this side of the House. We represent western Canada and we cannot allow it to pass without change.

I think there might be general agreement to call it ten o'clock, Mr. Speaker, since my voice is giving out.

An hon. Member: You have two minutes left.

Mr. Rowland: If there is no agreement, I will continue to croak on until the clock has run its course.

Mr. Knowles (Winnipeg North Centre): Call it ten o'clock.

* * *

BUSINESS OF THE HOUSE

Mr. Bell: Mr. Speaker, has anyone on the government side checked with the powers-that-be and been authorized to state that we will be continuing with this bill tomorrow?

Mr. Lang: I think it can be expected that we will continue with the item that we have been debating tonight.

Mr. Dinsdale: His master's voice.

An hon. Member: He might change his mind tomorrow.

Mr. Knowles (Winnipeg North Centre): Are you sure it will not be changed?

Mr. Horner: You had better check with the authorities.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

PUBLIC SERVICE—EXTENSION OF REGIONAL PAY DIFFERENTIALS

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, before I join the rush to enjoy whatever delights there

are in the west block I should like to avail myself of a few minutes to refer to a subject I raised the other day with the President of the Treasury Board (Mr. Drury). I should like to state first my philosophy as an optimist, in that I live for the day. I have lived for the day with the belief that the people of Kent County in New Brunswick, where I grew up as a boy, would one day vote Conservative, with the hope that Henry Aaron would hit his 715th home run, and with the hope that the Canadian government would take seriously its objective of overcoming regional disparities and its fight against discrimination.

Today the first objective was achieved when the people of Kent County in New Brunswick voted Conservative. I suspect that Mr. Henry Aaron will hit his record breaking home run in September two years from now, or in April or May of the year following. But until there is a change of government, or a very strong change in heart on the part of this government, we will not reach the objective of seriously overcoming regional disparities in respect of pay. Let me say to the Parliamentary Secretary—no, he has left. The Parliamentary Secretary to the Prime Minister (Mr. Danson) is the one who blesses us now with his presence, if I may use that phrase. I shall get around to the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) in respect of one of his statements in a moment. The other day I asked the President of the Treasury Board the following question:

• (10:00 p.m.)

Will the policy of pay differentials in the regions of Canada, which has been presented as the federal position in the case of nurses, be extended as a matter of policy to other categories—

This appears at page 8353 of *Hansard*. It can be said about the President of the Treasury Board that he may not be wise, but at least he is sincere. The hon. gentleman's answer was the following:

The policy of pay differentials for people not required to have a high degree of mobility has been progressively introduced or proceeded with over the past four years. It is the intention of the government to continue in this direction as it produces a much better relatively and a much greater sense of fairness than attempts to equate unequal parts.

I said immediately, "Ten o'clock" and I meant ten o'clock. There are nurses—I shall deal with them first—employed by the Department of Veteran Affairs, by the Department of National Defence, where it operates hospitals, by the Department of National Health and Welfare and even by the penitentiary service where one nurse is employed. The nurse in the penitentiary service is not serving "time" but is there to assist in that service.

According to H. M. Larsen, research associate for the Professional Institute of the Public Service of Canada, there were 2,027 nurses employed by the federal government in hospitals across Canada last year. Mr. Larsen says that 470 out of 590 nurses who left the federal government payrolls in 1970 were dissatisfied with their salaries and gave this as the reason. The turnover rate is always about 25 per cent. Their complaints boil down to this: salaries are too low, orderlies whom nurses train and supervise sometimes get more money, and nurses work for the same department at different wage levels across the country.

This is the name of whatever the President of the Treasury Board called it when I read his answer a few moments ago. The fact is that the nurses' agreement expired on December 31, 1970. They have been in a process, first of negotiation and now are before a special board consisting of Mr. Justice Andre Montpetit as chairman and Jean Massicotte and Professor S. M. Jamieson as members of a tribunal of the Public Service of Canada.

What about the view of the Treasury Board in its submission to the tribunal? This is a watershed decision. It is one of the most important decisions we will ever have in the history of Canada in so far as the legislation which is now before us, and which governs the relations of government or Parliament with the Public Service of Canada, is concerned. This is big stuff indeed. This is what the Treasury Board, the great fighter against regional disparity, said:

As a nationwide employer, it is essential that our policy on pay and benefits take into account the rates of pay and patterns of benefits applying to workers in related employment in the private sector.

I say that that is a departure from a policy that was instituted back in the days of Robert Borden when the Civil Service Commission of Canada started its work. That shows how far reaching the decision of the government is, and what little regard is paid to the amenities of the law they have operated under.

Mr. Knowles (Winnipeg North Centre): Or to the cause of national unity.

Mr. McCleave: In the name of something. It is not in the name of national unity; it is in the name of computerized efficiency. I quote one paragraph from the nurses' brief, and this is where our concentration is going to be:

The concept that one level in the group should have regional rates is peculiar to this group.

I do not think that is so, but that is what the nurses thought.

Of the 28 groups in the scientific and professional category only one other group (education) has regional rates, but in the education group the rates apply at all levels. Regional rates are used because—

Here they quote the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney), as recorded in *Hansard* at page 7263 on June 22, 1971:

"—it has been the board's position that zone pay systems ensure that fair and competitive local rates of pay apply to its employees. It has been demonstrated that there is relatively little mobility among those nurses on zone pay rates and the board therefore feels that zone pay rates are entirely appropriate."

Of course there is little mobility among the nurses in receipt of regional rates of pay. Who in their right senses would offer to perform the same services for the same employer for more than $1,000 reduction in salary because they crossed a provincial border?

In conclusion, Mr. Speaker, we have had examples of dealings with the dockworkers in Halifax and Esquimalt where the Treasury Board took the top of a board report for wages at Esquimalt and the bottom of the report for wages in Halifax. This computerized nonsense has to stop somewhere. I hope that I am starting to put a stop to it right now.

Mr. Gaston Clermont (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, the matter of regional pay differentials as applied to nurses is not some-

thing new but has been in existence for a variety of occupational groups for a number of years. Examples of other groups where regional pay differentials exist are the education group, education support group, ships' officers, general labour and trades, general services, hospital services, printing operations, ship repair and ships' crews groups.

It is the intention of the government to extend the policy of regional pay differentials to other occupational groups where it is feasible and appropriate to do so, that is, to those groups where the outside pay data indicate significant regional variations from the Canadian average, where the area of recruitment and mobility of employees is limited and where the population of a group is distributed in two or more regions.

These circumstances are typically found in groups in the operational category and administrative support category, but exist in groups in other categories as well. Where these circumstances exist, it is considered more equitable and operationally more effective to establish rates of pay on a regional basis.

EXTERNAL AFFAIRS—REPRESENTATIONS TO PREMIER KOSYGIN ON RIGHT OF SOVIET JEWS TO EMIGRATE AND RIGHTS OF OTHER ETHNIC GROUPS

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, this afternoon I asked the Prime Minister (Mr. Trudeau) certain questions regarding his agenda with Premier Kosygin on the occasion of his official visit to Canada. I asked the Prime Minister whether he would discuss with Premier Kosygin the problem of visits by Soviet citizens to relatives in Canada and the reunification of families split by the Iron Curtain. In reply the Prime Minister asked me what I would like him to say to Premier Kosygin. In order to rely to the Prime Minister I put this matter on for the adjournment debate this evening.

I would like the Prime Minister to ask Premier Kosygin two things: first, as a general rule, that he allow Soviet citizens to visit members of their families living in Canada; second, as a general rule, that he allow Soviet citizens to emigrate from the Soviet Union especially where this will assist in uniting families. In both these matters I think we should appeal to the humanitarian instincts of the Soviet Premier. We should also remind him that the Soviet Union agreed to the Universal Declaration of Human Rights which states in article 13 (2) that everyone has a right to leave any country, including his own, and to return to his own country.

From recent news reports it would appear that Premier Kosygin might agree to such a request. Yesterday there was a report that the Soviet government made a significant gesture to world Jewry by stating that it is willing to release its grip on Soviet Jews who wish to emigrate to Israel. That is one good sign, Mr. Speaker. Another good sign was reported in the newspapers to the effect that the well known Russian atomic scientist, Andrei Sakharov, states that he appealed to the Soviet government to allow Soviet citizens to emigrate if they wished, saying, "A free country cannot resemble a cage even if it is gilded and supplied with good food."

I would ask the Prime Minister, therefore, to put these matters on the agenda for discussion with Premier Kosygin when he visits this country and to put to him this important point that I have raised.

• (10:10 p.m.)

Some hon. Members: Hear, hear!

Mr. Barnett J. Danson (Parliamentary Secretary to Prime Minister): Mr. Speaker, I am pleased to be able to reply to my colleague the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) and to commend him for his concern on this rather important matter, one which I think concerns members on all sides of the House and from all parties.

The government intends to pursue the inquiries made by the Prime Minister (Mr. Trudeau) of Premier Kosygin last May concerning emigration of Soviet Jewry to Israel or other countries of their choice, and to raise again the question of the reunification of Soviet citizens of all ethnic origins with their relatives in Canada. The government has always supported the principle of freedom of movement of persons between countries but recognizes that the movement of a national citizen is one of national sovereignty.

This does not detract from the concern which we all share. I had the privilege of visiting the Soviet Union with the Prime Minister when he had talks in the Kremlin and these matters were discussed, and I thought they were very well received by Premier Kosygin. At that time many people in Canada who were deeply concerned about relatives and people of like culture or religion in the Soviet Union had made representations to many of us who were going there. We appealed on behalf of Soviet citizens who had applied to come to Canada and whom Canada had agreed to accept, and received a positive response from the Soviet premier.

In subsequent discussions as we travelled through the country with Soviet officials the hon. member for High Park (Mr. Deakon), the hon. member for Parkdale (Mr. Haidasz) and myself had an opportunity to pursue these objectives on a personal basis. Certainly they are subjects which were discussed in May and will be discussed again on the occasion of Premier Kosygin's visit to Canada, when we hope he will receive a warm reception and realize the desire of many of our citizens to see their families and their culture flourish in their homeland that they may be able to express themselves culturally and religiously.

Motion agreed to and the House adjourned at 10.16 p.m.

HOUSE OF COMMONS

Tuesday, October 5, 1971

The House met at 2 p.m.

[*Translation*]

ROUTINE PROCEEDINGS

TRADE

TABLING OF RESTRAINT AGREEMENT FOR 1971 BETWEEN CANADA AND JAPAN

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, pursuant to Standing Order 41(2), I wish to table a press release announcing the signature of the agreement on voluntary restrictions between Canada and Japan for 1971, as the well as appendix and copies of the correspondence exchanged between the Japanese ambassador and myself.

* * *

[*English*]

GRAIN

ALLEGED MISLEADING ADVERTISEMENT CONCERNING STABILIZATION BILL AND WHEAT RESERVES ACT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, pursuant to Standing Order 43 I ask for unanimous consent of the House to propose a motion in a matter of urgent and pressing necessity.

This matter concerns a full-page presentation which appeared in the Saturday, October 2, issue of the Regina *Leader-Post*. This sheet is headed by the familiar exhortation, "It's your choice", which is followed by the equally familiar nostrum that is composed in equal parts of a suppression of the truth and a suggestion of the false. The subject matter is the Temporary Wheat Reserves Act and the prairie grain stabilization bill—a subject matter that is now before this House as well as before the courts. The blurb purports to be authorized by the "Keep the Stabilization Plan Committee". The seriously disturbing fact in this fiction is the assertion that the stabilization plan is endorsed by a farm organization which has since denied such endorsation. That assertion, in a matter before the House and the courts, is serious.

I therefore move, seconded by the hon. member for Lisgar (Mr. Murta):

That the Minister of Consumer and Corporate Affairs inquire into the advertisement which appeared in the *Leader-Post* of the 2nd October, 1971, concerning the Temporary Wheat Reserves Act and the prairie grain stabilization bill with respect to the misleading allegations therein contained and report back to this House.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Mackenzie. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNEMPLOYMENT—PROSPECTS FOR EARLIER FEDERAL-PROVINCIAL CONFERENCE—FEDERAL PROPOSALS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wonder if the Prime Minister could indicate the prospects for an earlier meeting between the government of Canada and the provinces with respect to winter unemployment? For example, I understand the government of Ontario has indicated its willingness to meet earlier. Could the Prime Minister indicate the prospects for an earlier meeting?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is a fairly general willingness on the part of the provinces and the federal government to have an early meeting. The difficulty is in finding dates on which all governments can agree to meet in Ottawa. As did Premier Schreyer, Premier Davis has changed his mind on this. His first answer was that he could not see a meeting until late in November. On that basis some alternative dates were looked at. I believe he wrote me a few days ago saying that he hoped for a meeting on October 28 or soon thereafter.

Mr. Broadbent: He will be in the opposition then.

• (2:10 p.m.)

Mr. Trudeau: That is not the view the hon. member's leader had a few days ago. After he wrote to me I telegraphed to all the provinces, asking them if they could agree on some further dates. I indicated that as far as I was concerned there were only two days in November on which I would be unable to meet but that any other time would be agreeable to me. I have not had final answers to that; I think half the provinces have given some answer. The only general agreement coming out of those answers is that they all think a one-day meeting would be too short. Indeed, I agree with that myself. They all seem to say that whatever meeting it was it would be good if we had some preparatory meetings such as finance ministers. Therefore we are not much further advanced. It is made all the more difficult because I have not yet received an answer from Premier Bennett of British Columbia. The

federal government is doing its best to find an earlier date, but when the provinces keep switching their minds and saying that dates on which they said they would be busy now happen to be free it does not make it any easier for the secretariat.

An hon. Member: Order.

Mr. Trudeau: What order do you want to refer to?

Mr. Stanfield: I suspect there may be a growing feeling of urgency among the provinces with regard to the meeting. I ask the Prime Minister what he hopes to accomplish from such a meeting with regard to employment this winter? I ask this particularly in view of the Prime Minister's statement that he does not think one day would be long enough. Has the right hon. member some specific proposals or objectives in mind and can he indicate these very briefly?

Mr. Trudeau: This question was asked before, Mr. Speaker, and my answer is still the same. If we have specific proposals to make from the point of view of the federal government, we will make them as soon as possible, independent of any federal-provincial conference. The conference itself would be following up the desire expressed by all governments in Victoria last June to meet on the economic situation, on taxation problems and problems of the economy generally. At such a conference I take it we would be looking at schemes that would be put forth by the provinces or the federal government which have to do with co-operation of both levels of government.

Mr. Stanfield: When may the House expect to know the proposals that the federal government has to make with regard to the stimulation of employment this winter, both its proposals relating to the provinces and proposals that might be exclusively funded by the federal government and completely within federal jurisdiction? When does the Prime Minister propose to disclose to the House the government's program?

Mr. Trudeau: In the case of federal programs, Mr. Speaker, as soon as possible. In the case of federal-provincial ones, it might be somewhat later.

[*Translation*]

ESTABLISHMENT OF PILOT PROJECT TO ASSIST MUNICIPALITIES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a supplementary question to the Prime Minister.

Following the recent meeting of the Canadian Federation of Mayors and Municipalities in Montreal, and since all municipalities are in a precarious situation, does the government intend to put into force, as in the past, a pilot project which would leave provinces free to participate? In other words, I would like to find out whether the federal government intends to introduce a pilot project; to which provinces could contribute.

Right Hon. P. E. Trudeau (Prime Minister): Is the hon. member referring to a pilot project in any particular area? I apologize, Mr. Speaker, I did not understand—

[Mr. Trudeau.]

Mr. Caouette: To help Canadian municipalities.

Mr. Trudeau: Mr. Speaker, if we established such a pilot project, we would announce it in the House of Commons as usual. If the hon. member is referring to the program in effect December last, when we made some funds available to the provinces to enable them to borrow for themselves or the municipalities, I can say that we are reconsidering that kind of program and that if it is satisfactory, we will restore it and make an announcement in that connection.

[*English*]

UNEMPLOYMENT—SUBSTANTIAL WINTER WORKS PROGRAM TO COPE WITH PROBLEM

Mr. David Orlikow (Winnipeg North): In view of the announcements by Premier Davis and Premier Schreyer that they are ready to attend an earlier meeting, and in view of the proposal by Mr. Nixon, the Liberal leader, last night that a substantial winter works program be inaugurated in an effort to meet the unemployment problem, may I ask whether the government is considering undertaking on its own account or jointly with the provinces a very large program of works in the near future to try to deal with unemployment?

Right Hon. P. E. Trudeau (Prime Minister): In view of the fact that I proposed to Premier Schreyer and Premier Davis last July that we should hold meetings in October and that such meetings were not possible, I will consider the hon. gentleman's question and see whether I can provide an answer another day.

Mr. Orlikow: Will the federal government be going to the meeting with the provinces to discuss unemployment with specific proposals for joint federal-provincial-municipal programs to help meet the unemployment problem?

Mr. Trudeau: Possibly, Mr. Speaker.

DISCUSSION WITH PROVINCES OF TAX-SHARING ARRANGEMENTS AT FORTHCOMING FEDERAL-PROVINCIAL CONFERENCE

Mr. Eldon M. Woolliams (Calgary North): I should like to ask a supplementary question in light of the Prime Minister's answer. He talked about preparatory meetings. As there is an anxiety complex at the present time with reference to tax measures, will he place on the agenda the question of the sharing of tax revenues between the provinces and the federal government? I am thinking particularly about the abolition of the estate tax and whether in fact the provinces will share in the capital gains tax inasmuch as there is an anxiety complex about the shortage of revenue because of the size of social welfare rolls across the country.

Right Hon. P. E. Trudeau (Prime Minister): That is a complex question. As to the first part of it concerning tax-sharing arrangements, the answer is yes. We are planning to discuss this matter, either at the meeting of first ministers or at the meeting of finance ministers should that take place beforehand.

As to the capital gains tax, estate tax and so on, there has been a request by the provinces that we do certain things. I have replied to them that we still plan to go ahead with the abolition of the estate tax by January 1 but that we would be ready to discuss any administrative arrangements which might help them over a transitional period.

UNEMPLOYMENT—COMMUNICATION TO PROVINCES OF PROGRAM TO STIMULATE EMPLOYMENT PRIOR TO ANNOUNCEMENT IN HOUSE

Mr. James A. McGrath (St. John's East): May I ask the Prime Minister whether it is the intention of the government to communicate any proposed program to stimulate employment this winter to the provincial premiers prior to the calling of a conference and before such a proposal is announced to the House?

Right Hon. P. E. Trudeau (Prime Minister): I would think not, Mr. Speaker. I would think that any announcement would be made to the House in the first place.

UNEMPLOYMENT—PUBLIC WORKS DEPARTMENT PROJECTS FOR THIS WINTER

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary or at least a related question to the Minister of Public Works. In view of the statement made by the minister out west over the week-end, can he tell the House whether specific proposals for works to be undertaken by his department have reached the stage where they will be put into effect this winter?

Hon. Arthur Laing (Minister of Public Works): I do not know how I was quoted. I can tell the House how I was confronted. I was confronted by a man who told me we were going to set aside $400 million for public works and for the relief of unemployment during the winter. He said he had been assured of that by a member of the provincial Department of Labour in Victoria. I said I did not know whether it would be less or more than that, but I thought there would be some allocation of money for the relief of unemployment.

Mr. Speaker: Order, please. The Chair will recognize a last supplementary on this subject.

Mr. Knowles (Winnipeg North Centre): Can the minister say whether any of that money, and, if so, how much, will be spent by his department?

Mr. Laing: I would hope as much as possible. We had the responsibility of supervising some work last year and I am going to pay this compliment to my department: it was effectively done.

FOREIGN OWNERSHIP—STATEMENT BY MINISTER OF INDUSTRY, TRADE AND COMMERCE—GOVERNMENT POLICY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Prime Minister. I now have the text of the address which the Minister of Industry, Trade and Commerce made in Houston, Texas, last week. The text says, in part:

• (2:20 p.m.)

—I shall just mention a few reasons why you should look very carefully to Canada as a country for investment. We offer ready access to raw materials and sources of energy, a generally stable economic and political climate, and one of the most hospitable climates in the world for foreign investment.

I want to ask the Prime Minister whether this statement represents government policy and is the basis upon which the government's program in relation to foreign investment is being predicated?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, these general principles do not seem to me very different from the ones which were adopted by the New Democratic Party in rejecting the Waffle proposals in Winnipeg.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Douglas: May I ask the Prime Minister whether the statement by the Minister of Industry, Trade and Commerce means that the report so laboriously prepared by the Minister of National Revenue has now been discarded and that the government intends to roll out the welcome carpet for United States capital which now controls a very large part of the Canadian economy?

Mr. Trudeau: Mr. Speaker, the hon. member's question cannot be answered by a yes or no, because the first part calls for a no and on the second part my comment is that it is irrelevant.

FOREIGN OWNERSHIP—INQUIRY AS TO ANNOUNCEMENT OF GOVERNMENT POLICY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, would the Prime Minister advise the House when the government expects to make known its policy on foreign investment in Canada, based on the studies which have been conducted under the direction of the Minister of National Revenue?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the documents have been before cabinet for some time and we will make our views known as soon as possible.

Mr. Hees: Just as I thought, Mr. Speaker; they are getting nowhere. My supplementary question is: Has the government decided to drop the so-called Gray report and, if so, is this because of the new economic policies introduced recently by President Nixon?

Mr. Trudeau: No to the first question, Mr. Speaker, and the second one, therefore, does not make any sense.

* * *

NATURAL RESOURCES

SABLE ISLAND OIL DISCOVERY—RIGHTS OF FEDERAL AND PROVINCIAL GOVERNMENTS RESPECTING ROYALTIES

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is for the Prime Minister. Can the

right hon. gentleman now inform the House whether or not the government and governments generally accept the position taken by the government of Nova Scotia that all of the potential royalties from the oil that it has been announced has been discovered on Sable Island in fact belong to the province of Nova Scotia?

Right Hon. P. E. Trudeau (Prime Minister): I missed the question, Mr. Speaker.

Mr. Forrestall: Then may I repeat it. Would the Prime Minister indicate whether or not his government accepts the position taken by the province of Nova Scotia that the royalties from the oil and gas discovery on Sable Island do in fact belong to the province of Nova Scotia?

Mr. Trudeau: No, Mr. Speaker.

Mr. Forrestall: Can I conclude from the Prime Minister's reply that the premier of the province of Nova Scotia is talking through his hat when he says that—

Mr. Speaker: Order, please. The hon. member for Winnipeg South Centre.

Mr. E. B. Osler (Winnipeg South Centre): I have a supplementary question, Mr. Speaker, for the Prime Minister. Is the Prime Minister aware that under section 91(9), I believe it is, of the British North America Act, lighthouses and a few other things, including Sable Island, are the property of the Dominion of Canada—

Mr. Speaker: Order, please.

Mr. Coates: Mr. Speaker, could the Prime Minister inform the House who is assuming the responsibilities of the Minister of Energy, Mines and Resources during the minister's sickness?

Mr. Trudeau: Yes, Mr. Speaker. The Minister of Industry, Trade and Commerce is the acting minister and he is present today.

STATE OF NEGOTIATIONS WITH PROVINCES ON OFFSHORE MINERAL RIGHTS—FEDERAL POSITION RESPECTING SABLE ISLAND

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, will the Acting Minister of Energy, Mines and Resources inform the House whether negotiations are going forward between the governments of Nova Scotia and Canada in respect of offshore mineral rights, and will he indicate exactly what the attitude of the federal government is with regard to the status of Sable Island?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I understand that these discussions started in December, 1968, and they have been going on since.

Some hon. Members: Oh, oh!

Mr. Coates: I have a supplementary question.

An hon. Member: Just like everything else.

Mr. Coates: In view of the fact that the Premier of Nova Scotia has stated Sable Island is part of Nova Scotia, I am wondering what the exact attitude of the federal government is in respect of this question?

Mr. Pepin: Mr. Speaker, I referred to December, 1968, because at that time an offer was made to the provinces generally and discussions have been going on since. I think the position of the federal government in respect of Sable Island is the same as that indicated by the hon. member for Winnipeg South Centre who a moment ago quoted the British North America Act on the subject.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I ask the minister whether the position of the federal government with regard to offshore minerals is precisely as announced back in 1968 by the Prime Minister, or has that position been modified in any respect as a result of discussions? Could the minister indicate very briefly what the federal government's present position is and, if he cannot do that briefly, will he make a statement at a very early date indicating precisely what the federal government's present position is with regard to offshore mineral rights?

Mr. Pepin: Mr. Speaker, it is fairly obvious that the hon. member regrets he did not stay in his last job longer. He would know all about these things if he had remained as the head of the government of the province of Nova Scotia.

Mr. Stanfield: It is pretty obvious you do not want to answer the question.

Mr. Pepin: Discussions are going on, Mr. Speaker, and we hope that a conclusion will be reached.

Mr. Stanfield: Mr. Speaker, I take it from what the minister has said that he refuses to make a statement as to the current position of the federal Government in respect of offshore mineral rights.

An hon. Member: How about heavy water?

Mr. Stanfield: How about it? Come on now, answer.

Mr. Coates: On a question of privilege, Mr. Speaker—

Mr. Speaker: Order, please. I understand the hon. member is rising on a question of privilege. I might suggest that before we have further supplementary questions on this point the Chair should recognize the hon. member for Témiscamingue as we have not yet completed the first round of questioning. For the moment we will hear the hon. member for Cumberland-Colchester North.

Mr. Coates: Mr. Speaker, members of this House and the people of the country, especially those in the province of Nova Scotia, are being told a story by the Premier of Nova Scotia in respect of offshore mineral rights, but when we come into this House and ask questions about the position of the federal government we are told nothing at all. We are given the runaround. The people of Nova Scotia deserve to know exactly what the federal government's position is, and we have every right to expect the acting minister to provide us with an answer now.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I suggest to the hon. member that he may have a point of order or a point of debate, but that is not a question of privilege. I will return to the matter in a moment after having recognized the hon. member for Témiscamingue.

Mr. MacInnis: Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order, please. I apologize to the hon. member. He will have to wait for a moment as the hon. member for Cape Breton-East Richmond is rising on a point of order.

Some hon. Members: Oh, oh!

An hon. Member: Here we go again.

Mr. MacInnis: Settle down.

An hon. Member: You are shouting again.

Mr. MacInnis: Mr. Speaker, my point of order arises from the remarks of the hon. member for Winnipeg South Centre, made without the benefit of prepared notes, and the support given those remarks by the minister now in charge of mines.

Some hon. Members: Oh, oh!

Mr. MacInnis: The Prime Minister indicated that the situation referred to by the hon. member for Winnipeg South Centre regarding Sable Island comes within the portfolio of the acting minister. For two weeks now this House has been bandying about the question of whether the government is breaking the law or, putting it in the words of the Prime Minister, reneging or defaulting. The minister now responsible for offshore mineral rights has indicated that the government is willing to overlook two other acts which support the contention that Sable Island belongs to the province of Nova Scotia. One act is—

• (2:30 p.m.)

Mr. Speaker: Order, please. The hon. member has sought the floor during the question period to raise a point of order and he should indicate as quickly as possible what the point of order is so that the Chair may make a ruling.

Mr. MacInnis: Mr. Speaker, it is very simple. The minister is now prepared to tell the House that the government is prepared to deny two pieces of legislation, one being Bill C-135 which indicates that the government gave acquisition powers to Devco to purchase land and properties beneath the sea adjacent to the island of Cape Breton.

Mr. Jamieson: He may not be offshore but he is adrift.

Mr. Speaker: Order please. This is obviously debate and not a point of order. The hon. member is debating with the minister concerned or other members the situation relating to the question raised originally. I would not think the matter can be debated as a point of order.

Mr. MacInnis: On the point of order—

Mr. Speaker: Order, please. The hon. member will have to raise another point of order because I have to make the ruling that this is not a legitimate point of order. I am sure the hon. member will agree with me on that point.

Mr. MacInnis: Mr. Speaker, I would refer to the Canada Elections Act and the indication by the minister that he is prepared to violate that act which places Sable Island within the voting area of Nova Scotia and in the constituency of the Leader of the Opposition.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Again I suggest to the hon. member that this is debate.

[*Translation*]

The Chair now recognizes the hon. member for Témiscamingue, and thanks him for his patience.

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INQUIRY OF THE MINISTRY

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce who is also Acting Minister of Energy, Mines and Resources.

In view of the publicity we hear day in and day out to the effect that "the hops make all the difference", and especially that seedless hops are superior, is the Minister of Industry, Trade and Commerce, who is in charge of trade, taking steps to ensure the sale abroad of the total Canadian production of hops with seeds?

Mr. Speaker: Order, please. The hon. member for Charlevoix.

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THE CANADIAN ECONOMY

ALLEGED REPRISALS AGAINST UNITED STATES— SUGGESTED MEETING BETWEEN PRIME MINISTER AND PRESIDENT NIXON

Hon. Martial Asselin (Charlevoix): Mr. Speaker, we are informed that the government is retaliating against the U.S. following the 10 per cent surcharge on imports imposed by President Nixon. If such is the case, does the government intend to use such measures? In the affirmative, I would ask the right hon. Prime Minister if it would not be better, in order to avoid economic war, that he met soon with President Nixon in order to discuss this 10 per cent surcharge as the Canadian ministers and high officials did not succeed in convincing the U.S. administration to drop the surcharge?

Right Hon. P. E. Trudeau (Prime Minister): Once again I thank the hon. member of the opposition for the confidence he shows in me, and I shall take his suggestion into consideration.

Mr. Asselin: I would like to ask a supplementary, Mr. Speaker.

Does the government intend to retaliate against the United States, following the refusal by the American administration to abolish the 10 per cent surtax?

Inquiries of the Ministry

Mr. Trudeau: Mr. Speaker, I really cannot answer the question before considering the previous one.

* * *

[*English*]

INDUSTRY

GENERAL MOTORS LAY-OFFS—REQUIREMENT BY GOVERNMENT OF ADEQUATE NOTICE AND ECONOMIC JUSTIFICATION—CANADIAN PRODUCTION OF CARS PURCHASED

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Following the failure of General Motors Corporation to give adequate and accurate notice to the government concerning its recent lay-offs, has the government made it clear that in the future such action is not to be repeated and, further, that it will expect economic justification for such future lay-offs by foreign corporations?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I would have thought, Mr. Speaker, that I was clear enough on that subject at the time the events referred to by my hon. friend took place. I want to emphasize the fact that relations between my department and the automobile industry in Canada have been good in the past and that we have been kept fully informed of what was going on. So it was, as I said at the time, "un accident de parcours."

Mr. Broadbent: Not having received an answer to that one, Mr. Speaker, I will try a second one. In its discussions with the Americans on the Canada-U.S. automotive agreement is the government of Canada insisting that the auto producers in Canada increase their share of production of North American cars at least up to the level of production of cars that we actually consume in this country?

Mr. Pepin: It is terribly difficult to answer these questions because it is a fact that in Canada we produce more cars than we actually can consume by quite a large margin. So obviously this cannot be the objective. The objective is based on Canadian value added and we have emphasized all the time that we were looking, as the agreement says, for rationalization and fair distribution of advantages for both sides, Canada and the United States. Obviously we have done fairly well because some people on the other side of the border have implied that we have done too well.

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ENVIRONMENTAL POLLUTION

RELATIVE IMPORTANCE OF ENVIRONMENTAL QUALITY AND ECONOMIC GROWTH—CONSULTATION WITH SCIENTIFIC BODIES ON GOVERNMENT POLICY

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Prime Minister. Is the view that economic growth should be placed ahead of environmental quality as expressed in the preliminary Canadian position paper submitted to the United Nations Environmental Conference now the official position of the government on this vital matter?

[Mr. Asselin.]

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, no such statement was made in a government document. The headline in question was a misinterpretation of the contents of the article itself.

Mr. Dinsdale: In light of the concern among the public who are deeply involved in environmental problems, can the government assure the House that the Science Council of Canada, the Canadian Association of Human Environment and the parliamentary committee on the environment will be consulted before the government takes an official position on this matter?

Mr. Davis: I think we can assure those bodies that we will listen to them. I might add that any policy that is sound from a long-term economic point of view is also consistent with good environmental practice.

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AIR TRANSPORT

OTTAWA, TORONTO AND MONTREAL—SUGGESTED AIR BUS SERVICE

Mr. A. D. Hales (Wellington): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the extremely heavy air traffic between Toronto, Ottawa and Montreal, could the minister assure the House that studies have been made or will be made with a view to operating an air bus service between these points similar to that satisfactory service which has operated between Calgary and Edmonton.

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker. I have repeatedly, and as recently as yesterday, made representations to Air Canada with a view to having an increase in the frequency of their service between Montreal, Toronto and Ottawa, with Ottawa as the central point, on the ground that I believe the nation's capital deserves very good service. I hope they will listen to these representations.

EDMONTON—POSSIBILITY OF DISCUSSIONS WITH RUSSIA ON ESTABLISHMENT OF SST. TERMINAL

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I have a supplementary for the Prime Minister. In view of the forthcoming visit to Ottawa by Soviet Premier Kosygin does the Prime Minister plan to discuss with him the possibilities of Edmonton being considered as a possible SST. air terminal.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the agenda is not yet finalized between the Soviet government and our own.

THE CANADIAN ECONOMY

UNEMPLOYMENT—ALLEGED REPORT ON EFFECT OF UNITED STATES SURCHARGE—REQUEST FOR PUBLICATION

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the Prime Minister received a specially commissioned report from some of his economic advisers indicating that if the 10 per cent United States surcharge remains in effect for a year our unemployment level will be up to 7.5 per cent, and that next year about this time there will be 80,000 additional Canadians out of work in spite of the effect of the employment support bill. Would the Prime Minister be prepared to make that study public?

• (2:40 p.m.)

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Mr. Howard (Skeena): Would the Prime Minister indicate whether he is saying no to the first part of the question, the second part, or to both parts?

Mr. Trudeau: To the first part, and therefore the second does not apply.

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[*Translation*]

CONSUMER AFFAIRS

ALLEGED PRESSURE BY BANKS TO ACCEPT CREDIT CARDS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I wish to direct a question to the Minister of Consumer and Corporate Affairs.

Can the minister inform the House whether it is normal that credit institutions like banks force consumers to accept two Chargex credit cards? Furthermore, can the minister take steps to prevent such pressures to be exerted upon persons who have not applied for such cards?

Mr. Speaker: The first part of the question would be in order. As to the second part, it seems that the hon. member is making representations or suggestions to the minister.

* * *

[*English*]

THE CANADIAN ECONOMY

ALLEGED SUGGESTION CANADA ALLOW DOLLAR TO FLOAT ABOVE PAR AS PRECONDITION FOR REMOVAL OF UNITED STATES SURCHARGE

Mr. S. Perry Ryan (Spadina): My question is for the Prime Minister, if I may get his attention. As a condition for the removal of the 10 per cent surcharge is the United States insisting that Canada not prevent the dollar from floating over par and to a high of $1.05 in relation to the U.S. dollar.

Right Hon. P. E. Trudeau (Prime Minister): If I understood the question, it was whether that was the position of the United States. I am not aware of the position of the U.S.

Mr. Hees: If you spoke to President Nixon, you would find out.

Mr. Trudeau: It is doubtful.

Mr. Ryan: I take it the Prime Minister would like me to repeat the question, and following his answer I may have a supplementary question.

An hon. Member: Repeat it for George.

Mr. Ryan: I was asking the Prime Minister whether it was a condition for the removal of the 10 per cent surcharge that the United States—

Some hon. Members: Ha, ha.

Mr. Ryan: Does the United States want us to allow our dollar to go over par or up to $1.05? Let me put it this way, Mr. Speaker—

Mr. Speaker: Order, please. Perhaps the hon. member might speak to the Prime Minister after the question period.

Mr. Ryan: Mr. Speaker, let me put it clearly. As a condition for the removal of the 10 per cent surcharge, is the U.S. insisting that Canada not prevent the dollar from floating over par and to a high of $1.05 in relation to the U.S. dollar?

Mr. Trudeau: No, Mr. Speaker, no conditions have been put to the Canadian government as a reason for removing the 10 per cent surcharge, and particularly that one. I do not think the U.S. government suspects us of preventing our dollar from moving up, so I think this is a double reason for not making that a precondition.

Mr. Ryan: Mr. Speaker—

Mr. Speaker: The hon. member had what I thought was a supplementary question. But if not, perhaps he may be allowed a short supplementary question because we are running short of time. We have only five minutes left before the end of the question period.

POLICY OF GOVERNMENT REGARDING LEVEL OF DOLLAR

Mr. S. Perry Ryan (Spadina): In light of the increasing concern, particularly among our exporters, that the dollar will be allowed to further appreciate, can the Prime Minister assure the House that it is the policy of the government to keep our dollar below par and that this will remain the policy?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, it is a floating dollar and, as I have told the House, we have not interfered in the market forces in any forceful way. I do not know of any condition of that kind having been put to us. So far as the policy of the Canadian government is concerned, it is merely that we stay with the floating rate for a little while longer.

Inquiries of the Ministry

NATURAL RESOURCES

OFFSHORE MINERAL RIGHTS—REQUEST FOR STATEMENT OF GOVERNMENT POLICY ON SHARING REVENUES WITH NOVA SCOTIA

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Acting Minister of Energy, Mines and Resources whether it is still the position of the government of Canada that it would keep half the royalties from offshore oil and be prepared to divide the other half among the provinces, provided the provinces can agree among themselves on a formula? Is this still the position that the government of Canada is taking in its negotiations with the province of Nova Scotia?

Hon. Jean-Luc Pepin (Acting Minister of Energy, Mines and Resources): The Prime Minister might prefer to answer this question himself as I have not been involved in the detailed negotiations. I know that an attempt has been made to find the right distribution of advantages, but the Prime Minister might want to say more if he cares to.

An hon. Member: Daddy will answer it himself.

Mr. Hees: Go ahead, wind up and go.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker—

An hon. Member: He is pretty delicate; you have to treat him carefully.

Mr. Stanfield: It may not be as serious for the government to joke about this as it is to joke about unemployment.

Some hon. Members: Oh, oh.

Mr. Stanfield: I accept the statement of the minister that he is not fully informed, but this is a very serious question. I ask the minister whether he will inform himself and tell the House at a very early stage what the policy of the government is with respect to offshore mineral rights.

Mr. Pepin: I resent this, Mr. Speaker; I am fully informed.

Some hon. Members: Hear, hear!

Mr. Pepin: What I know is that an offer was made to the government of Nova Scotia back in 1968. That offer has been discussed on a number of occasions since then, and I was passing the buck to the Prime Minister because I wanted to know whether he cared to reveal at this moment what formulas have been debated. But the general philosophy is very simple. We are trying to distribute advantages in the best possible way between the federal government and the rest of Canada, including the province of Nova Scotia. In the meantime, permits are administered by the federal government, so there is no vacuum of power.

Some hon. Members: Hear, hear!

Mr. Stanfield: Is it too much to ask the Prime Minister or the acting minister what is the position of the government of Canada on a matter of such basic importance to Nova Scotia and to all the provinces of this country?

[Mr. Trudeau.]

OFFSHORE MINERAL RIGHTS—DATE OF LAST COMMUNICATION WITH NOVA SCOTIA REGARDING POLICY OF FEDERAL GOVERNMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Would the Prime Minister indicate to the House, and to the people who are very concerned about this, exactly when was the last time there was any communication between this government and the government of Nova Scotia on this vital question.

Right Hon. P. E. Trudeau (Prime Minister): There was communication between the premier of Nova Scotia and myself, and indeed the premiers of other Maritime provinces, when I was in that part of the country at the end of July and in early August. Since then I know that there have been meetings between the departments and perhaps even between the Minister of Energy, Mines and Resources and the premiers. As a matter of fact, I remember that certainly there have been exchanges of views between our minister and the premiers of some of the provinces some three weeks or so ago.

[*Later:*]

OFFSHORE MINERAL RIGHTS—FEDERAL POSITION RESPECTING SABLE ISLAND

Mr. J. M. Forrestall (Dartmouth-Halifax East): A further supplementary and the final one for today, Mr. Speaker, and it concerns jurisdiction over the territory that is Sable Island. I wonder if the Prime Minister can indicate if this question has been raised specifically by the government: Is Sable Island part of the territory of Nova Scotia or is that, as a proposition, being considered by this government?

Right Hon. P. E. Trudeau (Prime Minister): The question of Sable Island, Mr. Speaker, was one which would have been settled in a proposition we made to the province at the end of 1968. The question was again discussed when I met Premier Reagan just about two months ago. As the House knows, the matter has not yet been settled to the satisfaction of the province of Nova Scotia.

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EXTERNAL AFFAIRS

ST. PIERRE AND MIQUELON—POSITION OF CANADIAN GOVERNMENT REGARDING CLAIMS OF FRANCE TO CONTINENTAL SHELF

Mr. James A. McGrath (St. John's East): May I ask the Prime Minister a supplementary question. Have negotiations taken place with the government of France with respect to whatever claims the government of France may have to the continental shelf lying off the French islands of St. Pierre and Miquelon, and what the position of the government of Canada is with respect to this matter in view of the fact drilling operations are now taking place there?

Right Hon. P. E. Trudeau (Prime Minister): I will have to ask the Secretary of State for External Affairs to report on this aspect of the question. I know he answered a similar question not so long ago by saying that the matter has not been settled but that negotiations were proceeding.

Mr. McGrath: Mr. Speaker, I have a further supplementary question—

Mr. Speaker: The question period has just about expired. I thought perhaps the Chair might allow the hon. member for Dartmouth-Halifax East who raised this matter originally to ask a supplementary question, and the hon. member for Nanaimo-Cowichan-The Islands had a supplementary question on a prior question. I apologize to him for having cut him off but, as I said, we have just about reached the end of the question period.

* * *

• (2:50 p.m.)

THE CANADIAN ECONOMY

UNITED STATES SURCHARGE—INQUIRY AS TO PRECONDITIONS FOR REMOVAL—REFERENCE TO STATEMENT BY UNITED STATES OFFICIAL CONCERNING AUTO PACT

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): I should like to direct a question to the Prime Minister supplementary to that asked by the hon. member for Spadina. The Prime Minister stated that the government has no knowledge of what preconditions the United States government is laying down for the removal of the 10 per cent import surcharge. I should like to ask the Prime Minister if he or any of his ministers have made any inquiries throughout all the meetings they have had at the ministerial and official level as to what those preconditions are, and particularly if they have made any inquiries as to whether Mr. John Petty, Assistant Secretary of the Treasury of the United States, was speaking for the United States government when he said that the removal of the transitional safeguards in the autopact was certainly one of the preconditions?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I repeat what various ministers and I have said previously. The United States has never said to us, "If you do such and so, we will remove the surcharge", therefore there is no precondition that has been put to us as a reason for them lifting the surcharge as it applies to Canada. I do not think that what Assistant Secretary Petty said is a statement of policy; it is not even presented as a condition and certainly I do not read it as a statement that if we do this with the autopact there will be no more surcharge applied to Canada.

Mr. Speaker: Order, please. I brought to the attention of hon. members that we reached the end of the question period a moment ago. I realize how important these matters are, but they might be pursued tomorrow.

HOUSE OF COMMONS

PRESENCE IN SPEAKERS GALLERY OF DELEGATION OF BRITISH PARLIAMENTARIANS

Mr. Speaker: Before we call orders of the day, perhaps hon. members would like me to bring to their attention the presence in the Speaker's gallery of a very distinguished delegation of British parliamentarians, under the leadership of Lord Diamond, who are in Ottawa under the auspices of the Commonwealth Parliamentary Association and as guests of the Canadian House of Commons.

Some hon. Members: Hear, hear!

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION FOR PAYMENTS TO WESTERN CANADA PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

The House resumed, from Monday, October 4, consideration of Bill C-244, respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. Doug Rowland (Selkirk): Mr. Speaker, just before ten o'clock last evening, I was explaining to the House, at some length, the reason for our opposition to this bill as it now stands. This is related largely to the fact that it is based upon considerations of gross farm income rather than net farm income. Over a period of years that fact would mean that the bill would have the effect of accelerating the process of forcing the small farmer off the land, thereby altering the whole cultural pattern of western Canada and its whole way of life. I was suggesting that the social consequences of such legislation had not been taken into account by the government. They should be and that is why we are fighting so hard to have this change made.

This morning when reading a speech made by the hon. Leader of the Opposition (Mr. Stanfield) in Assiniboia, I came across some reference to the fact that the New Democratic Party was working hand in glove with the Liberal party in efforts to force the small farmer off the land and to force land consolidation.

Some hon. Members: Shame.

Mr. Rowland: That statement is patent nonsense and demonstrably so. Who caved in under pressure, the New Democratic Party or the Tories? Who caved in when it became difficult to fight this bill any longer? Yesterday the hon. member for Peace River (Mr. Baldwin) was moved to say that the government was using "impudent, fraudulent and intimidating actions to try to force this bill down the throats of Canadian farmers," and then the Tories withdrew from the debate. Who is hand in glove on that basis? Only four members of the Conservative party

stood and supported the New Democratic Party in their efforts to have this bill changed, namely, the hon. member for Pembina (Mr. Bigg), the hon. member for Crowfoot (Mr. Horner), the hon. member for Swift Current-Maple Creek (Mr. McIntosh) and the hon. member for Palliser (Mr. Schumacher). Now, who is hand in glove?

Mr. Baldwin: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Rowland: There are probably two or three others who would have liked to do so.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Peace River (Mr. Baldwin) on a point of order.

Mr. Baldwin: Mr. Speaker, I think that on reflection the hon. member will realize he has misconceived the purpose of the vote yesterday. It was not a vote to change the bill, but it was a vote to delay the proceedings. It was in relation to that that we cast our vote.

The Acting Speaker (Mr. Laniel): The point raised by the hon. member for Peace River is hardly a point of order. At this time the Chair might take the opportunity of asking the hon. member for Selkirk (Mr. Rowland) to relate his remarks so far as possible to the amendment under discussion. The Chair does not see any way of relating the last remark of the hon. member to the amendment we are studying at this time.

Mr. Rowland: Mr. Speaker, perhaps I might be permitted to reply briefly to the point of order raised by the hon. member for Peace River and then continue.

The Acting Speaker (Mr. Laniel): The Chair hesitates to allow the hon. member to give any kind of reply to the point of order that was ruled out by the Chair and would hope that the hon. member would return to a discussion of the subject that is before the House at this time.

Mr. Rowland: I shall do so, Mr. Speaker. The point of this debate is to have this bill changed so that it will be based upon consideration of net income rather than gross income. That is why the agriculture ministers of the three prairie provinces came to Ottawa; that is what they asked the government to do and that is why they negotiated a cooling-off period in order to permit the federal government to consider that recommendation. It was because the federal government abrogated that agreement unilaterally that we moved adjournment of the debate yesterday. We thought it was a betrayal of confidence, a betrayal of confidence that would never have taken place had those provinces been other than Manitoba, Saskatchewan and Alberta. It certainly would not have happened had it been Ontario and Quebec that were concerned.

Some hon. Members: Hear, hear!

Mr. Rowland: I said yesterday that we are getting fed up with that kind of treatment and we will not stand for it any longer. This bill is where we draw the line. We want it changed and we hope the minister will see fit to make the changes that are necessary.

[Mr. Rowland.]

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, although the subject of this bill is not part of my departmental responsibility, as a western Canadian—

Mr. Paproski: This is going to be good.

Mr. Richardson: —I feel compelled to enter this discussion. I feel compelled to do so because of the importance of this bill to western Canada, to western agriculture, and in fact to the whole country.

Mr. Paproski: We know Jimmy is going to tell the truth.

Mr. Richardson: In considering the amendment to the motion moved by the hon. member for Skeena (Mr. Howard) in which he proposed to alter the motion moved by the hon. member for Saskatoon-Biggar (Mr. Gleave), I have heard a few debating points. I have read in *Hansard* some technicalities and I have seen certain signs of indifference, Mr. Speaker. I want to say now, as I rise in my place, that there is a time to play politics, and there is a time to—

• (3:00 p.m.)

Mr. Horner: Obey the law.

Mr. Richardson: —get on with the urgent business of this nation. This, of all times, is not the time to play politics with the livelihood of western Canadian farmers.

Mr. Horner: The government is playing politics with them. It has played politics for ten months with $60 million.

The Acting Speaker (Mr. Laniel): Order, please. Is the hon. member for Calgary North rising on a point of order?

Mr. Woolliams: No, Mr. Speaker. I wonder if the minister would permit a question.

Mr. Richardson: Mr. Speaker, I have just begun. I will answer all questions in due course or, if I do not, I will accept them later. I will not accept questions at this time.

The Acting Speaker (Mr. Laniel): Hon. members know they may not ask questions of the minister unless he gives them permission. Apparently the minister has not given such permission.

Mr. Richardson: The central issue to be decided—

Mr. Woolliams: Is whether the government will obey the law.

Mr. Richardson: —is not the payment of $100 million and is not just the stabilization plan, important though these are. The important issue is this: who understands, who really understands, the great contribution made by the men who work the top soil of the great plains?

Mr. Skoberg: Who wrote that for the minister?

Mr. Richardson: In the points I want to raise, I want to demonstrate that it is the architects of the stabilization bill who really understand.

Mr. Horner: Now, I have heard everything.

Mr. Richardson: It is they who are prepared now to do something constructive and specific for the western farmer.

An hon. Member: That's a lot of bull.

Mr. Richardson: Two weeks ago, because of the importance of this legislation in so far as the western farmer is concerned, I moved a motion to extend the hours of debate. More than ten hon. members stood in their places and refused that request.

Mr. Lambert (Edmonton West): It is a bad bill and the minister knows it.

Mr. Richardson: Even worse than that, on the previous day members of the NDP moved a motion to adjourn the House.

Mr. Lambert (Edmonton West): What's shocking about that?

Mr. Richardson: They moved the adjournment of the House, as we were about to debate this legislation which is of such vital importance to western Canada.

Mr. Lambert (Edmonton West): What was so wrong with what they did?

Mr. Richardson: As a western Canadian, I am dismayed and disappointed—

An hon. Member: We all are.

An hon. Member: Listen and learn.

Mr. Richardson: —to see other western Canadians standing in their places and deliberately delaying legislation that is vital to western Canada.

Mr. Horner: The minister has no right to say that.

Mr. Richardson: The record of the opposition on this bill will live for years.

Mr. Dinsdale: It sure will.

Mr. Richardson: I can remember the day when a prairie farmer thought that one of his best friends was a member of the Conservative party.

Mr. Dinsdale: He still does, Jim.

Mr. Richardson: As a result of what we have seen recently, I suggest that that day has gone forever.

Mr. Horner: On a point of privilege, Mr. Speaker, the minister has reflected on the attitude of the members of the Conservative party. His assertion is not correct and the record will bear me out.

Some hon. Members: Oh, oh.

Mr. Horner: Shortly after the House was reconvened on September 7, the hon. member for Vegreville (Mr. Mazankowski) asked that this legislation be brought forward. The spokesman on behalf of the government said that it would be brought forward in due course. Exactly nine days after that request, the legislation was brought forward for debate in this House.

Some hon. Members: Hear, hear!

An hon. Member: What about the adjournment motions?

Mr. Horner: You can move adjournment motions at any time you like.

The Acting Speaker (Mr. Laniel): Order, please. The Chair asks hon. members to refrain from outbursts as much as possible. The Chair feels that the point raised by the hon. member for Crowfoot is not a point of privilege and hardly a point of order. Actually, he sought the floor for the purpose of clarifying a point. That has been done. The Chair will now recognize the minister who has the floor at this time.

Mr. Richardson: Thank you, Mr. Speaker. the record will clearly speak for itself, and it will speak for several years to come. I urge the House to move forward to a decision on the amendment to the motion, and also to a decision on the motion, so that we can bring the stabilization bill to a vote.

Mr. Alexander: What part did the minister play in breaking the law?

Mr. Knowles (Winnipeg North Centre): He writes the cheques.

Mr. Dinsdale: He has not written any cheques lately.

Mr. Richardson: I urge this for a number of compelling reasons. Let me put these reasons in their simplest terms. Above all, let us get the facts straight in this debate. First, let us look at a few dollar facts. In western Canada, as my hon. friends all know, the crop year is a year which runs from August 1 to July 31 of the following year.

Mr. Horner: I am amazed that the minister knows that.

Mr. Richardson: We are not talking about the calendar year and we are not talking about the fiscal year.

Mr. Horner: Talk about the calendar year.

Mr. Richardson: Let us look at three crop years and make comparisons as between the provisions of the Temporary Wheat Reserves Act and the provisions of the stabilization bill. Listen to this. The over-all fact is that western farmers would receive in the order of $67 million more if the stabilization bill were passed than they would receive if the Temporary Wheat Reserves Act were to remain in force.

Mr. Paproski: How would they receive it?

Mr. Richardson: The hon. member knows how they would receive it: directly, in payments.

Mr. Paproski: But tell us how?

Mr. Korchinski: I think the Prime Minister mentioned $58 million. Who is right?

Mr. Horner: Where did the minister get the $67 million figure?

Mr. Richardson: Instead of receiving their money through the Wheat Board, as was done under the Tempo-

rary Wheat Reserves Act, the farmers in this case would receive cheques directly. There is no more direct way of sending money.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, would the minister permit a question?

Mr. Richardson: So, I was citing the facts.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, would the minister permit a question?

Mr. Richardson: I am about to answer some questions right now, then I will receive others. In the crop year 1970-71, the Wheat Board would have been paid, under the Temporary Wheat Reserves Act, $62,100,000. Transitional payments to be made directly to some 180,000 farmers under the stabilization bill would amount for the same period, as you know, to $100 million. In the second crop year, 1971-72, the year in which we are now, payments under the Temporary Wheat Reserves Act would amount to approximately $31 million.

Mr. Woolliams: That comes to about $100 million. I wish the minister would explain that.

Mr. Richardson: Wait; we are taking this crop year by crop year.

Mr. Woolliams: Do it altogether.

Mr. Richardson: I am doing it this way in order that we may get the picture straight.

An hon. Member: There speaks the wheat germ kid.

Mr. Richardson: Although the crop year is just over two months old, this figure can readily be calculated because it is based on the amount of wheat in storage on August 1. Under the proposals of this stabilization bill, it is estimated that the federal government's contribution, based upon 4 per cent of 90 per cent of total receipts, would be at least $35 million and could be higher.

An hon. Member: The farmers will not see it that way.

Mr. Richardson: In the next crop year, in the crop year after this one, it is estimated that temporary wheat reserves payments to the Wheat Board would be below $20 million.

An hon. Member: Whose crystal ball is the minister using?

Mr. Richardson: These are Wheat Board figures. Federal government payments under this stabilization bill proposal—

An hon. Member: This is the first time I have heard the minister defending the Wheat Board.

Mr. Richardson: —would continue at $35 million or more.

Some hon. Members: Oh, oh.

Mr. Horner: Mr. Speaker, would the minister permit a question?

Mr. Richardson: This means, Mr. Speaker—

[Mr. Richardson.]

Mr. Horner: The minister is not worried about the poor.

Mr. Richardson: This means, and we are getting the facts here,—

Mr. Paproski: The minister is filibustering.

Mr. Richardson: —that under the stabilization bill there would be federal government payments of more than $170 million—

Mr. Gleave: Mr. Speaker, may I ask a question?

The Acting Speaker (Mr. Laniel): Order, please. Is the hon. member rising on a point of order?

Mr. Gleave: I wonder if the minister would permit a question, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Hon. members may only ask questions if they have the minister's permission. He has the floor. Is the minister willing to permit the hon. member to ask a question?

Mr. Richardson: I have made it clear that what I am saying here is designed to answer questions.

Some hon. Members: Oh, oh.

An hon. Member: Everybody pay attention.

Mr. Richardson: Then, we will get down to facts.

Mr. Gleave: On a point of order, Mr. Speaker, I merely wish to point out that some of the facts the minister has presented to this House are not correct. They are just not correct.

• (3:10 p.m.)

The Acting Speaker (Mr. Laniel): Order, please. The hon. member knows, of course, that he is just making an argument. He should state his point of order when he seeks the floor for this purpose. The Chair hopes that hon. members on both sides will try to at least help the Chair hear what the minister is saying. I am sure this will be to the benefit of everyone.

Mr. Richardson: Thank you, Mr. Speaker. I was just at the point of saying that with this figure for the three crop years, which I have broken down and used to make a comparison between the stabilization bill and the Temporary Wheat Reserves Act—there will be federal government payments of more than $170 million—

Mr. Korchinski: What about the losses?

Mr. Richardson: —just a moment—in three years, compared to $113 million under the Temporary Wheat Reserves Act. As I have said, this means there would be $67 million more put into the western economy and into the hands of the western farmers.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Will the minister at least do his subtracting correctly. It is only $57 million, even on the minister's own figures.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Knowles (Winnipeg North Centre): It is wrong, anyway.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Knowles (Winnipeg North Centre): $113 million from—

The Acting Speaker (Mr. Laniel): Order, please. Hon. members know—

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Horner: Count the parliamentary secretaries again. Have them do your adding for you.

The Acting Speaker (Mr. Laniel): Order, please. Hon. members know they cannot intervene in a debate without first seeking the permission of the Chair. It is very difficult for the Chair to follow the debate, hear the different points that are raised between members and try to apply the rules all at the same time. While hon. members are making noise or attempting to intervene, they are preventing other members from hearing what the minister is saying. The Chair asks for the co-operation of hon. members.

Mr. Woolliams: What's $10 million?

Mr. Richardson: The figures I have given are correct. There will be a federal government payment of more than $170 million in the three year period compared with $113 million under the Temporary Wheat Reserves Act. The hon. member for Winnipeg North Centre (Mr. Knowles) is correct is pointing out that the difference between those two figures is clearly $57 million.

Some hon. Members: Hear, hear!

Mr. Korchinski: You have to reduce that amount by the 2 per cent—

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Richardson: Now that the figures have been put on the record, I would like to move to the second reason for moving urgently with this legislation.

Mr. Horner: What about PFAA?

Mr. Richardson: The value of the Temporary Wheat Reserves Act to western farmers is declining each year. The figures dropped from $62 million to $31 million, and then to below $20 million.

Mr. Horner: That is wrong.

Mr. Richardson: As far as the western farmer is concerned, the Temporary Wheat Reserves Act is a slowly sinking ship.

Mr. Dinsdale: It is being lowered by the government.

Mr. Richardson: We do not mind if the members of the opposition want to stay on board that ship. What we object to is the fact that they want to bring the western Canadian farmer on board with them.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Crowfoot is seeking the floor.

Mr. Horner: I rise on a point of order, Mr. Speaker. The minister has projected some figures. He has gone into a lengthy description of the crop year. We know what he means by the crop year. I want to ask him the source of those figures, which he said are accurate. He said the payments under the Temporary Wheat Reserves Act would be down from $60 million to $30 million.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Horner: If he thinks those figures are right—

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Crowfoot may have a point for debate, but it is hardly a point of order.

Mr. Horner: If he wants us to believe those figures, he has to give us the source.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member seeks the floor on a point of order.

Mr. MacInnis: It is the same point of order as that raised by the hon. member for Crowfoot (Mr. Horner). If a member of this House quotes from a document, any member is entitled to know the source of that document. In fact, he is entitled to have that document tabled.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Hon. members will have to pardon the Chair. I have just assumed the Chair, and at this point I am not sure of the source of the figures. I would like the minister to continue for the time being.

Mr. Richardson: I will continue, Mr. Speaker.

Mr. Horner: You cannot substantiate them.

Mr. Richardson: I can substantiate them.

Mr. Horner: Put the source on the record. You cannot do it.

Mr. Richardson: They were supplied by the office of my colleague, the minister responsible for the Wheat Board.

Mr. Horner: Let him put the record straight then.

Mr. Peters: They are phony like the Prime Minister and his figures, really phony.

Mr. Richardson: The observation of the hon. member is correct. These figures have also been made public by the Prime Minister.

Mr. Horner: He did not identify his source over television, and you cannot produce your source now. They are both false.

Mr. Deputy Speaker: Order, please.

Mr. Horner: They are false.

Mr. Deputy Speaker: Order, please. The Minister of Supply and Services has the floor. We should try to hear him, and then other members may contribute to the debate.

Some hon. Members: Hear, hear!

Mr. Horner: Give us the source.

Mr. Richardson: Thank you, Mr. Speaker. I will move on. During the debate both within the House and in the country, there has been some evidence of concern that the stabilization bill does not include all of the measures and policies which western farm organizations would like to see. I assure the farming community that I am awake and that other members of the government are well aware of the policies which farm organizations would like to see adopted. I refer to such important matters as a two price system for wheat, the consideration of a floor price for grains, as well as further consideration of some government payment for storage of grain. Just because these important matters are not included in the stabilization bill does not mean they cannot be brought forward for consideration.

Mr. Horner: They were not in the Prime Minister's speech in Winnipeg on June 2, 1968, either.

Mr. Richardson: There have been indications from some farm organizations that lead me to believe they feel the stabilization bill in some way closes the door on these important matters. I wish to emphasize, Mr. Speaker, that this is not the case. I give this assurance, with the concurrence of course of my colleagues, the Minister of Agriculture (Mr. Olson) and the minister responsible for the Wheat Board.

The stabilization bill was never intended to be an all inclusive grains policy. It should be viewed as part of a continuing grains policy. It should be seen for what it is, a big step forward in grains policy and clear evidence that the government is now ready to substantially improve the position of western farmers and to recognize the great contribution they make to this country.

Some hon. Members: Hear, hear!

Mr. Horner: The government is trying to get rid of half of them.

Mr. Richardson: The stabilization bill is also clear evidence of the leadership and untiring effort over many months that my colleague, the minister responsible for the Wheat Board, has given to his native province.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh.

Mr. Paproski: He shaved off his moustache and went west.

Mr. Richardson: He has made a contribution not only to Saskatchewan, but all of western Canada, by establishing a forward looking and constructive grains policy.

Some hon. Members: Hear, hear!

Mr. Horner: He is now devoting all his time to immigration.

Mr. Richardson: Although I have worked in the business community, I know the farmland and I know the farming community's contribution to the prosperity and success of the business community. The issue before us, therefore, is very much larger than the wellbeing of western agriculture.

[Mr. Deputy Speaker.]

Western agriculture is a springboard for the whole of the economy, and the injection of $100 million that would be made within days of the passage of the stabilization bill would not only improve the prosperity of the west, but would be felt beneficially from coast to coast. What I am emphasizing, Mr. Speaker, is that the government's concern for the western Canadian farmer is not based solely on what we can do for farmers as individuals. We understand that a prosperous farming community helps to create a prosperous industrial community. Western farmers by their labour bring into Canada new money from around the world, and it should not be forgotten that they sell their products in the world at competitive prices, at world prices, but that when western farmers buy manufactured goods, mainly from Ontario and Quebec, they do not always pay world prices.

• (3:20 p.m.)

Mr. Horner: Will the minister table the name of the author of that speech?

Mr. Richardson: The author of this speech is standing before you, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Richardson: I am glad you find it so good.

Mr. Deputy Speaker: I regret to interrupt the hon. minister, but I do so to advise him that his time has expired.

An hon. Member: Give him more time.

Some hon. Members: Hear, hear.

Mr. Deputy Speaker: The Chair will ask whether there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Richardson: Thank you; I appreciate the opportunity to continue these remarks.

Mr. Woolliams: There were a few interruptions.

Mr. Richardson: The point I wanted to get across was this—I know it is already understood, but I think it should be underlined—that many of our manufactured goods sell behind a tariff wall for prices which are above world prices.

An hon. Member: Are you talking about the $80 million?

Mr. Richardson: I am coming to that in a minute. Put in its simplest terms, western farmers sell in a free market and buy in a protected market. I point to these facts to emphasize the extent to which the western farmer deserves, and is entitled to, the payment from the national treasury which is proposed in this stabilization bill.

Mr. McCutcheon: You are making history.

Mr. Richardson: Making history or not, I should like to put on record my personal conviction as to the importance of farming to the whole economy. I do not think it

was ever better expressed than it was years ago by William Jennings Bryan when he said: "Destroy your cities and leave our farms, and your cities will spring up again as if by magic; but destroy our farms and grass will grow in the streets of every city in the land."

Mr. Dinsdale: Spoken like a true Conservative.

Mr. Richardson: That is why it is important to dispose of the amendments and pass the stabilization bill.

Mr. Korchinski: Richardson for Prime Minister.

Mr. Richardson: Let someone put that on the *Hansard* record. I realize I am imposing on the time of hon. members. I just want to add that if democracy, of which we are all proud, means anything, it means that the voices of the people are heard and that the voices of all the people help to determine what legislation will be passed into law in this place. At this point, in what we hope are the closing days of this debate, when we are trying to make a simple choice between passing the stabilization bill and continuing with the Temporary Wheat Reserves Act, I say to all the farmers of western Canada: let us hear from you; let your representatives on both sides of this House hear your decision before we make our decision.

Mr. Horner: Isn't it a little late?

Mr. Richardson: This is what we want to find out. Let us hear whether you want the stabilization bill to be passed or whether you want to stay with the Temporary Wheat Reserves Act. That is the most important single issue. We want to see democracy at work. We want to hear your judgment on this matter.

One last point, if I may. Again, as a western Canadian, I cannot help but reflect upon the fact that since the House reconvened on September 7 the government has put forward two important pieces of legislation, bills it wanted to see passed.

Mr. Paproski: Name them.

Mr. Richardson: One is the stabilization bill, which we are debating, to provide $100 million to western Canada. The other is the employment support bill which came along much later and which provides $80 million in grants to industry.

Mr. Horner: Did you take that $80 million from industry in the first instance?

Mr. Deputy Speaker: Order. I gather hon. members would like to hear the minister continue his remarks and they have given their consent to his doing so. But since I have pointed out to other speakers the necessity of being relevant to the amendment and to the motion before the House, I want to be on record as saying that the hon. minister would appear to be wandering considerably beyond the scope of the matter which is before us.

Mr. Richardson: Thank you, Mr. Speaker. I do not know how I could possibly be more relevant than to mention the reasons for moving to a quick decision on the amendment which is before us.

Mr. Peters: The amendment is on page five.

Mr. Richardson: I simply wanted to draw a comparison between the $80 million provided in the employment support bill and the $100 million in the stabilization measure. It is estimated that only 3 per cent of the industries likely to benefit under the employment support act are in the prairie provinces. By far the larger number are in Ontario and Quebec. Both bills are government bills. The government is trying to be fair to all parts of the country. I think westerners will have to consider and observe the manner in which Conservatives and members of the New Democratic Party alike have reacted to each of these bills. I would think the leader of the Progressive Conservative party and the leader of the NDP would each wish to reflect upon the speed with which their supporters helped to get the employment support bill passed and compare that performance with the delaying tactics which are evident in passing to legislation which would benefit the west.

I wish to conclude by asserting that the government is concerned equally about all parts of Canada, and I urge hon. members to move forward to bring the amendments to a vote. We are speaking here of vital matters.

Mr. Horner: Pay the money.

Mr. Richardson: We are talking about long-term stabilization of income on the Prairies. But of equal importance we are talking about short-term prosperity, real prosperity in the west between now and Christmas. Our concern primarily is to recognize the great contribution made to Canada by the men who work the topsoil of the great plains.

• (3:30 p.m.)

Mr. Woolliams: Another speech like this and that topsoil will blow away.

Mr. Richardson: I say to the members of this House that in my opinion the prairie topsoil is one of the sacred possessions of this nation. It and the men who work on that soil are not suitable subjects to be made the pawns in a political game. It is for these compelling reasons that I urge the House to reach a decision on the amendment to the motion, to reach a decision on the amendment, to reach a decision—

Mr. MacInnis: A point of order, Mr. Speaker.

Mr. Deputy Speaker: Order. The hon. member is seeking the floor on a point of order.

Mr. MacInnis: My point of order is this. If the minister has such feelings for the western farmer, can he not express them without reading them from a prepared text, which is against the rules of this House?

Mr. Deputy Speaker: Order. The hon. member is entitled to raise the point of order. However, I do not think it is unique for an hon. member to refer closely to notes in making a speech. In my experience here, I have observed that this quite often happens. The Minister of Supply and Services.

Mr. Richardson: Mr. Speaker—

Mr. MacInnis: Mr. Speaker, a point of order.

Mr. Deputy Speaker: Order. The hon. member is seeking the floor on a point of order.

Mr. MacInnis: It is the same point of order, Mr. Speaker. I appreciate your ruling, but is the Chair trying to imply that the minister has not been reading his speech?

Mr. Deputy Speaker: The Chair did not imply anything of that sort. The Minister of Supply and Services.

An hon. Member: That's the only time you speak, to raise a point of order.

Mr. Richardson: Mr. Speaker, may I thank the hon. member for his intervention. If I had been able to read my speech in this House, I would have been able to complete it much more quickly. I think if hon. members compare *Hansard* with what I have written down they will find a great deal of difference between the two.

Mr. MacInnis: A point of order, Mr. Speaker. An hon. member interjected while remaining seated and imputed motives. He said the only time I speak in the House is when I raise a point of order.

An hon. Member: Give us a statement of fact.

Mr. MacInnis: If I were to refer the House to a statement of fact, I would refer hon. members to what the Prime Minister (Mr. Trudeau) said when this minister was elected. He said—

Mr. Deputy Speaker: Order, please. The Minister of Supply and Services.

Mr. Richardson: Mr. Speaker, I have enjoyed participating—

Mr. MacInnis: A point of order, Mr. Speaker.

Mr. Deputy Speaker: Order. The hon. member for Cape Breton-East Richmond on a point of order.

Mr. MacInnis: Mr. Speaker, I will continue to raise points of order as long as members opposite are allowed to make interjections, while remaining seated, and impute motives. I will continue to raise a point of order in connection with reading speeches in this House, and to refer to the Prime Minister's remarks about this minister. He said, "So you have elected James Richardson; you could have done better"—

Mr. Deputy Speaker: Order, please. The hon. member has made his point of order. The Minister of Supply and Services.

Mr. Richardson: Thank you, Mr. Speaker. I was saying that I have enjoyed participating in this debate, and I want to end by urging the House to reach a decision on the amendment to the motion, to reach a decision on the amendment, to reach a decision on the motion and in the name of the western farmer to reach a decision on the stabilization bill.

Mr. Deputy Speaker: The Leader of the Opposition.

Mr. Woolliams: Mr. Speaker, on a point of privilege, before Your Honour took the Chair the minister did say that he would answer questions. I was wondering whether Your Honour would be gracious enough to give the minister extra time so I can put a question to the minister, with his consent.

[Mr. MacInnis.]

Mr. Deputy Speaker: Order, please. The situation is that hon. members extended the time of the minister, and if the minister will accept the question the hon. member for Calgary North may ask it.

Mr. Woolliams: Mr. Speaker, my question is a very simple one. I am wondering on which side of the fence the minister is. The Prime Minister has admitted that for about the last 14 months the government has been breaking the law as a result of its failure to pay the farmers under the Temporary Wheat Reserves Act. The Minister of Justice has been quoted all across Canada in newspapers as saying that the law has not been broken. What position does the minister take in this regard?

Mr. Richardson: Mr. Speaker, the facts as far as I am concerned are that no member of this government has ever suggested that we did not have an obligation to make payments under the Temporary Wheat Reserves Act.

Mr. Woolliams: Why did you not make them, then?

Mr. Richardson: Because we brought forward a bill for consideration which repeals that act, a bill that is a great improvement on that act. In my opinion, this government has acted in a responsible manner. We have been responsible to the House on this issue in the same way as we are responsible to the House on everything else. We are not repealing the Temporary Wheat Reserves Act; we are asking the House and Parliament to do that.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I had not planned to intervene this afternoon, but following some of the things the minister said I feel compelled to say a few words. I should like to start just where the minister finished. He seemed to recognize at last that it was this House and Parliament that change the laws, not the government. Yet ever since August 1, 1970 the government has been defying the laws of this land. It has refused to comply with the laws of this land, taking the position that just because it has decided to change the law it can ignore the law that exists. The minister can talk all he likes about this government behaving responsibly; to my knowledge no government has behaved so irresponsibly as this one.

An hon. Member: Don't read your speech now.

Mr. Stanfield: No, I will try not to do that. My difficulty is I cannot read my own writing.

The bill before the House has at least two different aspects. One relates to what is called an interim payment of $100 million and clearly has nothing at all to do with the longer range stabilization plan. If the government had been prepared to separate this payment from the stabilization plan, I would have expected the House very quickly to approve of this $100 million payment, though it is by no means clear that this is much better, if at all better, than what is already required to be paid under existing laws. Clearly the government has refused to separate the $100 million adjustment payment from the other payments because it knows perfectly well that it is unable to sell the

stabilization plan, not only to the members of the House but to the farmers of western Canada. Blackmail may be a strong word, but certainly the adjustment payment is there. The government refuses to separate these two in the hope this will constitute enough sugar to persuade the farmers of western Canada to somehow or other swallow the pill which so far they have found difficulty in swallowing.

• (3:40 p.m.)

One might say also that the comparative figures used by the Prime Minister (Mr. Trudeau), and by the minister this afternoon—I do not want to be unparliamentary—are not honest. The minister is comparing his $100 million plus the payments which someone or another next to him, using some basis of calculation—

Mr. Lang: I knew you didn't understand it.

An hon. Member: Don't be arrogant.

Mr. Peters: He is at least being honest.

Some hon. Members: Oh, oh.

Mr. Peters: They were your figures; no wonder we don't understand them.

Mr. Stanfield: The figure was $100 million plus what somebody has calculated will be payable under stabilization contributions to be made by the Canadian government. This minister, like the Prime Minister, has compared this with the payment the government is required to make under the Temporary Wheat Reserves Act, very blithely ignoring, as I understand the situation to be, that if the stabilization bill is accepted not only does the Temporary Wheat Reserves Act go out the window, but also the Prairie Farm Assistance Act and the legislation relating to pool losses. Yet this minister from western Canada stands in the House, and this is one of the reasons I felt compelled to take part in the debate this afternoon, purporting to serve the interests of farmers in western Canada, but does not have the frankness to make a fair comparison. He tries to put before this House, like the Prime Minister tried to put before the people of Canada, a very misleading comparison and an extensively misleading situation. They are, therefore, suspect right from the start.

Some hon. Members: Hear, hear!

Mr. Stanfield: The government compares the $100 million with the money owing by this government to the Wheat Board under the Temporary Wheat Reserves Act, but those payments have nothing to do with the stabilization plan. All this aspect of the government's operations, which the minister just described as honest, can in fact be summed up by the simple use of the word "blackmail".

As far as the stabilization plan is concerned, it is unsatisfactory and unacceptable to all of us in its present form for the number of reasons given here and elsewhere, yet the government has refused to amend it. It has not only refused to be responsive to suggestions from the floor of this House, it has refused to be in any way responsive to the requests made by the provincial Ministers of Agriculture. The government has not only been arrogant in respect of its breach of the law and dishonest in respect of figures it has put out, it has been bullheaded in refusing to take any advice from anybody, including those provincial ministers of agriculture.

Some hon. Members: Hear, hear.

Mr. Stanfield: I am opposed to governments breaking the law persistently; I am opposed to this government trying to bull through this House a stabilization bill which is not satisfactory to the farmers and is not gaining support from the farmers. I am opposed to the government trying to slip this past the farmers with the use of some sort of sugar coating.

An hon. Member: It has been before the House for six months. It must be a six months' slip.

Mr. Stanfield: I am opposed to the bill, and I have not been persuaded by the minister this afternoon to be otherwise. I think the government is simply trying to be too smart; first of all in breaking the law and, secondly, in the technique it has used in an attempt to get this bill accepted. I cannot accept the bill in its present form. I cannot approve of the stubborn refusal of the government to accept any amendment to make it satisfactory. The government deserves opposition to this bill. That is exactly what it is getting from the opposition, which is serving the interests of the farmers in western Canada far more than that minister, whose fundamental sincerity I believe, who put this bill before the House this afternoon in a very misleading way.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there is one thing for which we owe a debt of gratitude to the Minister of Supply and Services (Mr. Richardson). His intervention this afternoon has brought the Leader of the Opposition (Mr. Stanfield) back into the fight. I was beginning to worry about the reports of what the Leader of the Opposition said out west, that he was going to let this bill slip through, but obviously he now takes a different view.

I rise to support the amendment of the hon. member for Skeena (Mr. Howard), which was moved to the motion presented by the hon. member for Saskatoon-Biggar (Mr. Gleave), and I shall state in a moment or two my reasons for supporting that position. Before I do so, I think I am entitled to deal with the figures the Minister of Supply and Services has placed before us this afternoon. They are substantially the figures the Prime Minister, with a blackboard and pointer, placed before the people of Canada the other night on national television.

I assert that the country is being deceived by these figures. I ask the House, and particularly my fellow city members in this chamber, who are more numerous than farmers, to pay attention to this and look closely at the two sets of figures. The Prime Minister, and now the Minister of Supply and Services, asks us to look at a period of three crop years from August 1, 1970, to July 31, 1973. One of those crop years has gone, we are in the second one, and we are asked to take into account the next one as well.

They tell us that if Bill C-244 does not pass, all the farmers will get will be the money paid out under the Temporary Wheat Reserves Act, and that for the three

years this will be $113 million. There is a certain amount of guesswork with regard to what happens during those three years, but I do not quarrel with that general calculation of $113 million for those three crop years.

Then, the Prime Minister and the Minister of Supply and Services tell us that under Bill C-244 there would be an immediate $100 million transitional payment by the government, as the minister said, within a few days, and that there would be $35 million in this present crop year and another $35 million in the next crop year, or a total of $170 million. The Prime Minister and the minister have asked us and the public to believe that this is the whole and true picture; than on the one hand the farmers get $113 million and on the other they get $170 million. Actually, I do not quarrel, as my colleagues would, with the estimate of $35 million in each of the next two crop years. I am not going to set my estimates against those of the government. Those figures could be less; they could be $30 million or $28 million. But even if one accepts those figures, and this is what I want the House to look at, under the Temporary Wheat Reserves Act the entire $113 million would be paid by the government, and the minister is the boss of the man who signs the cheques. I thought he was going to tell us this afternoon that he had ordered the cheque to be written to the Canadian Wheat Board. In any event, the entire $113 million would be paid to the Wheat Board and would go to the farmers of western Canada.

• (3:50 p.m.)

Mr. Lang: Not necessarily.

Mr. Knowles (Winnipeg North Centre): Yes, because whether the minister—

Mr. Lang: May I ask the hon. member a question?

Mr. Knowles (Winnipeg North Centre): Just a minute. Let me finish my analysis of this. That money, that $113 million, gets through to the farmers. But in the case of $170 million, the $100 million goes directly to the farmers. Yes; they have already had their letters and they know how much they would get depending upon the acreage on their permit books and so on. But the other $70 million does not go to the farmers. It goes to the stabilization fund. I am talking about these three years because they are the years the government talked about. In that same period, the farmers will contribute to that same fund $35 million, or $17½ million a year.

Mr. Lang: Mr. Speaker, may I ask the hon. member—

Mr. Knowles (Winnipeg North Centre): If I am given an extension, then I will accept all the questions the minister wants to put to me. In that same period, the farmers will have put $35 million into the fund. So, this arithmetic is not complicated. If you look at the current cash position of the farmers for this three-year period, this is the situation. Under the present law they would be better off by $113 million, but under Bill C-244 they would get only $65 million because they would get $100 million now out of the transitional payment fund but they would have to pay back $35 million into the stabilization fund. I suggest that the government should have the honesty—

Mr. Lang: I would be glad to straighten you out.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): —to tell the farmers of western Canada, the people of Canada and this House that that is the real picture. The Minister of Supply and Services (Mr. Richardson) at one point this afternoon said that this money would go directly to the farmers. He was talking about Bill C-244. I tried to ask him a question to straighten him out but I did not have an opportunity to do so. I ask the government to be straightforward and let the farmers, the country and this House know that that is the picture, and if this bill does not pass, in terms of current cash in their pockets position, the farmers will be better off than they would be if Bill C-244 passes so far as this three-year period is concerned. I may say at the same time that calculations under the PFAA would have to be taken into consideration. I do not think the effect would be extensive but the position of the farmers would be even worse under Bill C-244 than under the present situation.

I recognize quite readily that if Bill C-244 passes, in addition to the fact that the farmers would have $65 million in their pockets in this three-year period as opposed to $113 million under the present law, there would be in the stabilization fund a total of $105 million which would be made up of the $70 million put in it in the two years by the government and the $35 million put in by the farmers. The government may say that is an asset the farmers will have. I have had so many letters over the years from retired public service employees and retired CNR employees and others wondering why they could not get the benefit of the millions of dollars in funds that I do not want the farmers put in the position where they can be told they are well off because there is this huge amount of money in the stabilization fund most of which they may never see.

A few days ago when I was thinking about entering this debate it was not my thought to zero in on this three-year period. I have done so because of what the government has done and what the Prime Minister did the other night in the dishonest and distorted picture he gave when he talked about this $113 million. I think the figure was $112 point something million, but the minister says $113 million and that is about the same. The Prime Minister said, leave the legislation as it is; let the opposition deny us the right to pass this bill and that is all the farmers get, $113 million, in these three years, but pass the bill a generous Liberal government has brought in and they will have $170 million. This is not true. They will have a net of $65 million under Bill C-244 as opposed to $113 million under the present law.

That leads us to the question of the stabilization fund, the $105 million that would be there at the end of two years if the government's calculations are correct. This goes to the whole question of the rationale of this bill and our reason for trying to improve it. That is what the amendments before us now are all about—the motion of the hon. member for Saskatoon-Biggar (Mr. Gleave) and the amendment of the hon. member for Skeena (Mr. Howard). The whole purpose of these amendments is to try to improve the formula in this bill which provides for the farmers to get payments from the fund.

It is no improvement in the farmer's position and no fun just to put money into a fund all their lives. There is a possibility that is what could happen because this fund

works on what is called a moving five-year average and farmers will get payments out of it in any bad year only if the gross income in that year is less than the average of the last five years.

An hon. Member: Ninety per cent.

Mr. Knowles (Winnipeg North Centre): I should get the 90 per cent figure in there. I thank my friend for that correction. May I point out that it would be possible for conditions in agriculture to decline year after year, and under this government they probably will—

Mr. Lang: This is a record year.

Mr. Knowles (Winnipeg North Centre): —but because it is a moving average any year, no matter how bad it might be it might not be below the average of the immediately preceding five years.

This is not a stabilization program. At best it is an income insurance program for a year of disaster, a year of catastrophe. I submit it is not properly drawn. It is not even a good insurance scheme. I think the more the farmers come to understand it the more they feel it should not be pushed down their throats. That is why we are opposing it in the course of this debate as we are. Last June there was some opposition to it. My friend sitting behind me and I were accused of blocking it. We accept the accusation and the disastrous political result because we like the kind of disaster which took place in Saskatchewan on June 23. Why did the farmers of Saskatchewan vote against the Liberals? For quite a few reasons, but one is that they do not like the so-called stabilization plan. The effect of this stabilization plan, if it does anything, is to stabilize poverty. You know, Mr. Speaker, this government is awfully good at this job of redistributing poverty. You would stop me if I got too far into the matter of old age pensions but I will not go so far that you will have to stop me.

What happened the last time the government amended the old age security act? It redistributed the poverty of the old people. It took some away from some old people to give a little more to other old people. The government is good at redistributing poverty. The government tells us that this legislation will make things better. The Minister of Supply and Services said that this is an improvement and that is why we in western Canada should support it. We were told about the new unemployment insurance act, that it was a tremendous improvement. Not a day passes that I do not receive letters from people saying that they are worse off under it than they were before. Some people are better off, but some people are worse off. We were told the same thing about the veterans legislation. How many members receive letters, particularly from those on the war veterans allowance, who state that their position has been made most difficult because of the way that act operates. So, we do not accept the assertion of the Minister of Supply and Services or of the government that this legislation is an improvement over the old one and therefore we are not being filibusterers, obstructionists, undemocratic and irresponsible because we oppose this legislation. We are not just playing around with it and making amendments for the fun of it. We say it is a bad bill. We say that it is against the interests of the farmers of western Canada and that it should not be supported by this House.

• (4:00 p.m.)

You might say, Mr. Speaker, when are you going to talk about the amendment? Let me talk about it enough to be in order, but to this point I have been dealing with the remarks made by the Minister of Supply and Services (Mr. Richardson).

The point of the motion and amendment is to try to improve the bill a little so that there will be some chance of the farmers getting some money out of this fund into which they will have to pay money if this bill passes. But the way the bill now reads, the farmers can get income out of the fund only if the total gross income with respect to the six grains that are dealt with in this bill is below the average of the immediately preceding five years. We contend that that figure of gross income is a misleading one, particularly because of the rising costs of production that can take place and there is no chance of farmers gaining from this unless the income in a bad year is at least the net income.

That was the purpose of the motion moved by the hon. member for Saskatoon-Biggar (Mr. Gleave). Under this motion, when the net income, rather than the gross income, falls below the average of the preceding five years, payments would come into effect. The purpose of the amendment moved by the hon. member for Skeena (Mr. Howard) is to be somewhat more precise and to set the first crop year in this cycle as the base period and to take into account the increased cost of production between that base year and subsequent years. We think that that would make at least a slight improvement, that there would be some chance of there being years in which farmers would get benefits out of the fund.

That is why we think the House should support the amendment and then support the motion as amended by the words in the amendment of the hon. member for Skeena. But I have no hesitation in saying that even if that takes place, the bill is still not a stabilization plan; it is not what the ministers over there talk about, namely, something that will even out the bumps and the hollows. It is at best a plan to provide income insurance for years that are particularly bad, particularly catastrophic. We may go 10 or 20 years without having that kind of year, particularly because of this so-called moving average. I say, therefore, that even if this bill were amended it would not be the kind of bill that would meet the situation. One of the difficulties is that if you get this kind of bill on the statute books, as with so many other things, it will be years before it can be changed. I say to the Minister of Supply and Services, my neighbour from Winnipeg, that I think we would be rendering a disservice to the farmers of western Canada if we allowed this bill to pass. That is why we are still standing here doing our best to persuade the government to withdraw it.

I continue to protest against the failure of the government to carry out the law as it now obtains in the Temporary Wheat Reserves Act which requires these payments to be made. The government is now 15 months in default, and the law is there just as much for the government as it is for anyone else, and it has not been kept.

I also object very strongly to the fact that this debate is taking place during the early days of this week after the clear understanding that was arrived at between the minister and the prairie ministers of agriculture last Friday that there would be a moratorium, a cooling off period, during which the government would look at the proposals made to it by those ministers. You cannot call it consideration just to have slept on it over the weekend from Friday to Monday.

I have no hesitation in saying that I have been speaking to at least one of the western ministers of agriculture and he was horrified to learn yesterday that this bill was under debate. He asked me: "Stanley, what happened?" I tried to explain, but he certainly had the clear understanding that the bill would not be proceeded with until the minister in charge of the Wheat Board had reported back to the western ministers of agriculture. As of this morning, that has not taken place. I am told that the minister's assistant has communicated with at least one minister to inform him that the debate was on again, but there has been no answer to the proposals that were made to this government by the prairie ministers when they were here last Thursday. There is a great deal of talk by this government about participatory democracy. One way of course is to involve the other levels of government, to involve the provinces. I submit that to let those ministers come down here and have those discussions on Friday, to come to whatever understanding they may have come to, then to throw it out the window and say "it is all off; we are going to put this bill through" is certainly not carrying out participatory democracy.

People are becoming somewhat discouraged about what is going on. I hear people who are on the other side of the fence say on the radio that they are disturbed because the debate is going on and there is obstructionism by the opposition. They ask us why we do not let the government get its way. The other side of the picture is that the government has a responsibility to the people of this country, the responsibility to keep its word. I submit that that is not being done by holding this debate this week, and I submit that the government is not measuring up to its responsibility to maintain the law by its failure to pay the amounts specified under the Temporary Wheat Reserves Act. I see that Your Honour is on the edge of the chair, so I will sit down. I want to emphasize again how thoroughly dishonest the government is in trying to tell the farmers and the people of Canada that it is a choice between $170 million and $113 million when, so far as these three years are concerned, it is a choice between $113 under the old law and $65 million under Bill C-244.

Mr. Speaker: Order, please. Is the minister rising for the purpose of asking a question?

Mr. Lang: Yes, Mr. Speaker.

Mr. Speaker: The minister would need the unanimous consent of the House because the hon. member's time has expired. Is it agreed?

Some hon. Members: Agreed.

Mr. Lang: I should like to ask the hon. member what is really a three part question. Is he aware of the fact that with regard to the amounts of money involved, the figures which the Minister of Supply and Services was using were the amounts which it would cost the treasury in that period of time, and that so far as the Temporary Wheat Reserves Act money is concerned, it is inaccurate to say that the amount being paid for the next year or the following year would necessarily go to the farmer, because any deficit in the pool could wipe out any payment to the farmer. Second, is the hon. member aware of the fact that while the government commitment to the fund under Bill C-244 is only probably in the order of $35 million under the 4 per cent formula for the next couple of years, the amount of payments to the farmer could in fact be very significant and could amount to $100 million, $200 million or $300 million, as it would have done two and three years ago.

Third, is he aware of the fact—

[Mr. Knowles (Winnipeg North Centre).]

Mr. Speaker: Order, please. I wonder whether that is a question. It seems to me that the minister is making a speech rather than putting a question. Perhaps he might allow the hon. member for Winnipeg North Centre to reply to the first two questions, and we will then ascertain whether the minister still has the consent of the House to resume his questioning.

Mr. Peters: We should adjourn the debate so that the minister can find out what the bill is all about. He is totally confused.

Mr. Knowles (Winnipeg North Centre): May I say in reply to the minister that I am aware of these imponderables, of figures that can change. It is interesting that the minister and his colleague and the Prime Minister want to use firm figures that are fairly high when they talk about what would be paid under Bill C-244, but then they downgrade the figures when they talk about what would be available under the Temporary Wheat Reserves Act.

Mr. Lang: These are the facts.

Mr. Knowles (Winnipeg North Centre): The minister has not persuaded me that he gives the country the facts.

Mr. Lang: I have not persuaded you, but I am giving the facts.

Mr. Knowles (Winnipeg North Centre): The minister wants to make the point that although the government says that under the Temporary Wheat Reserves Act there would be another payment of $51 million between the end of the last crop year through the next two, maybe it might be less. Yes, it might be less, but so might the amount of money under Bill C-244 in each of the next two years be a lot less than the $35 million which the minister indicated. In fact, if you want to cut both figures down we are about even Stephen.

• (4:10 p.m.)

Mr. Lang: The $38.6 million is certain.

Mr. Knowles (Winnipeg North Centre): The $38.6 million on top of $62.1 million—all right.

An hon. Member: It could go to a deficit.

Mr. Knowles (Winnipeg North Centre): I will take the minister's figures, $62.1 million.

Mr. Lang: That is treasury costs.

Mr. Knowles (Winnipeg North Centre): I will take $62.1 million plus $38.1 million—

Mr. Lang: You are still not getting it.

Mr. Knowles (Winnipeg North Centre): Plus $38.1 million—or rather $38.6 million—

Mr. Speaker: Order, please. I wonder whether we might have some sort of order.

An hon. Member: We are doing fine.

Mr. Speaker: The hon. member was granted unanimous consent for an extension of time to answer a question. The hon. member for Timiskaming (Mr. Peters) has been waiting for some time to make his speech. Perhaps the hon. member for Winnipeg North Centre (Mr. Knowles) might attempt to reply to the question as quickly as possible so that the Chair may recognize the hon. member for Timiskaming.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I was trying to deal with the figures that the minister now puts out which are a correction of the Prime Minister's figures. The Prime Minister compared $113 million with $170 million. The present minister wants to talk of the amount that is there, namely, $62.1 million for the last crop year and $38.6 million—

Mr. Lang: No, no—$38.6 million only if you are talking about payments to the farmer.

Mr. Horner: You are wrong.

Mr. Burton: For 1969-70.

Mr. Knowles (Winnipeg North Centre): I think the minister should be given time to study his own legislation. Even on his terms, there is more money that would go into the pockets of the farmers under the present situation than under the new legislation. When you consider that the only guarantee—the only guarantee—to the farmers under the new legislation is the $100 million—oh yes, there is another guarantee. There is the guarantee that they will have to pay money back into that fund during the next few years.

Mr. Dinsdale: About 2 per cent of earnings.

Mr. Knowles (Winnipeg North Centre): Far from the comparison being what I made it out to be, $65 million under the new legislation versus $113 million under the old, it might even be worse. I submit, Mr. Speaker, that the dishonesty the government has been using, the deception it has been handing out to the people, is just being compounded by what the minister is saying now. When the minister wanted to point out that it could be more than $35 million, he still used the phrase "payments to farmers". These payments are not going to farmers, they are going to a stabilization fund. As far as the farmers are concerned, it could be the same as money in some of the pension funds around the country that never gets to the people who deserve it.

I submit, Mr. Speaker, that it is time the picture was put clearly. One of the reasons I got into the debate is that as a non-farmer I have to study some of this legislation with special care, and the more I do the more I realize we are being submitted to a case of blackmail. We are being asked to buy a piece of legislation because there is $100 million in it which has conditions which are utterly intolerable for the farmers of western Canada.

I submit to the minister that he will find out by the Liberal vote in Assiniboia on November 8 what the farmers out west think. With the prairie agriculture ministers and the prairie farm organizations becoming agitated about this, I think the most honest and most responsible thing for the government to do is to withdraw this bill from debate, to take it back and study it again and have consultation with those who really know what it is all about.

Mr. Lang: On a point of order.

Mr. Speaker: The minister is rising on a point of order.

Mr. Lang: On a point of order, Mr. Speaker. In view of the obvious difficulty that the hon. member is having with the figures, I should very much like the consent of the House to have a few moments to explain them to him. I know he has been studying this matter but he has not got the figures straight.

Some hon. Members: Agreed.

Some hon. Members: No!

Mr. Knowles (Winnipeg North Centre): Would the minister also explain the figures to the Prime Minister?

Mr. Speaker: The suggestion is now being made by the minister that he should speak a second time with the unanimous consent of the House. Is it agreed?

Some hon. Members: Agreed.

Mr. Speaker: Is it understood that this applies only to the minister and not to other hon. members who may want to reply to him? Of course, hon. members will appreciate that if the minister is allowed to make a second speech it is being done by unanimous consent. Any member who wishes the same privilege will also have to seek the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Peters: And no time limit.

Mr. Speaker: I think it is not being entirely fair to the hon. member for Timiskaming (Mr. Peters).

Mr. Lang: I shall deal only with the specific item of the figures. I appreciate the indulgence of the House in allowing me to rise to do so.

The payments which were referred to by both the Prime Minister and the Minister of Supply and Services were the payments which the treasury would make under either the Temporary Wheat Reserves Act or Bill C-244 specifically. In the case of the Temporary Wheat Reserves Act, the payments are known for one year to be $62.1 million, are estimated with a fair degree of accuracy at this stage for the next year at $30.8 million and are estimated rather more speculatively for the third year at $20 million for a total of $112.9 million. Under Bill C-244, the Stabilization

Act, transitional payments are $100 million known exactly for the first year, $35 million estimated as the 4 per cent levy for the current crop year and $35 million estimated rather more speculatively for the following year, making a total of $170 million. Let me turn to the other side of the picture.

Mr. Peters: To whom are you paying those sums? You are paying them to two different organizations. They are not the same figures.

Mr. Lang: If I may repeat what I said at the beginning, those are specifically the amounts which the treasury would pay. I am not saying at that point to whom, but those are the amounts the treasury would pay. Now, let me turn to the "to whom".

An hon. Member: Did you check with Big Daddy?

Mr. Lang: If we have the Temporary Wheat Reserves Act route followed, without therefore passing Bill C-244, of the $62.1 million which would be paid we know that $38.6 million would reach the farmers because that is in connection with a crop year for which the transactions are concluded. Had that amount been paid it would ordinarily have been paid on June 17 as we made quite clear at all times. The $38.6 million would therefore have reached the farmers. The balance would apply to future operations of the wheat pool as would the $30.8 million and the $20 million estimated for the subsequent years. These would apply to future wheat pools. The point I made to the hon. member who just spoke was that should any of these pools turn out to be in a deficit position, not one penny of it flows through to the farmer. So, there is no certainty possible at this time whether those amounts of money will get to the farmer. All that would happen would be the payment by the treasury would, to that extent, reduce the treasury obligation on another account. It would not get to the farmer if the pools were in a deficit position, as it was a year ago when the Temporary Wheat Reserves Act Payments did not get through to the farmers.

Mr. Horner: Would the minister permit a question?

Mr. Lang: Certainly.

Mr. Horner: Would that same point not hold true if there were a deficit? That, too, would come out of the fund that you spoke about which would be built up by contributions of the federal government of $35 million in each of the two years under the grain stabilization fund. That deficit would come out of the fund?

Mr. Lang: It would, but would not interfere with the amount of payments made to the farmers.

Mr. Horner: If there is a deficit in the barley pool would that not come out of the treasury fund?

Mr. Lang: It will, through the stabilization fund in any case.

Mr. Horner: No, it won't.

Mr. Speaker: Order, please. I suggest to hon. members that they are compounding the difficulties. The hon. member for Winnipeg North Centre (Mr. Knowles) had the floor; the minister asked a question; the hon. member for Winnipeg North Centre replied; the minister got the floor by unanimous consent to explain the answer he had given to a question and now he is being questioned by the hon. member for Crowfoot. This is just about the most disorganized debate I have ever seen.

Mr. Horner: On a question of privilege, Mr. Speaker.

Mr. Speaker: The hon. member rises on a question of privilege.

Mr. Horner: I should like to apologize to Your Honour and to the House for interrupting the minister, but he was granted the privilege of speaking on a second occasion to clarify figures. I was only trying to assist him in clarifying the figures.

• (4:20 p.m.)

Mr. Lang: Mr. Speaker, I certainly appreciate the sentiment and purpose of the hon. member for Crowfoot (Mr. Horner) and will welcome further opportunities for his clarification. I have dealt with the fact that under the Temporary Wheat Reserves Act the only amount we are sure would go to the farmers is $38.6 million. Under the stabilization transitional payment, we know that $100 million, would go to the farmer. For future years, the issue is speculative with regard to both cases. Temporary wheat reserves payments would not go to farmers if there were a deficit. We would expect some money to go through, but we do not know how much. On the stabilization bill side, the amount that would go to the farmer depends upon the total sales situation for the year. If we are comparing payments which may go to farmers, we have to be honest enough to recognize that that contingency is a very large one. Although the treasury will make a specific payment of $35 million in certains years, the contingent liability under Bill C-244 is unlimited. As I say, under the bill it is unlimited. There may not be a precedent for this on our statute books. The payment to the farmer will be whatever is required in any of those years to bring his gross receipts for the year in question up to the average of the previous five years.

Mr. Knowles (Winnipeg North Centre): But the government does not pay.

Mr. Lang: Although I agree with the hon. member for Winnipeg North Centre (Mr. Knowles) that the record level of exports achieved under this government this year is likely to continue and that we will set new records, history teaches that we will not enjoy a smooth line of rising exports, so as we move ahead there will be a series of drops from the high levels. In those years the amounts which will be paid to farmers is not limited and will be set by the formula. If the stabilization plan had been in effect between 1945 and 1971, the fund would have paid to the farmer $3.96 for every dollar that the farmer put into the fund. Such payments simply must not be ignored when we calculate the benefit that would accrue to the farmer from such plans. I urge the venerable hon. member for Winnipeg North Centre (Mr. Knowles) not to use the word "dishonest" while ignoring the fact that payments like these may be made to the farmer.

The figures used by the Minister of Supply and Services (Mr. Richardson) were exactly accurate with regard to payments out from the treasury. If the hon. member was talking about those figures, then those figures are accurate. If he is talking about receipts by farmers, he must compare similar and not different things. He must recognize that, as far as the Temporary Wheat Reserves Act is concerned, we are sure only that farmers would be getting $38.6 million whereas, under Bill C-244, $100 million would be paid out to farmers. History teaches that there will be significant benefits to the farmer under the stabilization plan.

Mr. Burton: Mr. Speaker, may I ask a question?

Mr. Speaker: Has the hon. member unanimous consent to ask a question of the minister?

Some hon. Members: Agreed.

Mr. Burton: Since the minister claimed that only $38.6 million, I believe that was the figure, could be said to be directly payable to the farmers, as of now, would he explain why the Prime Minister said in his broadcast on Sunday night that, "In the last crop year under the Temporary Wheat Reserves Act we would be in process of paying to western farmers $62 million." Those are the words he used.

Mr. Lang: I think it is obvious that in another context one could refer to payments to the Wheat Board or payments to the stabilization fund as being payments to western farmers or to farmers' institutions on their behalf.

Mr. Knowles (Winnipeg North Centre): Is that not dishonest?

Mr. Lang: If that misled the hon. member for Winnipeg North Centre at all, it misled him in a way that was favourable to his argument that more was being paid under the Temporary Wheat Reserves Act. I am surprised that the hon. member suggests that the Prime Minister was dishonest if he suggested the figure was $62 million when the real figure ought to have been $38.6 million.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Finally, Mr. Speaker, we realize that Bill C-244 is confusing. Various interpretations have been brought forward in the House and if hon. members are unable to understand the exact meaning of Bill C-244, just imagine the position of Prairie grain producers. When we go over there we see how these farmers fail to understand the legislation supposedly brought forward in their behalf.

This afternoon we heard two ministers, the Leader of the Official Opposition (Mr. Stanfield) and members of the NDP. Each one has his own interpretation of Bill C-244. In the meantime, western farmers are calling for more attention and asking Parliament to take swift action, because they need their money.

Since the end of last week, I have been receiving letters from Saskatchewan. One of them says:

[*English*]

Mr. Member of Parliament:

The Temporary Wheat Reserves Act assists only those who produce wheat and large farmers.

The Grain Stabilization Plan helps all farmers and small farmers.

Stop playing politics and allow the Stabilization Plan to go to a vote.

• (4:30 p.m.)

[*Translation*]

Those people do not say: Adopt this bill immediately. Not at all! They ask that the question be put to a vote. At the present time, in this very place, within the federal Parliament, western farmers are used for political purposes; their problems are turned into political issues.

A short while ago, my friend, the hon. member for Winnipeg North Centre (Mr. Knowles) spoke about the by-election to be held in Assiniboia in one month or so, when the electors will show their dissatisfaction. Other governments have held power before the one now dealing with the problems of the Canadian farmers. Did they solve those problems? We are still facing the same ones after 10, 15 and 20 years.

For three days we have witnessed an inconceivable waste of time in this House: three adjournment motions were moved and we lost an hour and a half voting on them. And what did that solve? Nothing!

Mr. Lambert (Edmonton West): Because it does not come from the province of Quebec.

Mr. Caouette: The hon. member for Edmonton West says the reason is that it does not come from the province of Quebec. I am from the province of Quebec, and I have never behaved so stupidly as Progressive Conservative members from Alberta. Anyway, we did not introduce adjournment motions for the sole purpose of delaying the work of the House, and the hon. member knows that.

Mr. Lambert (Edmonton West): Talk about abortion and the Criminal Code amendment.

Mr. Caouette: We opposed it because the bill was unacceptable.

Mr. Lambert (Edmonton West): Bill C-244 is not any more acceptable.

Mr. Caouette: That is not sure and this is so true that the hon. member for Edmonton West avoids talking about Bill C-244 when he is in his riding, just as he is afraid to talk about it in the House.

Mr. Lambert (Edmonton West): That is a real farce.

Mr. Caouette: Mr. Speaker, the hon. member knows very well that when I say that they want to play politics with farmers, I am right. Members of all political parties are presently touring the West to tell farmers in Saskatchewan: Protest against Bill C-244, at the expense of certain people, or, help us pass it. What I am condemning this government for is its failure to apply the Temporary Wheat Reserves Act—a law already in force—and its failure to pay immediately to western farmers the amount of $100 million which had been promised to them, and which is not only due under the law, but also as a matter of justice.

Mr. Speaker, western farmers are writing us that they are confused. No wonder, because here, in this very House, we are all confused concerning this bill.

I heard the minister say a while ago: "It will be paid to the farmers!" Maybe yes, maybe not. We are convinced that the $100 million now due to the western farmers should be paid, irrespective of the passage of Bill C-244. If we have to continue to spend weeks or months on Bill C-244, let us do so but not at the expense of a group or in the spirit described by the hon. member for Edmonton West a while ago, to wit that it has nothing to do with the East. When did the hon. member see the East rise in anger against the West about assistance granted to western farmers?

Mr. Lambert (Edmonton West): Such is your attitude!

Mr. Caouette: It is not my attitude, but that of the hon. member for Edmonton West who raised the question. We have never raised it in the House. We are demanding the introduction of a comprehensive farming policy in Canada equally favourable to eastern and western farmers. That's what we want! I think everyone is aware of our position on this subject. Unfortunately, for years, considerable time has been spent in stirring up the West against the East and vice versa by saying: If things are going wrong out West, it is because Ottawa is giving too much money to the East; and if they are going badly in the East, it is because Ottawa is giving too much to the West. People and regions are being raised against each other by the introduction of bills like this one, Bill C-244, or by taking incoherent positions like the ones we see here in this House.

Mr. Speaker, what do we mean by a global policy? The farmers from the west, no more than those from the east, would come begging to the federal government if they were sure they could sell their products. Had western farmers been sure they could sell their wheat at a profit, Bill C-244 would not be before the House. The same goes for eastern farmers, whether it be in the dairy industry or general agriculture.

Mr. Speaker, that is what is lacking—certainty. Were a bill to be introduced to guarantee markets for the whole Canadian agricultural industry, were the government to take the required steps to store that production, the problem would be solved.

Two years ago, we had a surfeit of wheat. Next year, there may be a shortage, not because of a crop failure, but because, at one point, we found an export market for it. The situation is the same in all fields of production in Canada. And I hold the government responsible for that state of affairs. I maintain that the Minister of Industry, Trade and Commerce (Mr. Pepin) has not been a good salesman, that he did not find the necessary markets where our surpluses in Canada could be exported.

Instead of travelling to Australia, New Zealand or other countries of the world, he should be investigating export possibilities for our products. And we, members of Parliament pass a law to guarantee western and eastern farmers alike the sale of their entire production. This would be a permanent solution to the problem which is raised every year by the opposition, the government or the various farmer associations across Canada.

Mr. Speaker, Bill C-244 has given rise to controversy, as every body has noticed, especially among farmers. I receive letters from socialist areas of Saskatchewan, from southern Alberta, asking that the bill not be passed. People from Medicine Hat for example urge that the government not be allowed to change its present policy, namely the Temporary Wheat Reserves Act. Farmers are utterly confused. Why? Because some believe that the government is interfering in the management of their business or seeking to take hold of their properties or to deprive them of their freedom, while others think that the government wants to assist them.

Here in this House we have just been listening to 45 minutes of idle discussions. Hon. members have talked about $38 million, $30 million, $20 million, $113 million, $170 million. Proposals range from paying farmers to filling the deficit of the wheat pool or making payments to another organization. We no longer know where we are heading.

Mr. Speaker, there is something which I believe would be wise to do. That would be to stop using farmers as political feelers, particularly in western Canada. This theme has been exceedingly exploited for years. I see the minister nodding in the affirmative, but a former liberal leader, the Right Hon. Mackenzie King, also used farmers for political ends. I saw progressive conservatives like John Bracken of Manitoba using also the western farmers for their political maneuvers. Besides, they have succeeded in raising the west against the east in Canada and vice versa while everywhere in the country farmers are faced with the same problem. In fact, all the classes of our society are fighting these same difficulties.

Mr. Speaker, let us stop playing politics with that. For a month now farmers have been saying: Take a decision; come to any kind of agreement. The government persists in refusing to avail itself of the Temporary Wheat Reserves Act and says: All that is included in Bill C-244; it allows the $100 million grant. Some people want to dissect this bill—to take the $100 million out in order to give them to the farmers and leave consideration of the problems for later.

The government stubbornly refuses to change its stand while, farmers are kept waiting and have to borrow money from finance companies and pay extravagant interest rates. One can imagine their dissatisfaction, not only with the government but also with this House, which just gets lost in useless debate.

Mr. Speaker, time has come for us to make a decision. If some oppose the bill, let them vote against it. If some are in favour of the bill, let them vote accordingly. But let us come to a vote on this bill. I am aware that the government can make use of Standing Orders 75A, 75B and 75C and demand that a vote be taken, but time has come for us to do so anyway. In any event, a vote will eventually be called on this bill—and we will realize, as usual, that the government has a majority. Thus we will not be accused of having harmed the farmers of western Canada or of eastern Canada. It seems to me it is time we assume our responsibilities and take the vote. Let those who are against the bill vote that way and let those who are in favour prove it. We will see the result and I hope it will be in the best interests of western farmers and especially of the wheat producers of western Canada.

• (4:40 p.m.)

[*English*]

Mr. Jack Murta (Lisgar): I would like to say at the outset, Mr. Speaker, that I view Bill C-244 as a typical example of a government not really knowing what western Canada wants or needs, so doing the next best thing, in their view, and placing before the farmers of western Canada a bill loaded with what I believe to be the true Liberal philosophy of supply management and government control. If one views Bill C-244, along with Bill C-176 which we were lately discussing, it makes a person stop and ask himself just how far is a government willing to go before it openly advocates complete government control of our industry.

In the past few weeks, as a practical farmer and as a member for a rural constituency, I have had many conversations with farmers and it is quite apparent that many farmers are very sceptical of the grain stabilization bill. This has come about for a number of reasons, one of them being that when their farm organization representatives came to Ottawa to appear before the committee, very few of recommendations made by the farm organizations were adopted or, for that matter, very seriously thought about by the minister responsible for the Wheat Board. Some of the recommendations to which I refer were:

1. A reduction in farmers' contributions to the plan and a more rightful, responsive position taken by the government;

2. The transitional payment to be paid out immediately and then the legislation discussed for its long term effects;

3. That the federal government share the costs of carrying the necessary reserve stocks of grain by paying carrying charges annually on approximately 400 million bushels of all grain;

4. An inflation factor to be built into the legislation; and

5. Losses in the grain pool accounts not to be paid out of the stabilization fund.

One has to look very carefully and be somewhat sceptical of just where the government is going and what it is trying to do as far as western agriculture is concerned. It has been said many times by both opposition parties as well as by witnesses present at the committee proceedings that if the bill were not improved the initial impact of the legislation would likely, for a period of time, result in the reduction of the level of income available to the producer because of the reduction of the levy and the termination of the Temporary Wheat Reserves Act. Moreover, the protection afforded the level of farm income will be altogether inadequate over a given period of time.

Regardless of what may be said, Mr. Speaker, I believe that Bill C-244 is a vehicle designed to enable the federal government to bring to a conclusion the number of federal policies which relate to the expenditure of public funds for the support of agriculture and, I might add, without compensating the prairie farmers on a comparable basis. As an example of this, I would draw attention to the government ending its commitment to guarantee initial prices for wheat, oats and barley under Clause 15. In 1968-69, this guarantee for wheat resulted in payment by the government of approximately $17 million to the Canadian Wheat Board. Operating losses under the grain stabilization bill would not be charged against the fund to which the farmer is contributing a share of the money which is to constitute the fund. I would also refer to the ending of government support of storage payments under the Temporary Wheat Reserves Act for wheat in commercial storage, 178 million bushels under the terms of clause 33.

It is my opinion, Mr. Speaker, that payment by the government for the carrying of a reasonable inventory of grains to meet world trade requirements is still a valid philosophy of agricultural policy, although this could be done other than through the existing Temporary Wheat Reserves Act. This Act has, since its inception 15 years ago, paid out an annual average of $40 million. The total burden of commercial storage will now fall upon the grain producers. Reference has also been made to the repealing of the Prairie Farm Assistance Act under which the federal payments have averaged $6 million annually since 1939. Discontinuance of the policy requiring millers to purchase wheat entering the domestic market for human consumption at a basic rate of $1.95½ will result in an annual loss of some $12 million to $15 million dollars to wheat producers at present price levels without a compensating payment or reduction in prices.

The commitment of the government to the program under Bill C-244 will, I believe, be roughly $40 million. The proposals in Bill C-244 essentially aim at stabilizing the income from grains relative to current conditions. As any farmer from western Canada will tell you, stabilizing incomes relevant to current conditions is just not good enough. Conditions in a good many areas of western Canada are very serious indeed. Farmers have gone through a winter where there was a terrific cash shortage; they have gone through the spring in which there was a cash shortage and now they face the prospect of no additional government help, simply because the government will not pay them the money that is rightly owing to them under the Temporary Wheat Reserves Act.

The provisions of this bill for stability relative to this situation are unattractive. Were we heading into a period of deflation we could, of course, view the proposals in a different light. We are, however, inclined to the view that inflation will continue more or less along the pattern of recent times. Should this turn out to be the case, then the stabilization plan, as proposed by the government, seems entrely inadequate. Farmers are in the poorest segment of the Canadian economy, with the exception of old age pensioners and others on limited and fixed incomes, to absorb the current effects of inflation. A farmer's essential expenses, such as taxes and cost of living, are related to the domestic economy. On the other hand, export sales are locked into a situation which involves virtually no bargaining, in a market which is further depressed by competition, in many cases from government-subsidized stocks. In addition, farmers have absolutely no influence over trade arrangements and credit programs which may be unfavourable to them. In these circumstances, the effects of inflation are such that the income accruing to producers of grain for export faces continued erosion. Should the inflation rate be as low as even 4 per cent per year, it is not difficult to calculate the disastrous position in which grains producers will find themselves five or six years from now. And I contend the bill before us will do absolutely nothing against the inflation of which I have been speaking.

I have heard the minister say that if any constructive criticism were voiced in this debate he would be willing to

listen. However, after seeing what happened during the weekend I find some difficulty in believing this statement. I suppose constructive criticism has a different meaning for different people, but I should like to add two or three points which in my view would make the legislation more palatable.

• (4:50 p.m.)

First of all, I think there must be more direct producer representation on the grain stabilization board itself. These producers must have some real influence at the decision making level. Second, I believe there must be some means, as I have said before, whereby we can build into the plan a cost of living or inflation index. I do not believe that this is an unreasonable request to make. Third, I think the money that is rightly owing under the Temporary Wheat Reserves Act must be paid out to the farmers and the act updated. I believe these demands are not unreasonable. If these points are not given any consideration in any form whatsoever then of necessity I feel I must vote against the legislation when the vote is finally called.

In closing, I should like to add that in dealing with a total policy package with respect to income protection for the western grain growers we must contemplate an adequate two-price system for their products. This was again mentioned this afternoon. It is just not right that Canada should be virtually the only wheat producing nation that accepts world price levels as an adequate guide to prices that should fairly be paid in the marketplace by domestic consumers. A look at the statistics indicates the shocking fact that since World War II there has been essentially no increase in grain prices, which means no increase in the amount farmers receive for flour and cereal products sold to the consumers of this country. I believe this situation must be corrected by substantially increasing the price received by the farmers for grain used for domestic human consumption. The impact of this increase on the consumer would be very small, since the great bulk of the cost of cereal products purchased by the consumers consists of transportation, processing and distribution charges.

We are debating this piece of legislation today because it leaves a great deal to be desired so far as a grain stabilization policy for western Canada is concerned. In addition, the government has ignored the pleas of groups that represent farmers. We must draw on someone for expert advice and these groups made an attempt this spring to present their case in Ottawa. But the fact is that the government has ignored their pleas, just as it has ignored the recommendations of the agricultural committee of the House of Commons, and this indicates that the government is bent upon putting through this legislation whether or not it be beneficial to the farming community. The government does not want to hear the other side of the argument.

Once again may I say I will not be able to vote for the legislation in its present form because I sincerely believe it will not produce a proper grain stabilization policy for western farmers.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, in taking part in the debate on this amendment, I want to make it very clear at the beginning that if there is any question in the minds of hon. members that we are not going to try to hold up the bill, then I suggest that that is exactly our intention at the present time. There is no question at all that somewhere along the line the Temporary Wheat Reserves Act and the real issue in the debate on the stabilization plan have got lost. There is no question whatever that the government is now trying to blackmail the western producers into thinking that they have two choices, either to accept the payment under the Temporary Wheat Reserves Act or to accept the mythical $100 million that the Prime Minister (Mr. Trudeau) held out on his telecast the other night.

The Temporary Wheat Reserves Act is not the real issue here; the real issue is whether the stabilization plan itself is going to be of benefit to the western producers. I am sure the minister in charge of the Wheat Board is convinced that the plan now before the House is not really in the best interests of agricultural producers.

As we witness the changing moods in this House of Commons, it is not difficult to realize that proposals are being made for certain reasons that are not compatible with the basic philosophy of the plan. The Minister of Supply and Services (Mr. Richardson) talked this afternoon about the big bonanza that would result from the payment of $100 million. Not too long ago, the Saskatchewan Wheat Pool published a bulletin which indicated that the average payment would be about $560 on the maximum quota of 640 acres. I suggest that this payment is a carrot being held out by the minister in order to get the bill through this House, a bad bill to say the least. The minister is wrong if he thinks he can get the bill through the House in its present form, no matter what kind of blackmail is used.

We have all heard the saying, which is probably quite true, that the politics of corruption is the misuse of our fellow man. I can think of no greater misuse of our fellow man than what happened in Ottawa over the weekend when the three prairie ministers of agriculture met with the minister in charge of the Wheat Board to discuss the very issue we are debating here at the present time, namely the net incomes of agricultural producers. The whole basis of the amendment before the House is net income; in other words, the exact amount the agricultural producers will receive.

Instead of the minister being forthright and telling the agriculture ministers of the three prairie provinces that he really was not concerned about the incomes of prairie producers, he told the press something else. While I was in Moose Jaw the Moose Jaw *Times-Herald* carried the headline "Government to delay debate on bill", and the first paragraph of the article was as follows:

> The federal government has agreed not to proceed with its prairie grain stabilization bill for at least another week to allow provincial governments, farmers and others to consider its implications "and its relationship to over-all income of grain producers."

To my knowledge, the three prairie Ministers of Agriculture came to Ottawa in order to discuss the very issues we are debating today, and which we will be debating in this House for many more days. Even though the minister in charge of the Wheat Board may have wanted to delay the bill for a week to try to bargain on some of

the provisions in the bill, he was probably not allowed that delay by the Prime Minister and the cabinet generally. It seems strange indeed that when the western provinces would like to have some dialogue with a government that is responsible for the agricultural economy they should be betrayed. They have been double-crossed, and they learned about this double-cross only when they returned home.

I have referred to the saying that the politics of corruption is the misuse of our fellow man, and this government stands condemned on every count of misusing the agricultural producers of this country. When I was in Moose Jaw over the weekend, I talked to several farmers about this bill and asked them what they would do if they were members of the House. There was no question in their minds that they did not want this stabilization plan in its present form.

We have all heard much debate in this House during the last few weeks about the government breaking the law, and this will be decided by a court. The real issue is that the government is responsible for the plan it would like to bring in, and members of the opposition are responsible for seeing that the plan suits the best interests of the agricultural economy. Every member of the opposition, as well as the independent members in the House, should decide whether or not this stabilization plan deals with the net income of farmers today. It is in this regard our amendment was proposed. It clarifies the bill in that it designates a time period and spells out in clear terms exactly what the legislation is intended to do.

• (5:00 p.m.)

Not long ago I asked the minister in charge of the Canadian Wheat Board (Mr. Lang) the following question dealing with this subject:

> Can the minister say if, under the proposal for a prairie grain stabilization plan, any final report has been prepared on the consolidation of small farm units into units of more efficient size? If so, can the minister say whether this report will be made available to the House?

The minister said in answer:

> Mr. Speaker, the paragraph in the statement to which the hon. member refers had reference to some plans being developed by my colleague, the Minister of Agriculture. Further details about these plans were subsequently issued by the minister, and I know that a full copy was distributed to all hon. members of the House.

I suggest that the minister in charge of the Canadian Wheat Board misled the House when he said these plans were distributed to all members. In an attempt to find out whether I had misplaced my copy I found that the Minister of Agriculture (Mr. Olson) had in fact distributed copies in certain communities in order that people there could consider the proposals, but the plan was not widely distributed. This further compounds the situation, because the statement that all members received a copy is not true.

The same thing applies to the suggestion that the minister was prepared to meet the ministers of agriculture and delay, possibly for one week, the discussion of this bill. We find that is untrue. This is the situation in which we find ourselves, yet we hear the suggestion that we are using the farmers as pawns in this game. People dedicated to the principle of equality for all in this country, particularly those in the agricultural sector, realize that the bill before us does not meet the necessary criteria. I sincerely hope that no member of the House will take for granted that it does. The issue hinges on the net income feature and the amendment before us is directed toward that point.

When I asked about plans to adjust farm units to a more efficient size there was no answer. Just as in this case, the farmers know nothing about the plan where it refers to adjustment of farm units. How can we in this House make an intelligent decision as to whether the stabilization plan is in the best interests of our nation when we are not told specifically what the government has in mind? Municipalities and small agricultural communities must depend on net income and the return to agricultural producers. They must also become familiar with the precise intent of this bill before any sensible decision can be made. It seems strange that the government has refused to supply these details.

We in this party realize that there must be collective bargaining and we firmly believe that in the interests of the agricultural sector of our economy there must be a cooling-off period in that collective bargaining. Our newspapers referred to this during the weekend, but we now find there is to be no cooling-off period. The minister is adamant, as is the Prime Minister, that anything he thinks is good for the farm should be accepted by everyone. When we consider the situation we realize that what he thinks is good for the farm is not good in any way, shape or form.

Questions were asked earlier today about an advertisement which appeared in the Regina *Leader-Post.* It also appeared in the most recent edition of the Saskatoon *Star-Phoenix.* It related to net income, and I am wondering whether the farmer is being charged for this type of propaganda which appears in the newspapers. In the August edition of *Saturday Night* magazine I find an advertisement under the heading, "Prairie farmers gear production to world demand". It states that it was issued under the authority of the minister responsible for the Canadian Wheat Board and the Minister of Agriculture, and reads in part:

> The government of Canada is helping this development with its new prairie grain policy—providing "package" programs for all grains, encouraging increased pasture, setting up a new quota system, providing a stabilization program to offset poor years and making sure the farmer gets advance information on world grain conditions at planting time.

I wonder whether the cost of this propaganda is being deducted from the receipts of western farmers. Who is behind this kind of propaganda, and is the cost being deducted from farmers' incomes? The cost of this type of advertisement must be tremendous, because we all know that the cost of a full-page, coloured ad in a newspaper is high. We do not know that there is any justification for this kind of thing, but we know that one of these advertisements was authorized by the Keep the Stabilization Plan Committee. This reminds me of the KOD plan of a few years ago in Saskatchewan. It was the Keep Our Doctors plan. Perhaps the same people are involved in this propaganda. If this type of propaganda is to continue, then the people should be given a clear explanation of the stabilization plan. The name is peculiar in itself because there is no stabilization plan as yet. These advertisements

refer to the plan as though it were already in effect and they are now worried about losing it.

Perhaps the minister would like to accept responsibility for that particular advertisement. Perhaps he would inform the House how much money has been spent in the last year on propaganda of this type, trying to persuade farmers to accept something that is not in their best interest.

Mr. Horner: Would the hon. member permit a question?

Mr. Skoberg: I would be only too pleased to do so.

Mr. Mahoney: Now we have Alphonse and Gaston.

Mr. Horner: The advertisement the hon. member refers to was authorized by the Keep the Stabilization Plan Committee. Is the hon. member not aware that a gentleman by the name of McPherson is paying for this advertisement in the hope that he will be appointed to the Senate?

Some hon. Members: Shame.

Mr. Skoberg: I thank the hon. member for Crowfoot (Mr. Horner) for that clarification. I was not aware of that, but it does not strike me as being strange if it is the case. There may well be a vacancy in the other place to which some people aspire.

Mr. Horner: There are 18 vacancies.

Mr. Skoberg: Someone from the other place was involved in the recent Alberta election, but the party to which he is affiliated did not gain the seat in question.

If we are really concerned about what is happening in respect of net income we should suggest ways of improving this bill. If the minister is really concerned about the net income of farmers he should take into consideration the proposals of the prairie ministers of agriculture. If he is interested he should at least listen to the proposals they make. I am sure a few months' delay at this time of year would not do much damage. I am equally sure that the propaganda being distributed to western producers is intended for only one purpose.

• (5:10 p.m.)

Any time we are accused of trying to confuse the agricultural producers for our own purposes, I should like to assure the government that this is far from the truth. We have witnessed the propaganda in respect of some letters which, if not from the minister's constituency are at least from Saskatoon. It is quite true, as my colleague the hon. member for Yorkton-Melville (Mr. Nystrom) reminds me, that hardly ever are they signed, and if they are signed it is difficult to read them. If one is able to decipher the signatures you find that some of the people are storekeepers, doctors, and so on. I suppose this is the area in which the minister travels.

If we are trying to be sincere about net income, why do we not get to the real crunch of the question and divide the bill and discuss it. The minister has not yet come up with a good reason for not dividing the bill in such a way that the western producers and agricultural ministers could consider it in depth, and then let the minister and his department consider and accept some of the proposals made. Surely he does not think he is the end-all in respect of knowledge concerning the agricultural community.

Mr. Baldwin: That is what he does think.

Mr. Skoberg: That is quite true. People who have no real knowledge or practical experience in the field in which they are dealing are those who are trying to bring about direction in this country. Instead of having practical people bringing about this type of educational process, we have ministers who have no practical knowledge.

If we consider the problems facing this House, then look at this amendment and the question of the net income of farmers, it is interesting to note the situation. We have a minister responsible for the Wheat Board and for immigration and manpower who is also the minister who has suggested the Local Opportunities program, as they call the new program for this winter, which they are afraid to start too early because the snow might not fly for another two weeks or so. This minister is responsible for all these areas. How could he possibly be thoroughly familiar and conversant with the area affecting the income of the agricultural producer?

It would seem to me that if the Prime Minister wanted to perform a real service to this country he would divide the portfolio of the hon. member for Saskatoon-Humboldt. He ought to look into the situation and place somebody else in charge of the Canadian Wheat Board. This stabilization plan, involving the net income of the farmer, is a full-time, on-the-ground process. How can any minister be conversant with the problems of each and every department he has been given an interest in and supervision of?

It would seem to me that the agricultural producer in this country has been shortchanged by the Liberal government and the Prime Minister when a minister is not put completely in charge of the agricultural economy. We have a minister of agriculture from the west and a minister in charge of the Canadian Wheat Board, also from the west. I think each looks to the other and wonders what jurisdiction each has. In the end, damn little is done for the agricultural economy. We hear much about the number of people who are urging that we adopt the stabilization plan in order to get this so-called $100 million. However, we should consider the people who are still opposed to it. An advertisement in a Regina paper tried to associate the Saskatchewan Wheat Pool with it, and yesterday the Saskatchewan Wheat Pool made very clear that they are not associated with the advertisement.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member, but his time has expired.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hillsborough

(Mr. Macquarrie)—United Nations—Canadian action to achieve representation for Mainland China and Taiwan; the hon. member for Parkdale (Mr. Haidasz)—Income Tax—Effect of amendments on credit unions; the hon. member for Abitibi (Mr. Laprise)—Consumer Affairs—alleged pressure by banks to accept credit cards.

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION FOR PAYMENTS TO WESTERN CANADA PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

The House resumed consideration of Bill C-244, respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture, and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. Horner: Mr. Speaker, might I ask the hon. member a question?

The Acting Speaker (Mr. Laniel): Order. The hon. member can ask a question only with the unanimous consent of the House, because the time of the hon. member who had the floor has expired. Does the hon. member wish the Chair to ask if there is unanimous consent of the House?

Mr. Skoberg: Yes.

The Acting Speaker (Mr. Laniel): Does the House agree that the hon. member for Crowfoot (Mr. Horner) may ask a question of the hon. member who had the floor?

Some hon. Members: Agreed.

Mr. Horner: If the hon. member would study the advertisement he would notice that it suggests that in the year 1973 the payments under the Temporary Wheat Reserves Act will be down to approximately $13 million, which would mean less than 250 million bushels of wheat in storage. Has the hon. member any figures which would relate this situation to the storage position of the past ten years and the past 20 years, in order to give any validity to the $13 million figure that is used in the advertisement?

Mr. Skoberg: Mr. Speaker, I think we still have the problem in the House of getting only part of the question because of the type of sound system we have. Would the hon. member repeat his question?

Mr. Horner: I would be glad to. In the advertisement that the hon. member referred to in his speech there is the suggestion that next year—the suggestion is in black print—the payment will be less under the Temporary Wheat Reserves Act and that by 1973 it will be down to approximately $13 million. If the storage is calculated at one and three quarters cents per bushel per month, this figures out to less than 250 million bushels in commercial storage. Could the hon. member give the House some idea as to how this compares with the average over the past ten years and the ten years before that?

Mr. Skoberg: I will be glad to do so. The information I have is that the ten-year average from 1950 to 1959 was 460,017 million bushels, and the ten-year average from 1960 to 1969 was 557,291 million bushels. Of course, this brings out the point that we are trying to do better under the concessional sales and the minister always says how much better things are now. I give him credit for extending this type of sale and getting back to long-term concessional sales. But at one time someone in his department terminated concessional sales to the extent that other countries picked up the exports this country used to make, and only lately have we been able to get back into them.

Under the plan before us, any long-term concessional sales will be charged against the pool. If there is a difference in the interest rate on overseas sales and the cost of money to the pool in Canada, the minister is well aware—he is shaking his head—that in this case the pool pays the extra money.

In the United States, when grain is produced it becomes the property of the country and the producer receives credit for his grain. In Canada, this government refuses to accept the fact that grain is a national asset. If they would accept that fact, then possibly we could do more business so that the economy of the agricultural producer would be improved.

• (5:20 p.m.)

We realize that the Minister of Supply and Services referred to double-talk and suggested that we are playing politics. He asked who really understood the situation. Not too long ago the minister in charge of the Wheat Board made it very clear that he thought there should be more consultation with the people affected. When he was asked what he would do, he suggested without hesitation that there should be more consultation with the producer so that he would have more knowledge of what is going on. Yet when the ministers of agriculture from Alberta, Manitoba and Saskatchewan came to Ottawa last Friday to do what the minister suggested, he turned them down flat. It was unfortunate that they went back to their respective provinces, reported that everything looked rosy and then found out on Monday that things were not so rosy.

With reference to the double-talk and double-cross which we have experienced, let me point out that the minister himself asked the minister of agriculture from Saskatchewan whether he would try to do something to delay the court proceedings there. It makes one wonder why he would do that to people in whom he places his trust. It makes one wonder whether the Prime Minister is looking at November 29 for a federal election, because this would get him over the hump. It makes one wonder whether the real reason they could not delay debate on this legislation for a cooling-off period of one week was because on November 29 there might be a federal election. Time will tell. I am not sure that even the great white father, the right hon. Prime Minister, would tell his colleague the minister in charge of the Wheat Board whether this will be the case. If we are going to be serious about

this situation, it is the responsibility of this minister and of the government to do something about it.

Another point came up this afternoon when the Minister of Supply and Services spoke about the $80 million in association with the employment support bill that was passed by the House. That was a clear indication that the NDP tried to include agriculture and fisheries under the $80 million, but we were voted down. Then the Minister of Supply and Services stood up today and spoke about the assistance that agriculture is receiving under the employment support bill. It seemed strange that if he was so knowledgeable at that time he did not vote in favour of our amendment to include agriculture and fisheries under that bill.

I am sure other hon. members would like to say a word or two on the amendments before us. We must get back to the basic problem. If we allow corruption to take place in the handling of agricultural problems, then of course the government will stand condemned because they have deliberately tried to use every avenue for double-crossing the western agricultural producer.

Mr. Lorne Nystrom (Yorkton-Melville): I rise to take part in the debate, not to ask a question, Mr. Speaker. The amendment before the House, contrary to what some hon. members such as the hon. member for Peterborough (Mr. Faulkner) may think, is crucial: it goes right to the core of the bill.

Mr. Faulkner: If that is the case, put it to a vote.

Mr. Peters: A vote does not prove anything except that you have more members than we have. Let us have a vote in the country. Take it to the people. The Prime Minister lies to the country. Why does he not take it to the country?

The Acting Speaker (Mr. Laniel): Order, please. The Chair would appreciate it if the hon. member who has the floor could be allowed to at least commence his speech before other conversations take place.

Mr. Nystrom: The subamendment was moved by my colleague, the hon. member for Skeena (Mr. Howard). It amended the amendment moved by the hon. member for Saskatoon-Biggar (Mr. Gleave). As I said before, it goes to the very core of the issue that we are discussing today and have discussed for the past few days in the House. The amendment and the subamendment deal essentially with a new formula which would make the stabilization plan one that could be accepted by western farmers and western farm organizations.

It seems to me very strange that the minister in charge of the Wheat Board (Mr. Lang) will not listen to some of the suggestions that come from this side of the House. We do not pretend to be experts, to know it all, to have all the answers to the farm problems. We are not like the minister in that respect. But one thing we do know is that farm organizations and farmers themselves are not very happy with the bill that is before us. For that reason we are doing all we can to change the bill and to make it more acceptable to the farmers.

I suggest to the minister that we will continue as long as we can and as emphatically as we can to convince him that he should change the bill which he presented to the House. This past summer when I was out in my constituency I had the opportunity to speak with literally hundreds of farmers. One of their main concerns was with the stabilization bill, the way it was drafted and the formula that would be applied to them if it passed the House.

These farmers are not letting us pull the wool over their eyes. They know what is happening. They knew what was happening in the provincial election when they studied the stabilization bill. The results of that election are indicative of what they thought of some of the proposals in the stabilization bill. It is very significant, as I and many of my colleagues have said, that all the major farm organizations are unanimous in their opposition to the bill before us, organizations such as the wheat pools of Saskatchewan, Alberta and Manitoba, the Federation of Agriculture, the Farmers Union and the United Grain Growers. All the main organizations and farm spokesmen are unanimous in saying that this bill is not good enough and that it must be changed if it is to help meaningfully farmers in the western provinces.

We have the governments of Manitoba, Saskatchewan and Alberta which differ in their ideology and in their interpretation of the policies that should be presented to their people. But despite that they are unanimous in their conclusion that this bill will not help the farmers. The ministers of these provinces came to Ottawa last Friday to meet with the minister in charge of the Wheat Board. They presented to him in a very sincere and serious way some alternatives which he should consider for changing the regulations and some of the main features of this bill. It is our understanding that as a result of that meeting the minister agreed to consider most seriously some of these recommendations which would change the bill and take into account costs of production, net income, and other matters.

Then suddenly we find that although a moratorium of one week was promised we are discussing Bill C-244 once again. Did the minister double-cross the ministers of agriculture of Saskatchewan, Manitoba and Alberta; and, if so, why did he do this? Perhaps we are too harsh with the minister. We are calling him all sorts of names. I think the minister sincerely wanted to consider some of these changes, but he went to the Prime Minister's office and was told, "No, thou shalt not do this, Otto", and Otto had to come back here and reintroduce the bill yesterday afternoon. I think that is the story. The minister probably tried. Perhaps the minister says different things in cabinet meetings than he does in the House, but the Prime Minister runs this country with an iron fist, in a unilateral and autocratic way.

• (5:30 p.m.)

Mr. Lang: Mr. Speaker, on a question of privilege—

The Acting Speaker (Mr. Laniel): Order, please. The minister is rising on a question of privilege.

Mr. Lang: Mr. Speaker, since these things are said in the House in my presence, I think I should rise on a question of privilege to say that the hon. member is speaking complete and utter nonsense.

Mr. Peters: Mr. Speaker, on the question of privilege that has been raised—

The Acting Speaker (Mr. Laniel): The hon. member for Timiskaming (Mr. Peters).

Mr. Peters: On the question of privilege that has been raised, Mr. Speaker, I would like your ruling on whether the intervention of the minister in any way, shape or form constituted a question of privilege.

The Acting Speaker (Mr. Laniel): It is very easy for the Chair to decide this question. The point raised by the minister is mainly an argument and a question of debate and has nothing to do with the principle of a question of privilege as established by the rules of this House. At the same time, the Chair feels that the use of such language is not customary in this House and would hope that hon. members would not lower the level of debate and not destroy the established rules.

Mr. Nystrom: Thank you very much, Mr. Speaker. I am very glad that the minister in charge of the Wheat Board said what he did. It seems to me that he is telling the truth but he insinuates that the provincial ministers of agriculture might not have told the truth when they said they had an agreement with him that he would go back and consider the proposal to have a moratorium of one week. Were the three ministers of agriculture not telling the truth? I hope the minister in charge of the Wheat Board will at least have enough common courtesy to trust the ministers of agriculture of the three prairie provinces.

I am amazed that the minister would not listen to the ministers of agriculture of the prairie provinces, that he would show such lack of sensitivity toward the western farmers whom he is supposed to represent. I was sure he would at least consider their recommendations and would not double-cross them by bringing this bill back suddenly as he has done. Perhaps the decision was not taken in the Prime Minister's office. If it was not, I am very surprised that the minister in charge of the Wheat Board would take the responsibility on his own shoulders. I am sure farmers in my constituency and all across the Prairies will be very interested to know that the minister himself unilaterally made this decision and not the Prime Minister (Mr. Trudeau).

I have said all along that the farm organizations do not want this bill. We should listen to them and do some of the things they suggest. Do we not do this because we are afraid of the farmers, afraid of their ideas and of letting them participate? All we are asking on this side of the House is that we have a stabilization bill which is acceptable to the farmers of this country.

Earlier today the minister said that perhaps the figures used by the Prime Minister in his telecast on Sunday night were not correct. I think all of us listened to the Prime Minister. I have before me the transcript of what he said. He was talking about the $112 million that will be given to the farmers under the Temporary Wheat Reserves Act if it remains in effect. To set the record straight, I should like to quote a short excerpt from his remark as follows:

> Let's first compare them in terms of money. For the last crop year, under the Temporary Wheat Reserves Act, we would be in process of paying the western farmer $62 million, for the crop year which we are now in, we would probably have to pay him some time next year something like $30 million, and for the crop year after that $20 million, for a total of $112 million.

These are the figures used by the Prime Minister, the figures which the minister in charge of the Wheat Board tried to change today. I think the minister should consult more closely with the Prime Minister's office, because the Prime Minister will probably want to change some of the things the minister has been saying to us.

The amendments before us are crucial to this bill. The government should listen and accept them. If they would accept these amendments and bring the costs of production and the net income of farmers into consideration, then I am sure that members of the opposition would be more favourably impressed by the bill and would consider giving it speedy passage. If the minister is at all sincere, then we can send the $100 million out to the farmers immediately, as was suggested today by the Leader of the Opposition (Mr. Stanfield). We could then study the stabilization bill more closely, listen to the farm organizations and perhaps iron out some of the things that they do not like.

Some members who have participated in this debate are familiar with an advertisement which appeared in the Regina *Leader-Post* protesting against some opposition members speaking against the stabilization bill. The advertisement states that the president of the Saskatchewan Wheat Pool has now joined the government in approving this bill. But I think he would like us to make it clear that this is not the case, that it is misleading advertising and that he is not in favour of the bill. The wheat pool speaks for tens of thousands of farmers in Saskatchewan and Alberta. The Saskatchewan Wheat Pool radio report of September 29 began as follows:

> With all the opposition to the proposed grain receipts and income stabilization plan, it's time government took a fresh look at its proposals.
>
> Saskatchewan Wheat Pool and other farm organizations have suggested a number of changes to the plan because it does little to improve the individual farmer's net income. They have pointed out that income would be stabilized at too low a level.

That can hardly be interpreted as support for the stabilization bill, and it is a very good indication of where the Saskatchewan Wheat Pool stands. I could go on and on reading press statements of the Alberta Wheat Pool, the Manitoba Wheat Pool and other farm organizations, all of them saying that the bill before us is not good enough and asking that changes be introduced immediately.

The minister in charge of the Wheat Board, and the Prime Minister, have said that we have a choice between A and B—the Temporary Wheat Reserves Act and the stabilization bill. I am sure that anyone who thinks at all knows that this is not the case. It is not so clear. First of all, we cannot just consider the Temporary Wheat Reserves Act. The PFAA, for example, will disappear if we pass the bill before us.

• (5:40 p.m.)

As the hon. member for Winnipeg North Centre (Mr. Knowles) said, a good argument could be made to show that the farmers will not receive $170 million, as the Prime Minister (Mr. Trudeau) suggested, but only $65 million over the next two years. That is the picture if one considers only the short-term aspects of the bill.

Another matter concerning many of my constituents and people throughout our farming community is the

long-term ramifications of Bill C-244. The figure of $35 million was used by the Prime Minister on Sunday evening in this telecast. This figure, which is supposed to be paid out of the federal treasury each year, was based on total receipts of $900 million in the grains industry. Four per cent of that figure is $35 million. Let me remind hon. members that in many years less than $900 million worth of grain will be sold. In some years we may sell only $700 million or $800 million worth which means that only $28 million or $32 million per year will be contributed from the federal treasury to farmers over the long term. That is to say, over the long term the farmer who gets this money will be no better off. He might only get about $28 million, $32 million or $35 million from the federal treasury every year.Those amounts will apply only to farmers who will be getting benefits from the stabilization fund.

Many of my colleagues and some farm organizations have pointed out that not all farmers will necessarily benefit from the fund as it is presently constituted. Many parts of the plan and some of the regulations to be brought in may prevent a farmer receiving benefits from the fund unless the bill is amended. Therefore, in the long term the fund will not help the farmer and it will not stabilize farm income. As the hon. member for Winnipeg North Centre said, at best the plan will be but an insurance policy. If there happens to be a disastrous year, it will insure a certain proportion of income received by the grain farmer.

Many other things have been said about the fund. Arguments have been put forward as to why we should very seriously consider the amendments which are before the House. Hon. members have pointed out that the bill does not take into account the real costs of production. Why should the farmer have to bear the brunt of increased production costs? Why should farmers have to subsidize food stores or the consumer part of our economy? Why should not a farmer at least be paid an increasing amount, so that he can keep up with increases in production costs?

The minister said yesterday that you could not include in a stabilization bill a clause to take into consideration costs of production. I submit that you could easily do that. It has been done in other government plans. I am sure that an economist could easily work out such a provision which could be incorporated in the bill we are discussing. Why do we not listen to farmers and farm organizations and introduce into this bill or a bill like it a two-price system for grain? That would help, in a genuine and immediate way, the farmers of western Canada, particularly those in the middle and lower income brackets.

There is another long-term consideration we ought to take into account when debating this bill. If the bill passes it will stabilize farm incomes at a very low level. According to people who know more about this subject than most members of the House, this bill will be the first step toward implementing the recommendations of the task force on agriculture. Those task force recommendations seek to expedite the exodus of people from rural Canada to urban centres. Really we are talking about a whole life style which is being threatened by the provisions of the bill. We are talking about the culture of our rural society. Why do we continue pushing people from the small centres and farms into the large, unplanned cities? These are matters we ought to consider and deal with in a bill of this sort. It is only natural that we should consider these issues. They should be top priorities, and not the priorities the minister seems to have given them.

I say as sincerely as I can that the minister ought to consider accepting some of the recommendations of the three prairie ministers of agriculture. The minister should again look at the briefs of the wheat pools of the provinces, at the briefs presented by the Farmers Union and the Federation of Agriculture and adopt some of the amendments they suggest. That would not cost very much and would be fair to the farmer. That is all I am asking. Let us bring in a bill that the farmer wants and from which he will benefit.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, the government has done badly by me, for the simple reason that I was of the opinion that this matter would not be discussed today. I spoke to three cabinet ministers from the Prairies who but recently came to Ottawa, who informed me that they had a proposition which was fairly complicated. Actually, their proposal was so complicated that I would have needed some time to understand what was being proposed with regard to Bill C-244. In any event, I was informed by the three prairie ministers that this matter would be stood over for a week. It was therefore with much surprise that I watched television on Sunday night and saw that the Prime Minister (Mr. Trudeau), who knows less about wheat than I do—

Some hon. Members: Oh, oh!

Mr. Peters: —was involved in this matter. I was surprised to find that he had not been briefed adequately and that he did not put forward an honest proposition to the Canadian people. That shocked me. Obviously, he was saying to the opposition, "Put up or shut up." We will not give the minister the credit for negotiating directly with the parties, because Parliament will make the ultimate decision.

Certain alleged facts have been discussed this afternoon. I am sure that most hon. members would agree that the minister in charge of the Wheat Board (Mr. Lang) did not tell the entire story in respect of the figures he used. The farmers of western Canada are not the least bit confused by the situation. They are living from day to day. They know how much income they enjoy and where that income comes from.

As has been made clear, the subamendment before the House seeks to apply the stabilization bill to a grain farmer's net income rather than to his gross income. The farmers of western Canada know what goes into gross income. They know that this year they grew a bumper crop of between 1.25 billion and 1.5 billion bushels of wheat. The western farmer also knows that under normal conditions a crop this size means that he will get considerably more money than he would in years of lesser production. Two or three years ago the farmer was talking about $2 per bushel of wheat; he was anticipating that No. 1 Northern would fetch $2 per bushel. The Liberal party promised a two-price system as well as $2 plus per bushel. The farmer found that prices were around $1.76 a bushel. Now, Mr. Speaker, with a bumper crop the farmer is getting $1.42.

Mr. Dinsdale: That is shocking.

Mr. Peters: It is sad that farmers' costs did not go down at all. It costs just as much to fertilize an acre of wheat land in western Canada—

Mr. Dinsdale: It costs more under Liberal inflation.

Mr. Peters: Yes. As the hon. member points out, under inflation everything costs more. Every year the increase is 4, 5 or 6 per cent. At any rate, the farmer puts on the same amount of fertilizer, at a higher cost. He drives a tractor which uses as much gasoline or kerosene as before, but gasoline and kerosene cost more. The farmer uses the same number of hired men, at higher wages. He must borrow more money now to operate his farm and pay considerably more interest on it than before.

All the factors that go into production costs have increased. At the same time, the farmer is getting less for his produce than before. The more he produces, the less he gets. I think it is a fact that the farmers break-even point is considerably higher than even the gross income that he is receiving. Hence, the farmer is in a deficit position now. The higher prices go, the worse his position will become. This bill does not take that factor into consideration at all.

• (5:50 p.m.)

Some time ago the Minister of Agriculture (Mr. Olson) set up a task force on agriculture. There have been two major agricultural meetings in Canada. Several major recommendations were made to the government. One was that the government stabilize the income of western farmers. This, of course, is where the government got the crackpot notion that eventually evolved into this ludicrous bill. It is supposed to give the farmer something but it will take away more than it gives. There are other factors.

The minister spoke about the right of the government to refuse to make payments under the Temporary Wheat Reserves Act. We were told in committee that the costs of storing over 180 million bushels of grain in a crop year were to be paid to the farmer at the rate of seven, eight or nine cents a bushel. Unless the system of storage in elevators, the method of handling grain in the terminals and the transit and loading systems are changed, you are not likely to get away from the fact there has to be in storage the production of one or two crop years. That production can be stored in a number of places.

A few minutes ago my colleague very eloquently pointed out that it is time the government made up its mind about what it intends to do with regard to storage. Other countries have done this. The government will have to develop a grain supply bank in Canada to meet our commitments. This must be for an extended period of time, at least three years. The government, the country and the economy are interrelated in the production of western grains. If we do not keep a large enough supply on hand to meet our commitments in case there is a disaster in an area of grain production, we will not keep up with what is a normal pattern in other countries.

Governments of other countries are responsible for the sale and storage of food. This relieves the farmer of storage costs. To say that the Wheat Board is responsible for the costs, and the final payment to the farmer is the selling price less the costs, obviously puts all the costs back on the farmer. I suggest that this will have to be taken care of by the farmer. I refer specifically to the costs of the farmer. If the costs are not in the elevator system or under the control of the Wheat Board, obviously they are on the farm. We are told it will cost the farmer more than eight or nine cents a bushel to store grain on the farm. If the farmer has to build elevators or storage bins to keep his grain in a fit condition to be put on the market at the maximum price, it will require a large cash outlay on his part. This cost will come out of the farmer's net income, not gross.

When talking about the discontinuance of storage costs the government did not mention another additional cost that the farmer will have. If we wipe out the six, eight, ten or fifteen million dollars under PFAA, the farmer will have to carry additional insurance to cover disasters. We are wiping out this $6 million or $8 million. These payments did not go into a fund; they went into the farmer's pocket in areas where it was necessary.

Everyone knows the Prime Minister is pretty slick when it comes to handling figures. However, we thought he would have protected himself as the minister did today. The minister protected himself in six directions; he used six different sets of figures. I quote from a transcript of the Prime Minister's remarks:

> —we would be paying for three years $170 million to the western farmer instead of $112 million, which he would be now getting under the grains stabilization program (sic—should read Temporary Wheat Reserves Act).

I do not know what "sic" means. I suppose that is the little boys in the backroom. I think the Prime Minister should have read it.

Mr. Knowles (Winnipeg North Centre): That is only one of the mistakes he made that night.

Mr. Peters: The minister indicated that the Temporary Wheat Reserves Act payment would amount to only $38 million. That is not what the Prime Minister said in his statement. Where did he get the figures? Was he given the figures, or did he get them from the bright boys he has around him? If he did, I apologize because he was obviously misinformed. If he got them from the minister, he was not misinformed; he was informed exactly the way the minister wanted him to be informed. If that is so, he cannot have it another way today. On the other hand, the $35 million the minister talked about today is an estimate. It could be more and it could be less. Unless there is a serious deterioration in the gross sales of wheat, the farmer will not get $35 million. As my hon. friend pointed out, a fund will get the $35 million.

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

The Acting Speaker (Mr. Laniel): It being six o'clock, I do now leave the chair. The House will resume at eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Peters: Mr. Speaker, at six o'clock I was pointing out that the statements which were made this afternoon by the minister responsible for the Wheat Board were greatly at variance with those made by the Prime Minister in the course of his television broadcast. In that broadcast the Prime Minister said that over the next three years we would be paying out $170 million to western farmers instead of $112 million.

It was contended this afternoon that the figures were not necessarily of that order. The minister put forward several other propositions. As I was reading the text of the broadcast it occurred to me that I had expected the Prime Minister to couch it in more legalistic terms. I am surprised to find he did not. When he mentioned $35 million for the present year and a probable $35 million in the coming year, he must have known that payments will not be made to the farmer unless gross receipts fall below 90 per cent of those for the qualifying period. The Prime Minister must have known this. The Minister of Supply and Services (Mr. Richardson) knew it and I am sure the minister responsible for the Wheat Board knew it.

The Prime Minister made another statement which in my opinion is not true. He said the farmer would only be paying in $1 for every $3 he would be taking out. This is in relation to the $35 million. Mr. Speaker, this is not in the bill. The bill says the farmer will have to pay 2 per cent of his gross sales and that the government will match this with 4 per cent of the same gross sales. This is a ratio of 1 to 2, or 2 to 4; it is not 1 to 3. This is totally dishonest.

Mr. Mahoney: Indeed it is. You are the one who is being dishonest.

Mr. Peters: No, Mr. Speaker. The parliamentary secretary should read the bill. This is an amendment to an amendment to the bill. The bill says the farmer shall pay 2 per cent of his gross earnings and that the government will pay 4 per cent.

Mr. Mahoney: That is three out to one in for the farmer.

Mr. Peters: How is it possible to reconcile this with the statement by the Prime Minister that the farmer would only be paying in $1 for every $3 he would be taking out. Indeed, the farmer would not necessarily be taking out anything, because we do not expect the situation to worsen by 10 per cent. In any case, he would not be putting in money at a ratio of 1 to 3; he would be putting it in at the ratio of 2 to 4.

I consider there are many major loopholes in the explanation which was given. The explanation of the Prime Minister was made, I presume, because of the opposition he is encountering from those who are interested in the legal problem rather than in the mechanics of the bill before us. A question has been raised as to whether the farmers of western Canada have been consulted. They have been consulted. They were consulted during the election campaign in Saskatchewan. This was a major issue during that campaign. The minister responsible for the Wheat Board made it an election issue. The former leader of the government in that province also made it an election issue. Therefore, a decision has been made in that province.

[The Acting Speaker (Mr. Laniel).]

• (8:10 p.m.)

Mr. Horner: Would the hon. member permit a question?

Mr. Peters: I will at the end of my speech; I have only a few minutes left. Concern has also recently been expressed by the farmers, and they made a decision on the matter. We have also had considerable reaction from the newly elected government of Alberta and the recently elected government in the province of Manitoba.

On many occasions the federal government has told us that provincial representations must be considered. The three agriculture ministers asked for a meeting with the minister, came to Ottawa and reached an agreement that there would be a moratorium on discussion of this legislation until they were able to put forward a proposition. That proposition, in the main, is that contained in both the amendment and the amendment to the amendment that are now before the House, and basically it is that we move from a gross sales income base to a net sales income base.

Although the government might have considered this proposal, in view of the legal problems that have arisen from the inability or unwillingness of the government to meet their commitments under another act the Prime Minister decided that we should continue the debate, that now was the time to discuss this issue and that there would be no opportunity for a consideration of the proposal put before Parliament, through the minister, by the Ministers of Agriculture of Manitoba, Saskatchewan and Alberta.

Mr. Speaker: Order, please. I regret that I have to interrupt the hon. member, but his time has expired.

Mr. Horner: Mr. Speaker, might I put my question now?

Mr. Speaker: The hon. member's time having expired, a question can be asked now only by unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the question cannot be put.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise to speak on the subamendment proposed by the hon. member for Skeena (Mr. Howard) which proposes a base period for calculating costs of production. The minister and some of his colleagues have contended that the costs of production feature is unworkable. I am prepared to assume that the minister is correct, provided he brings in some other feature in substitution for the subamendment. If the minister would agree to have the bill sent back to the agricultural committee for one day, to which I am sure my colleagues on my right would agree, he could then put forward an amendment to incorporate some sort of escalation feature in this bill of a sort that the farm organizations and grain growers of the three prairie provinces could accept.

The minister refuses to do this, insisting that this feature is unworkable. I do not think it is. If our suggestion is unworkable, then a base year 1970-71 for calculating costs of production must be workable in one way or another. If the minister were to draw on his research staff and on all

the brains among the backbenchers in the rump, I am sure he could bring in some changes to the bill. I have seen some pretty bad looking rumps in my day, Mr. Speaker, but this is ridiculous. If hon. members opposite were to incorporate some kind of escalation feature into the bill to take account of the rising costs of production facing our grain growers, then they would find a great deal less difficulty getting this kind of legislation through the House.

The minister in charge of the Wheat Board (Mr. Lang) and every member of the House from Thunder Bay to Rocky Mountain has tried very hard this spring, summer and fall to keep in touch with the grain growers and farm organizations.

Mr. Skoberg: There are not too many Liberals among them.

Mr. Benjamin: They all have stubble behind their ears, anyway, and would not know a bushel of grain from a bucket of bolts. I find it passing strange that the House is short of prairie Liberal members tonight, though we are short of them anyway, thank goodness.

Mr. Gibson: We will win the seats there next time. If you keep talking they will soon see the light.

Mr. Gleave: Not by the candle you are carrying.

Mr. Benjamin: Opposition to this bill does not come solely from people like the hon. member for Moose Jaw (Mr. Skoberg) or myself. Opposition to it continues from the Alberta, Saskatchewan and Manitoba wheat pools, let me remind hon. members opposite. Opposition continues from the National Farmers Union, from the Canadian Federation of Agriculture, from the Alberta, Saskatchewan and Manitoba federations of agriculture and from the United Grain Growers grain handling company.

All of these organizations, or most of them, are called a bunch of raving, wild-eyed radicals by members on the opposite side of the House because they have continued to oppose the bill since lodging their original objections last May and June. Unless some kind of cost of production escalation feature is built into the bill, this legislation, as the Canadian Federation of Agriculture has said, is unacceptable.

Last night I was in a place called Nokomis, Saskatchewan, and met grain growers from Drake, Lockwood, Govan and other sundry communities around Nokomis who asked me two questions. The first was: When are we getting the money that is owing to us? The second was: When is the government going to give the grain growers of the prairie provinces the same kind of treatment given people in Ontario and the province of Quebec? I get this kind of static from NDP'ers, Conservatives and Liberals. I am wondering if I said something wrong, because one Liberal—and that is better than usual—said I was doing a good job down here.

• (8:20 p.m.)

Some hon. Members: Shame.

Mr. Benjamin: This has me wondering what I have done wrong.

An hon. Member: Tell us more about yourself.

Mr. Benjamin: Let me repeat that the opposition to this legislation does not come from Conservative and NDP members alone. Some Conservatives are nervous about it but, like a bunch of willy-nillies, they would be. The opposition does not come from a few of us on this side alone; it also comes from organizations which represent the grain growers in the three prairie provinces. These are the kind of people who helped elect myself, the hon. member for Moose Jaw and the hon. member for Saskatoon-Humboldt (Mr. Lang).

The hon. member for Saskatoon-Humboldt, who is supposed to be in charge of the Canadian Wheat Board, made three safaris into the Prairies this past summer in an effort to gain some or any kind of support for this bill. He has tried to gain any or some kind of opposition to amendments moved by the hon. member for Saskatoon-Biggar (Mr. Gleave) and the hon. member for Skeena. I am afraid his efforts were to no avail. Some fellows try hard but they are born losers.

An hon. Member: And they never know they are.

Mr. Benjamin: This full-page, colour advertisement which appeared in the Regina *Leader-Post* looks more expensive than my suit. It looks even better than my pyjamas.

An hon. Member: It cost more, too.

Mr. Benjamin: This full-page, colour ad which appeared in the Regina *Leader-Post* on Friday and Saturday night is entitled, "Your choice, the Temporary Wheat Reserves Act or the grain stabilization bill".

An hon. Member: Blackmail.

Mr. Benjamin: Let me inform the House who the sponsors of this publication were. We have not been able to find out who put up the $5,000 or $6,000 for these coloured ads, but we do know that the minister made a recent frantic effort to get support for this legislation from some or any place in the three prairie provinces. We know that he went to inordinate lengths in the past week in respect of building in the costs of production. But the fact is that the grain growers I talked to in Nokomis, under natural gas light, said the problem is that whether it is the Temporary Wheat Reserves Act or the grain stabilization bill, they still lose. They said that if we could get something better for them we should keep trying if it takes until New Year. I pass on that little message to gentlemen opposite. Let me repeat in one sentence what has been said ad nauseam in this House. These grain growers and Members of Parliament from the west will not be bribed or blackmailed.

An hon. Member: Where are the western members?

Mr. Benjamin: Mr. Speaker, the minister made his safaris to the prairie provinces to get support for this legislation and opposition to the kind of changes asked for by members of the grain organizations. They have put forward a number of suggestions which have been repeated in this House by members of the opposition. All the minister succeeded in getting was this full-page, colour ad. It states in part that it is authorized by the Keep the Stabilization Plan Committee. That is a very important and

high-sounding title. It reminds me of the Keep our Doctors Committee which was in existence when the Liberal dinosaurs were in Saskatchewan fighting medicare. This is the same breed of cat.

An hon. Member: There was a lot of dough behind that.

Mr. Benjamin: The ad suggests that the stabilization plan was endorsed in principle by the Palliser Wheat Growers Association. I am still wondering about those fellows because methinks they protest too much on account of certain people in the Winnipeg grain exchange. The advertisement suggests that the plan is supported by the Rape Growers Association. There may be something in favour of growing rape, but these growers seem to suggest they are subject to it. The ad also suggests that the president of the Saskatchewan Wheat Pool endorses the stabilization plan. Let me read what the President of the Saskatchewan Wheat Pool is reported as having said in respect of building into this legislation costs of production. Perhaps I should first of all say that last night and this morning the president of the Saskatchewan Wheat Pool was reported to have said, and I refer to the Regina *Leader-Post* under the heading, "Wheat pool president denies Bill 244 endorsed":

Monday, E. K. Turner, president of the pool, issued a news release denying that he or his organization supported Bill C-244, the proposed plan.

"Our position was misrepresented in both cases"—

The words "both cases" means the outfit that put this ad in the paper, and the editorial writers of the Regina *Leader-Post*. The article continues:

"We have not endorsed and will not endorse the proposed income stabilization plan because in our view it is inadequate," said Mr. Turner.

He said the wheat pool would support a stabilization plan—

He laid down three conditions under which it would support the government's bill, and if the government wants me to shut up it will adopt these three suggestions. The first is that an amendment should be made so that annual increases in production costs could be taken into account when calculating the grains income shortfall. That is the kind of provision that we propose in the amendment we are debating.

The second suggestion is that the Temporary Wheat Reserves Act, to be eliminated under this bill, should be replaced with a storage plan to cover a normal reserve stock of grain. The government heard about that little point some time ago. The third suggestion is that the price of wheat consumed in Canada—that is, human consumption—should be increased by $1 per bushel. The President of the Saskatchewan Wheat Pool reiterated what he said to the agricultural committee last spring, and disavowed this piece of garbage.

Let me tell you who put this piece of garbage in the newspaper. One of them happens to be—this will shake you because they are supposed to be grain growers—Donald K. McPherson, Liberal MLA for Regina Southwest. That riding is in my riding. I am sad to state that we do not grow a damn bushel of wheat in that riding—but that is the kind of support the minister in charge of the Wheat Board received. The other sponsor of this ad happens to be the son of a Liberal candidate who was defeated last June. He is a practising lawyer in Regina. He is a very nice fellow and I go goose hunting with him once in a while.

An hon. Member: Who gets the goose?

Mr. Benjamin: This ad invites grain farmers to submit a coupon. We have been through this procedure before. The Tories did it in respect of a tax bill and the Liberals are now doing it in respect of the grain stabilization bill. Both these parties have the imagination of a doorknob. I am sure all hon. members are receiving letters about this measure. I received one from 416 Preston Avenue, Saskatoon. I am sure they grow lots of wheat there! I received one from Riel Crescent in Saskatoon, and they do not grow any wheat there. I received another from Preston Avenue, and they do not grow even a bushel of gophers there. I got another letter from 652 East Place, Saskatoon, and they do not grow any wheat there. This is the kind of support Mr. Lang is getting in respect of his position on this bill. I have received 34 communications to date, of which two were from grain farmers. The rest are from the Liberal heelers who belong in that party and who betray Canada and the grain growers in the three prairie provinces.

• (8:30 p.m.)

Unless the minister is prepared to build into this bill some provision, not necessarily our amendment or subamendment, which takes into account the increasing costs of production, then I am sorry—we hate to do this to you, Mr. Speaker—but we will be here for quite a while. This is what it is all about. For the first time in many years, through all the multitudinous times this subject has been raised in the House in the question period, during the "late shows" and various debates, this is the first piece of major, long-term legislation that for the next ten years will set the law for the grain industry in the three prairie provinces.

As a consequence, hon. gentlemen opposite, particularly the government House leader (Mr. MacEachen), will realize that this is the last opportunity we will have for a long time to get the kind of changes and additions to the grains legislation we have been pleading for in western Canada for a number of years. We have no choice; we must make our fight now.

If hon. gentlemen opposite think we are just playing around or kidding, as sincerely as I can I would assure them that is not the name of the game. I want them to know that my colleagues—and I am certain some of the gentlemen to my right and possibly some in the Liberal ranks—are prepared to place our political lives on the line on this issue. We have fought for many years to get this kind of legislation. We have asked and pleaded for it for at least 15 years.

The minister in charge of the Wheat Board now proposes long-term legislation which perverts the word "stabilization". I plead with hon. gentlemen opposite to use whatever influence they might have with the minister in charge of the Wheat Board, with the cabinet and with the Minister of Finance (Mr. Benson). Of course, there is not enough money in it and until enough money is put into it in a meaningful and significant way, this legislation so far as I am concerned will not pass. That is what we are up to. I put it plainly and simply in those terms. The grain

growers in the three prairie provinces have been asking for legislation which would give them the same kind of treatment that is given to the gold mines, the textile industry and the uranium industry. That is all they are asking. They are not asking for anything they have neither earned nor deserved.

The western grain growers are asking for recognition of their efficiency, their production and their contribution to this nation. The result of this legislation would be that between now and 1980 no payments will have been made out of the stabilization fund, and in the meantime 12,000 to 20,000 more grain producers will have disappeared and will have contributed to the fund, not having received anything back. When the Prime Minister (Mr. Trudeau) claims that the government is putting more money into the grain growing industry under this bill than under the previous legislation, I submit he is incorrect, to be polite. The government will pay out $100 million. It will save in the previous crop year $62 million.

Mr. Speaker: Order, please. I regret very much that I must interrupt the hon. member, but his time appears to have expired.

Mr. Skoberg: I rise on a point of order, Mr. Speaker. When debates of this nature are being carried on, is it required that at least one minister responsible for the bill be in the House to hear the observations that are made?

Mr. Speaker: The hon. member for Dauphin (Mr. Ritchie).

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise to speak on this amendment partly because I wish to comment on the figures given by the minister as to the amount of money that would be owing under the Temporary Wheat Reserves Act versus Bill C-244. The minister stated that there is $62.1 million owing already, with $30.8 million likely, and an estimated $20 million for the present crop year. But the minister stated that only $38.6 million will reach the farmers out of the $62.1 million. He implied that the balance, $23.5 million, would not reach the farmers and would not be used.

I should like to point out that this money goes to the Wheat Board to be used in its operations in taking care of pools which have been in deficit, and under the new act, when a pool is in trouble it will be paid a sum out of the stabilization fund to help them with carrying charges, and so on, related to grain in storage. Almost certainly, if this bill should pass in its present form there will have to be an increase in the handling charges of grain, so the farmers will have to make further payments out of the proceeds from their grain in order to make up what was the government's obligation under the Temporary Wheat Reserves Act.

Although the farmers may not necessarily receive the exact amount of their payments into the pools under the Temporary Wheat Reserves Act, still it goes to their benefit because it is used to help carry the Wheat Board so that it can provide the service of marketing the grain. The minister stated that with the $100 million that would be paid under Bill C-244, the farmer would be a lot better off. This is not necessarily so, because he included an estimated $17.5 million for the next two years that would be paid out of the farmers' pockets, to be matched by $35 million each year from the government. This, however, will go into the stabilization fund and there will not be any immediate benefit to the farmer unless there should be a disastrous crop failure.

The effect of this legislation, really, is that the government will not be paying out any substantial amount of money in the next five years. Unless there should be a tremendous disaster, it will not have to pay out any money. So at a time when things are extremely bad the government is able to wash itself of the farm industry for the next five years. What about the prospects for this year, which the minister attempted to say are extremely good? In the Richardson grain letter of September 30 we find these comments:

> Reports from around the world paint a rather gloomy picture for the Canadian producer. According to the Canadian commercial officer in New Delhi, India is becoming self-sufficient in wheat. They have already acquired the 5 million tons buffer stock of imported wheat, and the Food Corporation's target of buying four million tons from local farmers has already been exceeded by one million tons. Supplies are still flowing in steadily, leading to what is being currently referred to as "the problem of plenty". India may not require imports and could well be seeking export markets next year. Some are even so optimistic as to maintain that India's wheat revolution has come to stay to an extent that future poor monsoons will not have any significant effect on production and supplies.

• (8:40 p.m.)

> The United Kingdom harvest is expected to be at an all-time high; the EEC countries harvested record crops and the U.S. feed grains production, which includes corn, oats, barley and sorghum, is expected to total 198 million tons, 24 per cent more than last year, and all-wheat production at 1,625 million bushels is a record high. The deficiency countries are mainly in North Africa and the Middle East where we were expected to sell a lot of barley, for one thing, but the Commodity Credit Corporation—an arm of the U.S. department of agriculture—has started to sell barley—

—at a very low price. Referring to oilseeds, the worldwide burdensome supplies of flax are well known and this holds out very little promise for any advance in price. In rapeseed, European supplies are estimated to be 120,000 metric tons more than last year, and with the increase in our own crop of around 30 million bushels we have substantial rapeseed on hand. So hon. members can see that this bill comes at a crucial time for western agriculture.

What are the main problems connected with this bill? I would like to enumerate them as I see them. The fact is that it comes at a time when there have been four years of poor income and only one good year. This gives a very low average on which to base the formula for crop payments. Five years ago it amounted to approximately $1,400 million, but in the last four years it has been between $800 million to $900 million to $1 billion. So in view of the crop expectations, the government will not have to pay out much money from the fund in the next five years, and almost certainly nothing in the next two years. Nevertheless, farmers will be paying 2 per cent of their gross income at a time when they can ill afford it.

What can be done? I suggest that the minister should reduce the farmers' contributions in the next two years to nothing, or at the most to 1 per cent for at least the next five years. After the plan has been in force for five years the amount could be increased to 2 per cent if conditions warrant it. However, at this time to impose a 2 per cent

levy is not in the interest of the farmers. Furthermore, for the next two years there should be some base, regardless of what the average is, below which farm income should not be allowed to fall. What this base should be I do not know, but I think it should be in the neighbourhood of $1 billion. Even that would not make a large payment which the government would be obligated to make.

What about payments under the bill? Little thought was given to the type of payment that would have to be made. Agriculture is not a monolithic industry. It is not made up of two, three, four or even ten large companies. It is made up of 200,000 grain producers who live in a large area 400 miles wide by 1,000 or more miles long, people who experience different conditions and whose districts are entirely different.

The fact that payments will not be made for the whole of the designated area below the previous five years' average means that great hardship will result. Of these 200,000 farmers, at any one time and in any one year—even in the best years—10,000 to 20,000 will be in difficulties. They may easily find themselves in serious trouble through no fault of their own, while their neighbours might be enjoying the best financial years of their lives. What will happen if these 10,000 to 20,000 farmers who are in trouble each year have a 2 per cent levy imposed on them in that particular year? What can be done to make this bill more workable?

The least we could do is to make payments to crop districts. At least this would narrow down and help to smooth out some of the injustices. It would prevent discrimination which would take place with this type of pay-out that the government proposes under the bill. Unless something like this is done, the movement of farmers off the land will accelerate and farmers who are in difficulty will be pushed over the edge because they will receive no payment but will in fact have to pay 2 per cent of their meagre gross income in that year. These are some of the comments that I wanted to make on the bill. It is incomprehensible to me that a 2 per cent levy should be applied immediately. It should be reduced to 1 per cent or even to nothing for the first couple of years.

The other point I want to make is that when the program is begun, a different base than the previous five years' average should be established. Finally, the method of payment leaves much to be desired. It is not a good method and I think it could be improved so that a workable solution is found to some of the farm problems.

Mr. Skoberg: Mr. Speaker, may I ask the hon. member a question?

Mr. Deputy Speaker: Order, please. Is the hon. member seeking the floor?

Mr. Skoberg: May I ask the hon. member a question?

Mr. Deputy Speaker: If the hon. member is prepared to answer it.

Mr. Skoberg: I should like to ask whether, in view of the fact that the three prairie Ministers of Agriculture came to Ottawa last Friday, the hon. member thinks that some progress may be made in this debate which we are pursuing, so far as the stabilization plan is concerned?

[Mr. Ritchie.]

Mr. Ritchie: I would hope that the three prairie ministers advanced reasonable solutions. I do not know what they were, but I would be interested to hear them.

Mr. Max Saltsman (Waterloo): Mr. Speaker, as an indication of how strongly the NDP feels about the legislation before us and how useless it is, they have reached into the wilds of southern Ontario for the wheat expert from Waterloo.

Some hon. Members: Hear, hear!

Mr. Saltsman: One of the best things that ever happened to the prairie farmers, in my view, was when they elected six members of the NDP in Saskatchewan. This has had two important influences. It is important to know that this debate has been largely conducted by the members from Saskatchewan, assisted by colleagues within their party who have been persuaded about the justice of the cause of the western farmer.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Saltsman: I am not saying that these are exclusively the only ones; there is the hon. member for Crowfoot (Mr. Horner). But let me point out that the people—

Mr. Horner: What about the hon. member for Vegreville (Mr. Mazankowski) and the hon. member for Lisgar (Mr. Murta)?

Mr. Saltsman: Fight with the government, will you? What is obvious is that western constituencies which have placed their faith in the Liberal member whom they elected to Parliament on the assumption that, being a member of the government, he would speak for the farmers must feel a tremendous sense of betrayal as they follow the progress of this debate. Where are the Liberals who always say, "What is the point of electing an opposition member?" What about those who have said, "Elect us so that we can go inside the confines of the government where we will have access to the ear of the Prime Minister and the cabinet and can explain your position"? Instead of bringing the arguments on behalf of the prairie farmer to their colleagues, they have been persuaded that he is not important and they keep quiet. They do not even have enough dignity or integrity to resign. The hopes of the people who sent them here are betrayed.

• (8:50 p.m.)

When the member for Trinity (Mr. Hellyer) felt that the policies he was advocating in respect of housing were not acceptable to the government, he felt honour-bound to leave the government. When the hon. member for Duvernay (Mr. Kierans) tried to get the government to understand what was happening to employment in Canada and in the selling of our resources, and could not persuade his colleagues of the merits of his case, he resigned. But there has not been a single resignation of a Liberal member from the west. Instead of resigning on principle to highlight the problems of the prairie farmer and the indignities showered upon him, they are so insensitive to his needs that they defend every criminal act perpetrated on the farmer and attempt to rationalize rather than criticize.

An hon. Member: They are not even here.

Mr. Saltsman: There has not been a word of criticism from a Liberal on this bill. Is this bill so obviously meritorious that not one Liberal will stand up and say that there are things in it which are wrong and should be changed? The ministers concerned are not even here to listen to the speeches; they do not even want to hear what is said. Is there one Liberal who will stand up and say, "Enough things have been brought to our attention that the bill should be withdrawn for examination, so let's hold it to take another look". It is obvious from everything that has been said that grain growers in the west do not like this bill.

An hon. Member: Right!

Mr. Saltsman: Where are their representatives on the government side to speak for them? They are not even in the House tonight. It is left to the city boys to join western representatives in the opposition parties to speak on behalf of the farmers. It is true that I do not know a great deal about growing wheat. There are no wheat fields in the streets of Galt or Waterloo—but there are some things that apply to wheat as they do to any other element in this country.

Mr. Benjamin: Costs of production.

Mr. Saltsman: Right, costs of production. There is no reason why farmers cannot be considered in the same light and come to Parliament to ask that their future be looked upon favourably, in the same way that we look upon the future of industrial workers or any other group that comes to Parliament and says, "We are entitled to some sense of security and some sense of support from the other people in our society".

One thing is certain, Mr. Speaker, that inflation is a fact of life and we will have to live with it. I do not think there is any economist or any person who is analysing the situation in Canada, the United States or any part of the world who will say that there will not be inflation in future. We hope that it will not be a galloping kind of inflation, but we know we will not be able to hold it down to less than 3 per cent.

This means that every single component the farmer uses to produce wheat will rise in price—his truck, his tools, the petrol, the combine, and so on; even the things he needs in order to exist, that he cannot grow himself and requires for sustenance. The very bread that he grows the wheat for will rise in price because of increasing labour costs and the general increase in the cost of living.

This bill says that the farmer will be compensated only if his gross income drops below a certain level. Every year that goes by, his costs of production will increase at a very substantial rate. Even if his income remains steady and the price of wheat remains what it is today, or even if it increases slightly he will lose out on the deal and be caught in the same squeeze that he has been in since the end of the war. The price increases and his gross income do not equate. It is incredible that a bill which claims to seek to stabilize farm income, to give a measure of justice to the farmer and to protect him against the vicissitudes of market hazards, ignores this elementary possibility.

The amendment before us is important because it seeks to guarantee the farmer's income by taking costs of production into account. Unless those costs are considered there can be no justice for the farmer on the basis of simply saying, "We will try to maintain your gross income on an average of the last five years". Another bill that was recently before the House also deals with the problem of security. This House passed amendments to the Unemployment Insurance Act which included additional benefits to workers who become unemployed or who cannot work because of ill health. The percentage of the pay which they can draw has been increased. Pregnancy benefits have been allowed under that bill. In fact, what we have done is recognize society's obligations to those who find themselves in difficulty because of technological change or changing market conditions.

Surely the farmer is entitled to the same protection, but this bill does not offer it to him. I think the bill could be drafted to cover it. Acceptance of the subamendment would go a long way toward improving the situation for the farmer. As you are aware, Mr. Speaker, there are times in this House when one of my colleagues will ask a question about wheat or boxcars. When that happens, all we city fellows turn off right away because we know the question period has gone, that this subject is going to dominate. Sometimes we get a little peeved at the energy and enthusiasm with which they put forward their case. But as we follow this bill we can see why they feel as they do; we can sense the real grievance that exists in the prairie provinces about the insensitivity of this government.

Just the other day one of my colleagues blamed Ontario and Quebec. But it is not Ontario and Quebec—certainly not all of Ontario and Quebec. However, there has been a tendency for the Liberal party to think in those terms, and the farmer feels this. Sometimes you get the impression—

Mr. Skoberg: The minister has arrived.

Mr. Saltsman: I am delighted to greet the minister.

An hon. Member: It is nine o'clock.

Mr. Saltsman: With any luck we may continue this discussion so that we have the vote tomorrow rather than tonight, in which case the minister may feel it was worth his trouble to hear us—

Mr. Horner: Mr. Speaker, could I ask a question?

Mr. Deputy Speaker: Order, please. The hon. member for Crowfoot (Mr. Horner) seeks the floor to ask a question.

Mr. Saltsman: Certainly.

Mr. Horner: In view of the fact that the member began his remarks with a reference to prairie members, I fail to see why he is taking such an interest as a member from central Canada. How does this bill affect central Canada? Not that I think he is colloquial in his thinking—

An hon. Member: "Parochial."

Mr. Horner: —but could he give the House some reason for these remarks?

• (9:00 p.m.)

Mr. Saltsman: I am glad the hon. member asked me that question. It demonstrates better than anything else the difference between a democratic socialist and a conservative. As democratic socialists, we are concerned about all people and not just about those immediately surrounding us. It may be that the hon. member for Crowfoot is accustomed to thinking only about those in his neighbourhood.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): We are not parochial. The hon. member said "colloquial".

Mr. Saltsman: I am sure the hon. member is our friend. At least, that is about as close as a conservative can get in his attempts to think like a democratic socialist.

Some hon. Members: Oh, oh!

Mr. Saltsman: If my hon. friend from Crowfoot hoped, by asking that question, to make me lose my place in my notes, he has succeeded admirably. He asked why I am speaking. I do not pretend, as I said in my opening remarks, to be an authority on wheat. I am speaking because this party's six magnificent representatives from Saskatchewan have been twisting my arm and the arms of others in my party to speak. They said that farmers are part of this country, suggested they should not be the only ones to speak on behalf of farmers and that each member of our party should recognize the interdependence of the farmer and the urban dweller. I recognize that. Their advocacy has worked wonders and that is why I am tonight making a speech on farming.

There is something else that all of us from the city know. Canadian prosperity is based on agriculture. We sometimes forget that our country's prosperity rests on our farmers' ability to provide food efficiently. Before there is any industrial development there must be surpluses of food. We must have a rich and varied agricultural sector. Our farmers have achieved that. Not more than 6 or 7 per cent of our population consists of farmers, which is perhaps why the Liberals who look at these percentages say, "Farmers are not terribly important. They will not matter very much in the next election. After all, we do not hold many seats in the west. Even if we lose Otto Lang, he always has his university to go back to, and Mr. Richardson will not be selling pencils on the street of Winnipeg, so perhaps they are all expendable."

An hon. Member: What about Pat Mahoney?

Mr. Saltsman: Pat Mahoney also has a little fund set up for himself.

Mr. Deputy Speaker: Order, please. When the hon. member is reviewing the future of his colleagues he should refer to them by riding.

Mr. Saltsman: Thank you, Mr. Speaker. That demonstrates the sort of difficulties that can occur when a non-farmer becomes involved in a debate on farming.

An hon. Member: Talk about the costs of production.

Mr. Saltsman: Mr. Speaker, I appear to be having more difficulty with my colleagues, who are making remarks and offering reminders, than with the official opposition and members on the government benches.

[Mr. Horner.]

I wish to make another important point. Wheat is Canada's most important export. In recent years there has been a tendency to forget how important wheat is to Canada's future. There have been oil discoveries; we are exporting gas and a great deal of iron ore. We have forgotten that wheat is a renewable resource. We must remember that.

An hon. Member: Otto, are you listening?

Mr. Saltsman: Every year we harvest and sell our wheat, and the next year, if the farmers have done their job in planting it, it grows again. It is renewable, which is not true of oil, gas or minerals. Those resources do not replace themselves. Once they are taken out of the ground, they are lost forever. If we are to pursue an objective in this country, that objective ought to be the export of renewable resources such as wheat and forest products. These are vital commodities and we ought to concentrate on their production.

At present we are undergoing an upheaval. I think we need to develop new trade policies. Our great friends to the south, upon whom the Liberal party from time to time relied when it wanted to get out of trouble, are no longer interested in helping Canadians overcome difficulties caused by our government. The Liberal party which forms the government of the day will have to redirect much of our trade. They will have to cut down the export of non-renewable raw materials. There has been much criticism about the way we export raw materials from this country. The oil and gas will not last forever and will not always be able to meet the insatiable appetite of our neighbour to the south. We will have to rely increasingly in future on our renewable resources to provide the exports of this country.

Some hon. Members: Hear, hear!

Mr. Saltsman: The attempts to phase-out the farmer constitute a most foolish policy. He is being punished because there is a glut in a number of products.

Some hon. Members: Hear, hear!

Mr. Saltsman: If we phase farmers out of production, this country may well regret such a decision. It seems to be government policy to get rid of the farmer. His own productivity has destroyed him. The government wants farming to be undertaken by corporate bodies. It is not hard to see that corporate farming methods will increase efficiency, and we can tell what will happen to our corporate farms. Not much of our industry belongs to us any more. We do not own many of our resources. Farming is one of the few fields we still control. Are we willing to see our farms bought out by the United States in the same way as that country is buying out our forests? Some day a tractor may start somewhere 100 miles below the border, cut a huge swath through Canada and go back with the money and the produce to the United States.

An hon. Member: Without even stopping for the Customs.

Mr. Saltsman: That is right, perhaps without even stopping for the tax collector. Those corporations will need big machinery. They will not buy it in Canada. They will not buy their merchandise in the little country stores. They will not support any of the towns which are needed if there is to be any kind of society or civilization on the Prairies. Running a combine for 100 miles through the country is certainly no way to develop a country. It may be efficient, but it is not the way this country was built up in the first place.

Mr. Skoberg: Right on.

Mr. Saltsman: Most of us in Canada enjoy some kind of subsidy. I am sensitive about that. Speaking as one who lives in a city in southern Ontario and whose preoccupation is with the manufacturing industry of Canada, I am not averse to seeing the farmer get a fair deal through substantial subsidies if necessary.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but I do so to advise him that his time has expired.

Mr. Knowles (Winnipeg North Centre): Continue.

Some hon. Members: No.

Mr. Deputy Speaker: The hon. member for Palliser (Mr. Schumacher).

Mr. Skoberg: On a point of order, Mr. Speaker, this afternoon the minister was granted two extensions. I wonder if the House would not agree to extending the time of the hon. member who has just spoken.

Some hon. Members: No.

Mr. Stan Schumacher (Palliser): Mr. Speaker, I do not intend to take too much time of the House this evening discussing the amendment to the amendment which is before us. I think we should recall exactly what this subamendment purports to do for the grain economy of western Canada. In my opinion it seeks to deal with a deduction from the gross grain deliveries of farmers in western Canada. This goes to the root of the problem we are facing today and that is why there is in western Canada such fierce opposition to this legislation.

The government seems to be puzzled about why there should be this opposition. In some respects it questions the validity of that opposition. It appears to me, on the basis of mail that crosses my desk, that there is no support for the bill. I have received a significant number of communications—not to be compared with the number I received about Bill C-176—from constituents who definitely oppose this bill. On the other hand, I have received but one letter from a constituent urging passage of the bill. That constituent is a barley grower. He said he did not benefit in any way, shape or form from the Temporary Wheat Reserves Act. He thought this was a good opportunity to get some money out of the federal government which, although it was a one-shot deal, was at least something rather than nothing.

• (9:10 p.m.)

I felt it necessary to remind my constituent that he might be paying a rather high price for this one-shot payment, in view of the fact that this legislation proposes what is in my view a new tax on the western grain economy. That is, in this 2 per cent deduction of gross grain deliveries in the foreseeable future there is no real anticipation of ever receiving anything back.

It is useless for the minister to keep reminding us that if this legislation had been in effect since World War II the farmers would have received almost four times the amount of their deductions. We are in a different factual situation. The minister should know that ever since Canada more or less left the International Wheat Agreement by default we have been consistently faced with smaller grain sales abroad. This has been reflected in the radical decline in prairie farm income in the past five years.

Mr. Gibson: Oh, come on!

Mr. Schumacher: The government may have increase shipments but, I ask the hon. member for Hamilton-Wentworth (Mr. Gibson), at what price? If it has been at a decent price, why have the returns to the farmers been falling so greatly? The net disposable income fell from $1,100 million to something over $500 million in those five years. If something happened to the economy of the area which the hon. member has the privilege of representing, he would be making more noise than is presently being made by the responsible members on this side of the House who represent the area of the country that is suffering most because of the actions of this government.

Mr. Gibson: You are holding up the legislation, not us.

Mr. Paproski: Have you been listening to the Prime Minister (Mr. Trudeau)?

Mr. Schumacher: We are not holding up any legislation. As I pointed out to the constituent who wrote to me about this matter, this is a one-shot deal which will prove to be a rather expensive payment for him in the future. While he may receive something in the order of $500 or less, considering the size of the farms in the area in which the gentleman lives, he will be faced with a deduction from all his barley payments in the future, with no hope of recovery.

These farmers realized that in the early days of the PFAA there was not much hope for adequate payment under the program because the block was too large. When the former Conservative administration took office it reduced the size of the block to make payments more available to farmers who suffered a crop failure.

What is proposed in this bill? We have a block consisting of the entire prairie area plus the Peace River area. It would take a complete and utter climatic disaster, or a continuation of the poor marketing policies of this government, to ever facilitate a future payment. In view of the ever increasing inflation we are faced with, even a decrease in real terms might not be reflected in monetary terms. This five-year average would result in no payment being made to the farmers who had contributed to the program. Therefore, Mr. Speaker, I say that we are not being presented with a viable program for western Canada. I support the amendment to the amendment because it has the objective of reducing the tax that is being imposed on western farmers by the government

through this legislation. At this stage we do not need the imposition of another tax.

The government has been paying directly into the western grain economy sums of money in the order of $40 million to $50 million a year. The government proposes to stop paying those sums to introduce a plan which will take money out of the western grain economy and not put anything back into it. I do not care what the minister says about contributing 4 per cent to some fund—this is a general revenue fund. It is like the CNR pension fund; it is non-existent. It is a future commitment that the government might meet at some time. It would be different if we were going to establish a particular pattern of earned interest for the benefit of the western grain economy, but this is not even proposed. It is easy for the minister to talk about a 4 per cent commitment, but when it is just a paper entry it is not meaningful to the western grain economy. For this reason I urge the House to give serious consideration to the amendment. I know it does not solve the problem of the program of the government, but it has an ameliorating effect and should be supported by all members of this House.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, in speaking to the sub-amendment, Mr. Speaker, I am pleased and honoured to follow the hon. member for Palliser (Mr. Schumacher).

Some hon. Members: Hear, hear!

Mr. Rose: The member for Palliser is a very congenial young gentleman.

Some hon. Members: Hear, hear!

Mr. Rose: His riding takes its name from a celebrated British army engineer and explorer, Captain Palliser. The whole region of the Prairies was explored under his orders. After visiting the region for some months, it was described as a semi-arid region which would never be productive and there was no need for any population to settle there. It appears that the original viewpoint of Captain Palliser is being echoed in the kind of policies being put forward by the minister in charge of the Wheat Board (Mr. Lang).

Some hon. Members: Hear, hear!

Mr. Rose: After listening to my colleagues from prairie Canada it is apparent that there is substantial opposition to the bill now before us. I am putting it by way of an understatement. The government benches appear to view that kind of opposition as some kind of inflexibility or a move on the part of various parties or the members who represent prairie Canada to create some kind of blockade against very generous, much needed and crucial legislation. This is not my reading of it. It seems to me that if we can assume that a member from a particular region of Canada is not putting forward the views of his constituents, we would say it about every region.

• (9:20 p.m.)

Mr. Benjamin: Right on.

Mr. Rose: The question which occurs to me is this: When member after member representing one of the five great regions of this country rises to oppose this bill, if they are not speaking for those they represent, who are they speaking for? Are they speaking for the grain industry? Are they speaking for the government? It is obvious they do not speak for the government, because they are sitting on this side of the House. It is well known that I do not represent a constituency in prairie Canada. This is one speech that I hoped I would never be called upon to make. I think there are a number of members who probably shared this aspiration.

Some hon. Members: Hear, hear!

Mr. Rose: This is the highest legislative body in the land, if you leave out the Prime Minister's office which is not a legislative body but an oligarchy.

Mr. Speaker, I am having a very difficult time with certain hecklers around here. This is the body, it seems to me, which should deal with national problems. I do not think there are many members in any party who are so introverted, so ingrown, so parochial that they can consider only issues associated with their particular regions while ignoring others. This is precisely why I, as a member from British Columbia, am now involved in this debate in support of the position taken by my hon. friends in this party and by my good friends in the official opposition. I do so because it has not sunk through very well, in spite of some debate—not substantial debate but some debate—that by and large this bill goes against the grain.

Some hon. Members: Oh!

Mr. Rose: There has been a suggestion from the government benches that the opposition is indulging in some kind of filibuster. I see the Parliamentary Secretary to the Minister of Agriculture (Mr. Lessard) nodding his head. I welcome him to the House. It is a long time since I have seen him. He is really not interested in the grain business. He is interested in the broiler business. This debate has not been unduly prolonged. I think I can say this with reasonable safety. I have in my hand a piece of paper which was published by the research bureau of the national Liberal caucus.

Mr. Horner: How did you get hold of that?

Mr. Rose: It may have been a cabinet leak; I really do not know. But it has come into my possession, and like all good journalists I protect my sources. I assure Your Honour there has been no burglary or anything like that. Maybe someone from prairie Canada, maybe someone from Quebec, secretly opposes this legislation and has placed this information in the hands of the opposition. The charge has been that the opposition is filibustering this bill and that if we would only sit down and be quiet the government would go on to do great things for Canadians. This may be so, but it would be for the first time since I came here three years ago.

The grain stabilization bill received first reading on April 29, 1971. That is not very long ago. At that time there was a miniscule four days of debate. This is an important and controversial piece of legislation, as I think all hon. members will agree, and four days does not seem unduly long for the careful consideration of legislation so vital to the future of western Canada. After that, the bill went to

committee. Approximately nine days were spent on that stage. The committee gave the bill a clause by clause study. My hon. friend from Regina-Lake Centre (Mr. Benjamin) suggests I should have said "claw by claw" instead of "clause by clause". It took nine days. I think the general public would be pleased to know that Parliament took a searching look at a piece of legislation which came before it. I see the hon. member for Joliette (Mr. La Salle) nodding his head; he agrees with me.

After the summer had ended, the bill was brought back to the House for discussion at the report stage on which we are presently engaged. The bill has been back with us four days. I do not think this is spending too much time on a measure which according to the government is worth something like $100 million to the prairie farmers.

While we are considering the subamendment I think it would be worth while to examine the source of this bill. I think it can safely be said that the bill was really born in Winnipeg on June 2, 1968, when a gentleman very important to this country visited that city.

Mr. Skoberg: Who?

Mr. Rose: The Prime Minister (Mr. Trudeau) of our country. Among other things he is reported to have said that day was the following:

> One of the most pressing long-range problems for western farmers is the need for an adequate yearly income to get away from the boom and bust cycle which has become part of prairie farm life. To this end, the Liberals are proposing a plan which in effect, sounds like the equivalent of unemployment insurance for farmers. In good years they would pay into a fund; in bad years they would draw money from the fund, thereby, to a degree, stabilizing their income.

• (9:30 p.m.)

I think most of us would support that concept. So much for the gleam in the eye, so to speak. But when the bill was born it turned out to have some serious abnormalities. One of the most important is that the bill, as contrasted with unemployment insurance, does not apply to individuals. If an individual through no fault of his own becomes unemployed, he needs unemployment assistance. If he has the correct number of stamps on his card and has worked the required number of days, he is eligible for assistance and receives it without equivocation.

The situation is different under this legislation which does not apply to individuals at all but to the average of a group. The hon. member for Palliser ably pointed out that as a result of drought, hail, a grasshopper invasion, even an attack by the Bertha army worms or some other blight peculiar to agriculture on the Prairies, an individual farmer in desperate need of assistance could conceivably be ineligible for assistance under this measure owing to the simple fact that the national average in terms of sales was not sufficiently low to enable him to qualify. Thus, an individual in desperate need of assistance would not get a dime under this measure.

This is a major flaw in the legislation, as pointed out by a number of people. This party and the official opposition feel that the legislation should be based on net rather than gross income. Let me tell the House why I feel this way. I think we are all aware that there are very few sectors of the economy that are stable. For the last 20 years we have experienced a wave of inflation. Stabilizing the income of farmers sounds fine, but that is only half the problem; you must also stabilize their costs.

Let me give hon. members a revealing example of what has happened to farmers' costs since 1949. These costs have been affected by taxes and interest rates. Using the base 1939 equals 100, by 1949 taxes and interest rates had risen to an index of 149.4. By 1970 that figure had more than doubled, to 323.4. We all know that the farmers need capital. Farms are now large operations; the little half-sections are no longer efficient units and have disappeared. If taxes and interest rates, as one of the indices, have more than doubled during that period, then it appears to me that the income of the farmers would have to match that increase.

The same increase can be shown in the cost of farm machinery. In 1949 the price index had risen to 158.4, and by 1970 had gone up to 339.6. Increases like this are the reason that the members of this party as well as the members of the Conservative party oppose the bill. I submit the cost base of production should be the year 1970. The minister is no longer in the chamber; indeed he is seldom here during the debate. When he is here he rarely listens. He usually just sits in his seat, writes in his notebook and occasionally looks up to give one a baleful stare like a recently hibernated iguana. We are rarely able to reach him.

One needs only to drive across the Prairies to see what is happening to western Canada. It is being depopulated. Small farms are being abandoned in favour of larger units. Opportunities for the people, especially the young, are disappearing. High schools, post offices and drug stores are closing down and whole communities are dispersing. People are migrating to the cities. The same thing is happening in Newfoundland under the present government. The once independent, self-reliant, if not wealthy, people under the new enclosure movement are being chased off the land for economic reasons. Where you once had the land owner you now have millions of Canadians living as cliff-dwelling tenants in cities across Canada, thus creating all kinds of urban problems. It seems to me that if we had done a little more research on rural problems we would have far less need than we have at the moment for a Minister of State for Urban Affairs. Congestion in cities has created many problems for Canadians.

The Acting Speaker (Mr. Laniel): Order. I regret to interrupt the hon. member, but his time has expired.

Some hon. Members: Continue.

Some hon. Members: No.

The Acting Speaker (Mr. Laniel): There does not appear to be unanimous consent.

Mr. Skoberg: On a point of order, Mr. Speaker, I am given to understand that when an hon. member details figures that can be substantiated by a chart, the document should be tabled. The hon. member for Fraser Valley West (Mr. Rose) referred to the government's legislative progress chart and to the number of hours spent in this House. Could the hon. member table that chart?

The Acting Speaker (Mr. Laniel): As I understand the rule, this request can be made of a minister. If an hon. member wishes to refer to a document in front of him and adopts it or interprets it as part of his speech, it is very difficult to ask him to table the document unless he reads exactly from the document itself. Therefore, the Chair cannot accept the hon. member's suggestion.

This might be a good opportunity to inform the members of the House that for a good part of the day the Chair has been attempting to try to relate many of the remarks made by hon. members to the debate on the amendment. The Chair has made an almost gymnastic effort to relate a large portion of the remarks of hon. members to the amendment. I know we have only a few minutes left and I do not want to impose any restraints upon the hon. member who will have the floor, but this is a matter hon. members might think about overnight in an effort to orientate their remarks in a suitable way tomorrow.

• (9:40 p.m.)

Mr. Paul Yewchuk (Athabasca): I intend to be brief, Mr. Speaker. I did not plan to speak tonight, but I noticed that the minister was in the House and I wanted to say a few words in an effort to help my colleagues bring him to his senses. I am sorry to note that he has left because the remaining members on the government side look as though they might be difficult to bring to their senses.

Some hon. Members: Oh, oh!

Mr. Yewchuk: Another thing that motivates me to say a few words is the fact that this government has been taking part in criminal activities for some months with gay abandon and complete disregard for the law of the land.

Mr. Alexander: That's right.

Mr. Yewchuk: They have done this by their failure to pay money to the farmers under existing legislation. In view of the fact there is no recourse to farmers to claim this money, there is no other way of describing it than saying it is equivalent to armed robbery. These people have no recourse and no one to turn to in their effort to obtain the money due them.

Another motivating factor leading me to make a few remarks is that the speeches I have heard from the government side today have been filled with deception and have smacked very heavily of blackmail. The blackmail consists of the government's suggestion to the farmers that they must support the stabilization plan or they will not receive the money the government owes them. That is the decision the farmer has to make.

Some hon. Members: shame.

Mr. Yewchuk: Farmers generally have been objecting to this legislation but now they are starting to say they do not give a damn what the legislation is, they want their money. They are not objecting to it any longer in order that they may be paid. That is an extremely sorry state of affairs facing our farmers. The government has deceived the farmers by suggesting that under this legislation they will get more money than they would under the Temporary Wheat Reserves Act. This is a gross misrepresentation of the facts.

[Mr. Skoberg.]

An hon. Member: It is extortion.

Mr. Peters: It is fraudulent extortion.

Mr. Yewchuk: The government says there will be more money coming to the farmers, but the money now owing is almost equivalent to the $100 million the government wants to pay out, at least theoretically.

Mr. Woolliams: That is $92 million.

Mr. Yewchuk: In addition, we will have a discontinuance of the Prairie Farm Assistance Act and will lose the advantage of having the government pay the deficits incurred by grain pools. The worst part of this whole situation, as mentioned by the hon. member for Palliser (Mr. Schumacher), is that the farmers will have to pay an additional tax. When we consider the net income picture which farmers have faced for the past several years, we realize that the last thing they need is another tax on their income. A 2 per cent tax on gross income could amount to 10 per cent of the net income. Let us say a farmer sells produce for $10,000; he would have to pay an additional tax of $200 per year. This is outrageous, but it is something the farmers are not being told. It is being hidden. They should know about it.

This kind of stabilization bill is a poor excuse for the agricultural plan about which the government has been bragging for the past three years. The government suggests it is bringing in long-term policies to solve agricultural problems. This is a very poor excuse for a policy to sell agricultural products. It is a very poor excuse when we realize that half the wheat surplus of the world exists in this country and that we produce only 5 per cent of the world's wheat production. This is a very poor excuse for an explanation as to why our wheat market has dropped from 35 per cent to 17 per cent.

The situation is not helped very much by the fact that we in Canada today spend $25 per capita for the importation of agricultural products, or by the fact that in 1969, the year of the last report, Canada for the first time in its history was a net importer of agricultural products. Can one conceivably imagine that in this country which is suited to agricultural production we do not produce enough to feed our own people? We were net importers of meat, poultry products and many other things Canada is well able to produce. This is a very shameful indictment of this government and the minister who is responsible for the Wheat Board.

The minister is not making any real or sincere effort to do anything on a long-term basis for this industry which is rapidly vanishing from our Prairies. We have heard many discussions and representations, some from agricultural groups, to the effect that we must do something to improve the declining net income of the farmer. The Minister of Agriculture (Mr. Olson) appointed the Barber commission to study the ever increasing price of farm machinery. That commission reported and made several good recommendations but the government has done absolutely nothing to implement them. It has done absolutely nothing to bring down the price of farm machinery.

I should like the minister to explain why there is not legislation before the House to do something about this situation and the suggestions in the report. The only thing we have had from the government is this grain stabilization bill. The only thing this government has done is attempt to bribe the farmer with his own money. It has attempted to deceive the farmer by saying this is new money to be injected into the agricultural industry.

This stabilization bill might theoretically sound all right to someone who does not understand agriculture. The government suggests it is going to stabilize the income of the agricultural industry.

An hon. Member: That sounds like a law professor.

Mr. Yewchuk: Yes, it sounds like what the dean of law would suggest as a good solution to the problem. Let us consider the average net income of a farmer in western Canada in the past two years. It has been around $1,000, perhaps $1,100. Mr. Speaker, would you like to have your income stabilized at $1,100 per year? That is what this government is attempting to do to the western farmer.

An hon. Member: They are stabilizing poverty.

Mr. Yewchuk: Having observed the actions of this government over the past three years I have come to the conclusion there is only one solution to the agricultural problem in the west, and that is to throw out this do-nothing government.

Mr. Skoberg: Mr. Speaker, I should like to ask a question. Would the hon. member allow me to pose a question at this time?

Mr. Yewchuk: Yes.

Mr. Skoberg: In view of the cooling-off period suggested following the meeting of the minister with the three prairie agricultural ministers on Friday, was it his expectation that this bill would be brought back before the House this week?

Mr. Yewchuk: I regret that it is very difficult to expect anything at all from this government. I was surprised, or shocked would be a better word, that the minister made a commitment to the three agricultural ministers from the prairie provinces that the debate would be cooled off for a week.

Mr. Peters: If he does not live up to the law, how do you expect him to live up to an agreement?

Mr. Yewchuk: I am surprised that no opportunity was provided for consultation with ministers of the prairie provinces to see whether the bill could be made more acceptable. Instead, the minister brought the bill back before the House at the first opportunity. That means one of two things. It means either that the minister deliberately deceived the three agricultural ministers from the Prairies or that he does not have sufficient authority with his cabinet colleagues to persuade them to agree with his decisions.

• (9:50 p.m.)

Mr. Alexander: You cannot trust Grits.

Mr. Yewchuk: The third possibility, as my hon. friend from Hamilton West (Mr. Alexander) says, is that you cannot trust Grits. To sum up, I believe that to save the agricultural industry—I am saying this not only to members of the House but to the people of Canada—we must to re-elect a Conservative government which has some understanding of agriculture, which has a feeling for the people, which is concerned about the individual and about individual industry which is being destroyed. We must have that kind of government returned to power in this country.

As I said before, this bill basically is a piece of blackmail. Farmers here and there are saying they need the money and that therefore we should get this legislation through the House. I think this is outrageous. I believe that this, added to the policy of the government which is designed to remove two-thirds of the farm population from the farms, is too much to swallow at one time. Farmers do not want to be removed from their industry, especially when there is nothing to replace that type of employment. It might be all right if we told them we would retrain them for a certain job and then offered them that job, but under this administration we do not have jobs for those who are already involved in factory work, industry, and soon.

We have a shortage of housing in cities for people who are already there, and at the same time have set our sights on removing two-thirds of the farmers from the farms and placing them in the cities. Where are they to live? The only alternative offered is the Liberal alternative: Get off the farm and go on welfare.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member, before he took the floor heard the remarks of the Chair concerning the rule of relevancy. The Chair agreed that some leniency had been given to hon. members during the day, but I believe hon. members should at least make an effort once in a while to refer to the amendment before the House.

It is very difficult for the Chair, even when it wishes to be lenient, to permit hon. members to open the whole subject of agriculture or even the whole subject matter of the bill before us. The occupants of the chair during the day have tried on different occasions to obtain the co-operation of hon. members concerning the application of the rule of relevancy. The Chair cannot do more than remind hon. members a few times of this rule, which is a basic rule of debate.

Without the co-operation of hon. members, the Chair feels we may be, not destroying but minimizing the parliamentary system. I am not speaking at this moment only to the hon. member who has the floor; I am inviting other hon. members in their participation in the debate to try to adhere closely to the rules of debate. In respect of an amendment to a bill, the rules should be observed much more strictly than they have been.

Mr. Yewchuk: Thank you, Mr. Speaker. I realize you have been extremely lenient with me as well as with previous speakers. I believe most of my remarks,, with imagination, could be linked to a consideration of the cost of production and net income about which I have been speaking. I am sure you will be pleased, Mr. Speaker, to hear that I have almost completed my remarks.

I indicated that the cost of production has become so high that many farmers are leaving the farm. I described the terrible social dislocation which has occurred as a result of that. In general, I am critical of this legislation because it would in no way solve this problem. Therefore we must look a little more closely at the kind of things which must be done in an effort to stabilize farm income at a reasonable level.

It is a sad commentary when we look around the world and see so many people hungry and starving, and then look at our own country and see that we who are so well equipped to produce food for the world are not doing so and are being asked to cut back. This government obviously does not have the kind of imagination that is necessary to reconcile these two factors. That is the simple point I want to make.

Mr. Skoberg: Would the hon. member permit a question, Mr. Speaker?

Mr. Yewchuk: Yes.

Mr. Skoberg: It may seem strange to some people that a medical doctor is so concerned about this bill. Would the hon. member indicate his real concern and the type of constituency he represents in which the concern is so evident?

Mr. Yewchuk: That is a very complex and intriguing question, Mr. Speaker. In view of the fact that it is ten o'clock, perhaps I could answer it at a later time.

* * *

BUSINESS OF THE HOUSE

Mr. Baldwin: Mr. Speaker, on the usual question, I wonder whether I could ask a responsible person on the government side, if there is one, what is to be the business for tomorrow, Thursday and Friday. Her Majesty's Loyal Opposition desires to expedite the business of this House and it is essential to know what is to be done in the next few days.

Mr. Basford: Mr. Speaker, we intend to proceed tomorrow with the consideration of today's business, namely, Bill C-244. I expect we will make considerable progress with this matter on Wednesday and then deal with the tax reform measure on Thursday and Friday.

Mr. Baldwin: Do I understand that on Thursday and Friday we will definitely be on Bill C-259?

Mr. Basford: Assuming, of course, that we complete Bill C-244 tomorrow.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

[Mr. Yewchuk.]

UNITED NATIONS—CANADIAN ACTION TO ACHIEVE REPRESENTATION FOR MAINLAND CHINA AND TAIWAN

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, on September 22 I asked the Secretary of State for External Affairs (Mr. Sharp) if the Canadian delegation at the United Nations General Assembly would be making efforts there to bring about a situation whereby the people in Mainland China and Taiwan would be represented in that body by delegates of their de facto governments.

I must say, Sir, that the minister's reply was a good deal more smug than informative. He indicated that there was only one question immediately before the United Nations, and that is who speaks for China, who occupies the China seat; and with a casualness that was somewhat unbecoming he suggested that the question of the future of Taiwan is something for the future to decide.

It sounds so easy and so clever to suggest that there is nothing involved but who occupies the China seat. In fact, Sir, there is a good deal more involved. Involved is the whole concept of universality of membership in the United Nations, a concept in which I believe and in which I thought the present government believed. The support of the Albanian resolution at the General Assembly will mean clearly and definitely the expulsion of the government now in control of affairs in Taiwan. It will mean that over 14 million people will lose representation in what we like to think is a universal body, the United Nations.

• (10:00 p.m.)

I cannot believe that a move which will result in the expulsion of the representative of Taiwan is one which should be entered on so casually and easily by the government of our country. I have long believed that this country should recognize the de facto situation and extend diplomatic recognition to the People's Republic of China, and I am pleased that this has come about although I do not share the view of those who believe that a new era has been entered into by the mere fact of recognition. I am hopeful, however, that it will have a good and helpful effect.

I was especially delighted that the leader of my party made such a valuable and useful visit to Mainland China and made such a good impression there. Indeed, I am not reluctant to say that we should long ago have recognized the de facto situation and extended diplomatic recognition to the government of Peking. But the same pragmatic acceptance of a de facto situation in Mainland China should not be abandoned when we look at Taiwan. The government of Chiang Kai-shek—regardless of what we think of it, and this is not at issue here—undoubtedly is in control and is governing Taiwan just as the government of Mao Tse-tung is governing in Mainland China.

It is easy to use the numbers game and say that the great majority of Chinese citizens are under Mao and that there are only 14 million across the straits. But surely we are not in the game of counting heads, and I think that kind of attitude is unbecoming to a charter member of the United Nations. But if we do count heads, it can be pointed out that there are more people in Taiwan than in two-thirds of the member states of the United Nations

today. In other words, Taiwan is not an inconsiderable part of the world community.

Last fall, when the minister announced recognition of Peking by this country, an announcement which was greeted warmly in nearly all quarters of the House, he declared:

> Our position . . . is that the Canadian government does not consider it appropriate to endorse or to challenge the Chinese government's position on the status of Taiwan.

In other words, the Canadian government took note of Peking's contention in this regard but did not endorse it. It seems to me that in supporting the Albanian resolution at the United Nations the government of Canada would in fact be endorsing the contention of Peking that it, and it alone, speaks for all of China including Taiwan, despite the fact that that island is clearly and obviously administered by a government not subject to Peking. At the very time that the admission of China to the U.N. is being developed, the support of the Albanian resolution would be yielding to the maximum demands of the People's Republic of China in regard to its claims to Taiwan.

Having read the minister's speech, I do not know whether or not Canada will be supporting the Albanian resolution. I do note that at the General Assembly the minister indicated that Canada endorsed the principle of universality and even looked forward to the time when the divided states could be represented at the United Nations. We all say amen to that. But if we move in the direction of admitting the divided states, it would seem inconsistent for us at the same time to adopt a policy which would prevent Taiwan from being represented in the world body.

One cannot but wonder what happened to the eloquently expressed views of the minister's predecessor, the Hon. Paul Martin, who used to win applause from government benches when he said that our policy is not one China or two Chinas but one-China and one-Taiwan. He said in 1967:

> We believe Formosa should continue to be a member of that organization and for that reason we will abstain on a resolution which seeks both to seat mainland China and to expel Formosa.

I have noted the present government's casual attitude toward the laws of the land and I am sure they would not at all be inhibited by their own promises; but our recollection is that in the campaign of 1968 it was the Martin one Taiwan, one China policy which was being put forward to the Canadian people as the government's point of view.

I hope, therefore, that it will not be Canada's role to assist in the expulsion of a member from the United Nations, that we will not deny the principle of universality to which we have long given allegiance and that we will not turn our back upon a reasonable, rational settlement of this long troublesome problem of representation in the U.N. for the people of Taiwan and for the people of China.

Mr. Hogarth: On a point of order—

The Acting Speaker (Mr. Laniel): Is the hon. member rising on a point of order?

Some hon. Members: Oh, oh!

An hon. Member: Oh, sit down.

The Acting Speaker (Mr. Laniel): The hon. member knows that by practice it has been established that unless a member has a very very strong point of order, points of order are not recognized during the adjournment debate.

Mr. Hogarth: Mr. Speaker, I think that on a point of order—

Some hon. Members: Oh, oh!

Mr. Crouse: There is no such thing as a point of order at this time.

The Acting Speaker (Mr. Laniel): Order, please. The Chair cannot prevent a member from rising on a point of order if that point of order is valid, but I would ask the hon. member not to ask to be recognized at this time unless he has a point of order. The Parliamentary Secretary to the Secretary of State for External Affairs (Mr. St. Pierre).

Mr. Paul St. Pierre (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, in response to the question from the hon. member for Hillsborough (Mr. Macquarrie) who sits on the same side of the House as I do, I think it best to reiterate what the Secretary of State for External Affairs (Mr. Sharp) told the House on September 22. This was also in reply to a question by the hon. member for Hillsborough. It is simply that Canada has a one China policy. We consider that the only issue immediately before the United Nations is one of representation, that is, what government should represent the approximately 800 million people living in China.

As hon. members know, although the regime in Taiwan has continued to occupy the Chinese seat in the General Assembly and on the Security Council, a growing number of countries, including Canada, have come to believe that a realistic appreciation of the situation requires that the People's Republic of China be recognized as the government of China and that its representatives should take their place in the Chinese seat at the United Nations.

The issue, therefore, is not one of membership but of who shall represent a country which is already a member, and Canadian policy in the United Nations is consistent with our recognition of the People's Republic of China as the sole legal government of China.

INCOME TAX—EFFECT OF AMENDMENTS ON CREDIT UNIONS

Mr. Stanley Haidasz (Parkdale): Mr. Speaker, on September 9, 1971, I asked the Minister of Finance (Mr. Benson), in the House of Commons, whether he could allay the fears of Canadian credit unions who consider the proposed amendments to the Income Tax Act as a threat to their existence. Unfortunately, the Minister of Finance did not have the opportunity to give me a definite reply. That is why I am raising the question this evening.

As an active member of the largest parish credit union in Ontario, the St. Stanislaus Parish Credit Union Limited, with a branch at St. Casimir's parish in the constituency of Parkdale, and as a former member of the board of directors in that credit union 25 years ago, I am familiar with the representations that have been made to the Minister of Finance by Canadian credit unions expressing

their fear of the proposals in clauses 135, 136 and 137 of Bill C-259, an act to amend the Income Tax Act. The whole question of tax reform has been debated by the Canadian public since the publication of the white paper in 1969, and that is very good.

The result, Bill C-259, is now being studied by various people with deep knowledge of the taxation system and its implication for the whole of Canadian life, and they are offering detailed and responsible criticism. I am aware that urgent submissions have been made to the Minister of Finance by representatives of the credit unions from Ontario and other provinces, including the caisses populaires in the province of Quebec.

• (10:10 p.m.)

Throughout the history of Canadian tax legislation, credit unions have been treated differently, for tax purposes, from ordinary corporations because they are different in their structure and operation. Credit unions have played a great role in assisting people in lower and middle-income brackets, especially new Canadians in need of loans, to establish themselves in this country, because lending institutions of all descriptions were demanding high securities, high interest rates and other conditions and most of those conditions were, I think, burdensome for most of those people. Consequently, credit unions sprang up and flourished among these groups of people. Credit unions have assisted their members not only with low-cost loans but also with low life insurance premiums and other programs of mutual assistance.

The present income tax amendments affecting credit unions are, to say the least, ambiguous and need clarification. The principle of proper understanding of credit unions and fairness is necessary in devising tax laws with respect to credit unions. A close analysis of the proposed legislation in Bill C-259 reveals that the new taxation will be harmful to the legal characteristics of credit unions and caisses populaires and that these characteristics will place them at a disadvantage with other corporations.

Both the Porter Royal Commission on Banking and the Carter Royal Commission on Taxation recognize the essential "savings nature" of share deposits by a credit union member. Similar recognition should be given in clause 137 of the bill. But the area which causes credit union members the greatest concern is that relating to dividends to members on their share accounts. We have always looked upon these dividends as being an interest payment similar to that paid by chartered banks on their savings accounts. The major difference has been that banks set their rates in advance, whereas credit unions determine their rates on the basis of the profit for the year.

Chartered banks are able to deduct the interest paid on savings accounts from their income to determine their taxable income. The tax reform bill does not appear to provide for the deduction of the dividends paid by credit unions to members on their share accounts. Moreover, there is no provision in the tax reform bill concerning existing allowances for doubtful accounts or the so-called guaranteed fund. The other area which causes a problem concerns the starting point for depreciation of fixed assets.

[Mr. Haidasz.]

Mr. Speaker, I appeal to the Minister of Finance to take into consideration the brief presented to him by the National Association of Credit Unions on September 22, 1971, outlining their major objections as well as their proposals regarding income tax amendments so that taxation of credit unions will be fair and equitable. Only then will the government provide credit unions the opportunity to continue their worthwhile role of great service to people who have joined them in order to help themselves, and of providing a much needed service to their fellow Canadians which is not offered by other financial institutions.

Mr. Speaker, I wish to emphasize, also, that credit unions are a unique agency form of collective enterprise. They have an unusual personal, owner-customer relationship with their members, with any surplus earnings, apart from necessary provincial statutory reserves, being allocated to the members. This feature is certainly distinguishable from the operations of the banking system.

In conclusion, all of us in the House of Commons should take very seriously the representations which have been made to us and to the government by credit unions with respect to the effect of the proposed amendments in the income tax bill. I think it is imperative that the Minister of Finance announce without delay amendments favourable to credit unions. I am hopeful that our appeals to the minister will achieve a result which will enable credit unions to continue their great service to the people of Canada and to the economy of our country.

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): The matter raised by the hon. member for Parkdale (Mr. Haidasz) has been canvassed extensively by members who have to date taken part in the second reading debate on Bill C-259. From this side of the House, the hon. members for Grenville-Carleton (Mr. Blair), Kamloops-Cariboo (Mr. Marchand), Gloucester (Mr. Breau) and Okanagan-Boundary (Mr. Howard), among others, all made a point of bringing the views of the credit union and caisses populaires movements to the government's attention in an effective way. I have the impression that it was referred to by some of the 36 opposition members who have so far taken part in the debate. Most of those who dealt with credit unions and caisses populaires also dealt with the related, although not identical, views of the co-operative movement.

The Minister of Finance (Mr. Benson), the Minister of Agriculture (Mr. Olson) and I met here on August 11 with a large delegation from the Co-operative Union of Canada and Le Conseil Canadien de la Co-operation, as well as several of their constituent organizations. On September 20, the Minister of Finance met representatives of Les Federations Des Caisses Populaires and the National Association of Canadian Credit Unions upon his return from the Group of Ten meeting in London. These associations have discussed their views at length with officials of the finance department.

I would like to reward the Canadian Press writer who has stayed here so long waiting for a big news story. However, I can only say at this time that they have done a very effective job of bringing their views to the government's attention and that these views are being seriously considered. What, if any, changes the government deems

appropriate will be indicated when the pertinent clauses of Bill C-259 are reached by the committee of the whole.

[*Translation*]

CONSUMER AFFAIRS—ALLEGED PRESSURE BY BANKS TO ACCEPT CREDIT CARDS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, at the beginning of the sitting I asked a question to the hon. Minister of Consumer and Corporate Affairs and I drew his attention on the fact that some finance companies and banks are exerting pressure on people to have them accept Chargex credit cards. Even if these people do not ask for these cards, they receive one or are urged by mail to accept one. And even if these financial institutions receive no answer, they send these cards to people thus inviting them to spend without measure. They enclose pamphlets detailing all possibilities for people to travel and for the housewife to buy all kinds of things; however they do not talk about the reimbursement of the money thus advanced. There is hardly a mention about an interest of 18 per cent that will be charged to the client's account.

Mr. Speaker, I think it is a rather high handed way of forcing people to accept such credit cards, inviting them to spend more, when we know to which extend such advertisings can be harassing to consumers. Through all kinds of ways, people are sometimes urged to spend much more than they can afford. The advertising is skillfully designed to create the illusion that all kinds of goods can be brought with no obligation to pay and in due course the bills are sent and you have to pay up.

• (10:20 p.m.)

Mr. Speaker, I object to such procedures and I call upon the hon. minister to enact a departmental order or bring forward legislation making it illegal for such companies, whether Simpsons-Sears, Eaton's or others, to force those credit cards on people.

[*English*]

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I can offer complete assurance that no one can be forced to accept a credit card issued by a bank or any other institution. Anyone who is sent a credit card and did not ask for or does not want it is under no obligation to accept or use the card. His best course of action is to destroy any credit cards he does not want.

A number of provinces have specific legislation which relieves consumers of any liability arising from unsolicited credit cards unless they accept their terms and conditions. The government hopes that such legislation will be adopted by all the provinces. If there is any evidence whatsoever that individuals are being pressured to accept credit cards, the Minister of Consumer and Corporate Affairs (Mr. Basford) would very much like to have that evidence.

Motion agreed to and the House adjourned at 10.23 p.m.

HOUSE OF COMMONS

Wednesday, October 6, 1971

The House met at 2 p.m.

VACANCY

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, of Philip Gerald Givens, Esquire, member for the electoral district of York West, by resignation.

Accordingly I have addressed my warrant to the Chief Electoral Officer for the issuance of a new writ of election for the said electoral district.

ROUTINE PROCEEDINGS

INDIAN AFFAIRS

INDIAN EDUCATION IN NORTHEASTERN ALBERTA—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43 I ask unanimous consent of the House to propose a motion for the purpose of discussing a specific and important matter requiring urgent consideration. This matter concerns the administrative responsibility of the government to the Indians of northern Alberta. The Indian students have been withheld from school and parents have protested the school facilities provided for their children and have requested the minister responsible to meet with them to discuss improvement of the school facilities as well as living conditions.

Yesterday 200 Indians demonstrated outside the Department of Indian Affairs and Northern Resources office at St. Paul. A further meeting has been called for Sunday. Government officials and the minister have been asked to attend. These grievances cannot be permitted to escalate. Therefore I propose to move, seconded by the hon. member for Athabasca (Mr. Yewchuk):

That this House instruct the minister to meet with the Indians of northern Alberta and the bands affected immediately.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Vegreville. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity. The motion cannot be put.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.

Question No. 999—**Mr. Fortin:**

1. Did the United States order a suspension of payments on the balance due to the Canadian National West Indies Steamships Limited and, if so, is this order being maintained?

2. What is the position of the Canadian government concerning this matter?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. Payment of the balance due to Canadian National (West Indies) Steamships Ltd. cannot be made unless a licence is obtained under the Cuban Assets Control Regulations of the United States. The Secretary of the Treasury of the United States has not authorized the issuance of such a licence.

2. The Canadian Government continues to attempt to collect the balance owing.

MOTOR VEHICLE SAFETY STANDARDS

Question No. 1,624—**Mr. Mather:**

1. Is consideration being given to a federally sponsored program for calibrating equipment for the measurement of skid characteristics of highway pavement?

2. Is consideration being given to improving safety requirements for motor-vehicle carrier fuel systems?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. No. A technical committee of the Roads and Transportation Association of Canada, which includes technical experts from each of the federal and provincial government departments having skid resistance measurement equipment, has made arrangements for cooperative tests in order to calibrate such devices so as to produce consistent and uniform measurement results.

2. Consideration is being given to extending the scope of the current Canadian Motor Vehicle Safety Standard 301 relating to fuel systems for passenger cars so as to include all trucks and buses as well as additional performance requirements.

HIGHWAY SAFETY—SEAT BELTS

Question No. 1,629—**Mr. Mather:**

Is consideration being given to encouraging, by education or legislation, the wearing of seat belts by drivers or relief drivers of interprovincially operated commercial vehicles?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): Motor Vehicle Safety Regulations man-

dating the installation of seat belts in all trucks and buses in 1972 will be proposed in the Canada Gazette, Part I, very soon. The Department of Transport is also conducting studies of seat belt usage in Canada in an effort to identify techniques, which might be employed to encourage all drivers to wear them. A Committee of Federal and Provincial Transport Department officials is now studying the need for national operating safety regulations for interprovincial commercial motor vehicle carriers.

HIGHWAY SAFETY—REAR VISION DEVICES

Question No. 1,632—**Mr. Mather:**

Is consideration being given to acquiring, installing and testing of periscopes on government owned vehicles to enable indirect visibility for motor vehicles and permit drivers to monitor the motoring environment to the rear of the vehicle?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): The entire rear vision standard for motor vehicles is presently under review. Consideration is being given to requirements which could necessitate the use of devices similar to periscopes. For this reason, various proposed systems are being studied. Vehicles for experimental purposes are now being acquired by the Department of Transport and within the next few months various rear vision aids will be installed for evaluation.

AMHERST, N.S.—ENGINEERING SERVICES OFFICES

Question No. 1,638—**Mr. Coates:**

1. Has a final decision been reached by the Department of Regional Economic Expansion regarding the engineering services offices in Amherst, Nova Scotia and, if so, what was the decision?

2. Have any complaints been received by the Department with regard to any closure or reduction of services of this office and, if so, from whom were they received and in what form were the complaints submitted?

3. What was the total staff, permanent and temporary, of this office during the last fiscal year, and what was the total payroll for the fiscal year 1970-71?

Hon. Jean Marchand (Minister of Regional Economic Expansion): 1. A decision has been taken that the engineering services office at Amherst, N.S., should be phased out as a purely federal operation as of March 31, 1972. However, discussions are continuing with the governments of Nova Scotia, New Brunswick and Prince Edward Island regarding a possible role for the office after that date.

2. Yes; letters have been received from Robert C. Coates, M.P., D. A. Casey, R. S. Bacon, M.L.A. and Kenneth J. Streatch.

3. Strength, including continuing employees, casuals and others, was 66 at the beginning of the 1970-71 fiscal year and 59 at the close of the year, with a utilization of 70 man-years for the period. Total payroll for 1970-71 was $553,820 for all employees.

GEORGETOWN, P.E.I.—EXPANSION OF PRINCE EDWARD ISLAND INDUSTRIAL CORPORATION PLANT

Question No. 1,690—**Mr. McQuaid:**

What are the details of the proposed expansion of the Prince Edward Island Industrial Corporation plant at Georgetown, Prince Edward Island, and how many new jobs will this create?

[Mr. Duquet.]

Hon. Jean Marchand (Minister of Regional Economic Expansion): As listed on page 25 of the Report on the Operation of the Regional Development Incentives Act for the period August 1 to August 31, 1971, which was tabled in the House of Commons on September 10, 1971: Location of Plant: Georgetown, P.E.I. Type of Industry: Ships and vessels. Type of project: Expansion. Expected Eligible Cost: $75,000. Expected Additional Employment: Nil. Rate of Offer: 15 per cent of the approved capital costs. Estimated Amount of Offer: $11,250.

NUMBER OF UNEMPLOYED REGISTERED AT CANADA MANPOWER CENTRES

Question No. 1,716—**Mr. Badanai:**

How many unemployed registered at Manpower Centres in the following categories (a) age fourteen to eighteen (b) age eighteen to twenty-one (c) married women whose husbands are employed (d) married women over sixty years of age?

Hon. Otto E. Lang (Minister of Manpower and Immigration): (a) and (b) The ages of registered clients without employment at Canada Manpower Centres are reported quarterly, by selected age groups. For the whole of Canada, the total number of registered clients at Canada Manpower Centres, who were without employment and were under 20 years of age, at the end of June 1971, was 249,758. Data are not available separately for the age groups 14 to 18 and 18 to 21. It should be noted that the data on registered clients without employment represent a count of the live files which is taken on the last working day of each month. The figures are very different in concept from the official unemployment estimates which are produced by Statistics Canada. (c) Not available. (d) Not available.

MANPOWER AND IMMIGRATION—OPERATIONAL DATA ON JOB ORDERS

Question No. 1,718—**Mr. Blackburn:**

Has the Department of Manpower and Immigration been collecting operational data on job orders and, if so (a) since what date (b) how often have these data been collected (c) what were the amounts of job orders in Canada and in the five regions for each of the available periods to date, in terms of totals and broad occupational classifications?

Hon. Otto E. Lang (Minister of Manpower and Immigration): (a) Data on Employers' Orders have been collected by the Department of Manpower and Immigration since its inception. (b) The statistics are reported monthly. (c) Employers' Orders (including orders for casual workers) for the periods April to July 1970 and April to July 1971, and the fiscal years 1966-67 to 1970-71 are as follows:

CANADA MANPOWER CENTRES
EMPLOYERS' ORDERS

Region	April-July July 1971	April-July July 1970	1970–1971	1969–1970	1968–1969	1967–1968	1966–1967
Atlantic	23,072	21,927	54,091	54,586	48,333	52,116	53,199
Quebec	58,810	51,477	134,222	151,574	150,151	171,819	201,879
Ontario	101,747	80,038	224,605	263,318	264,091	273,878	307,934
Prairie	45,897	40,845	102,773	119,049	120,751	156,066	182,082
Pacific	36,703	29,526	79,910	105,992	88,073	106,642	104,834
Canada	266,229	223,813	595,601	694,519	671,399	760,521	849,928

SOURCE: MAN 751, Department of Manpower and Immigration.
NOTE: An Employers' Order may be for one or more vacancies.
Employers' Orders by broad occupational classifications are not available.

REGISTRATIONS AT CANADA MANPOWER CENTRES

Question No. 1,721—**Mr. Marshall:**

How many clients were registered at the following Manpower centres at the end of August 1971, male and female (a) Corner Brook, Newfoundland (b) St. John's, Newfoundland (c) Halifax, Nova Scotia (d) Moncton, New Brunswick?

Hon. Otto E. Lang (Minister of Manpower and Immigration): The number of clients registered at the Corner Brook, Nfld., St. John's Nfld., Halifax, N.S., and Moncton, N.B., Canada Manpower Centres at the end of August 1971 are shown in the following table:

DEPARTMENT OF MANPOWER AND IMMIGRATION
CANADA MANPOWER CENTRES
August 1971

		Corner Brook Nfld.	St. John's Nfld.	Halifax N.S.	Moncton N.B.
Registered Clients Without Employment					
Including students	M	7,678	5,299	5,656	3,608
	F	1,834	1,592	2,742	2,079
Excluding students	M	7,344	3,655	4,792	2,630
	F	1,671	817	2,316	1,538
Registered Clients With Employment	M	160	352	475	196
	F	47	62	265	163
Total (including students)	M	7,838	5,651	6,131	3,804
	F	1,881	1,654	3,007	2,242

SOURCE: MAN 757, Department of Manpower and Immigration

The data on registered clients without employment represent a count of the live files which is taken on the last working day of each month. The figures are very different in concept from the official unemployment estimates which are produced by Statistics Canada.

CANADIAN TRANSPORT COMMISSION—RETIREMENT AGE OF PRESIDENT

Question No. 1,765—**Mr. Orlikow:**

Has the Chairman of the Canadian Transport Commission passed the normal age of retirement in the government service and (a) if so (i) when was he given an extension (ii) for what reasons (iii) for what term (b) if not (i) when is he due to retire (ii) has a decision been made as to his replacement?

Mr. Barnett J. Danson (Parliamentary Secretary to the Prime Minister): There is no such position as Chairman of the Canadian Transport Commission. The President of the Canadian Transport Commission was appointed under sections 6 and 7 of the National Transportation Act which states, inter alia, that a Commissioner's term of appointment shall not exceed a period of ten years and he may continue to hold office upon attaining the age of 65 years but he ceases to hold office upon reaching the age of 70 years. The incumbent president was appointed effective September 19, 1967. His term will end on June 23, 1975, when he reaches age 70.

[*Later:*]

Mr. McCleave: I wish to raise a question of privilege, Mr. Speaker. I should have raised it immediately after the parliamentary secretary sat down, but I thought my hon. friend from Athabasca might have had a similar intention in mind.

My question of privilege arises out of starred question 1793 which I placed on the order paper on September 29. It is an honest probe for information, asking what public acts of Canada are not included in the revised statutes of this country. The Minister of Justice referred previously to about 150 acts. The purpose of my question was to ascertain whether there were in fact 150 public acts or whether acts such as the Canadian Pacific Railway Act and similar measures were being smuggled into his figure. In the past the starred question has been a method by which Members of Parliament could achieve within a reasonably short period of time answers to inquiries on matters of burning public moment. I suggest that my question falls exactly into that category and I think it is an act of incomparable rudeness that I am not answered today.

Inquiries of the Ministry

• (2:10 p.m.)

MOTION TO ADJOURN UNDER S.O. 26

INDIAN AFFAIRS

ADEQUATE FACILITIES FOR SCHOOL CHILDREN IN NORTHEASTERN ALBERTA

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the terms of Standing Order 26 to ask leave to propose a motion to adjourn the House for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the necessity to meet an emergency in relation to the non-attendance at school of a large number of Indian children, and the necessity for the government to take immediate action to provide adequate facilities to meet the requirements of Indian children in northern Alberta.

Mr. Speaker: The hon. member for Athabasca has given the Chair due notice of his intention to request leave to move the adjournment of the House to debate the matter just stated by him.

All members will agree, I am sure, that the matter raised by the hon. member is of great importance and one of widespread concern, but I wonder whether it meets the requirements of the rule which provides for immediate debate by the House. I suggest to him that there are other means by which he might, in a preliminary way, raise this problem. It may be that the matter may develop to the point where the business of the House must be set aside in order to deal with the question he has posed, but it seems to the Chair that it would be premature to put the motion to the House at this time.

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, may I ask that all notices of motions be allowed to stand?

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

NEW BUDGET AND TAX REDUCTIONS TO STIMULATE EMPLOYMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, in view of the daily reports of lay-offs in our industries, I should like to ask the Prime Minister whether the measures he proposes to take with regard to stimulating employment, and which he indicated yesterday would be taken as soon as possible, will be in the form of a new budget?

[Mr. McCleave.]

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Mr. Stanfield: Does the Prime Minister's answer rule out any prospect of the economy being stimulated by some reduction in taxation other than the removal of the 3 per cent surtax in the June budget and the shifting of tax burdens contemplated by the tax reform bill before the House?

Mr. Trudeau: I do not think it is possible for me to say, without making an announcement, what I am eliminating and what the government will retain among the various suggestions made by members on both sides of the House.

Mr. Stanfield: It is encouraging that possibly the Prime Minister is considering some such reduction. I should like to ask him whether, when this new package or program is presented to the House, it will be accompanied by a statement with regard to trends in the economy, projected rates of growth and projected rates of unemployment, because clearly those which were contained in the budget speech forecasts of the Minister of Finance last June are no longer applicable.

Mr. Trudeau: I do not agree with the premises of the question. As to the form of the statement, the Leader of the Opposition will have to be patient and see how it is made.

Mr. Stanfield: Not for too long, I hope.

REQUEST FOR FUNDING OF EMPLOYMENT-CREATING MUNICIPAL PROGRAMS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, is the Prime Minister giving consideration to the request of the Canadian Federation of Mayors and Municipalities that the federal government announce its intention very soon to contribute to the funding of employment-creating programs advanced by the municipalities through grants and loans to those municipalities that are prepared to accelerate any plans they have in this regard?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we have considered a great number of useful suggestions, as I have just told the Leader of the Opposition. As to which of them have been retained, I am afraid the hon. member will have to wait until we make the announcement.

UNITED STATES PRECONDITIONS FOR REMOVAL OF IMPORT SURTAX

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, in view of the tremendous effect that the United States 10 per cent surtax has on all facets of the Canadian economy, would the Prime Minister advise the House when the government intends to find out from the United States government what conditions must prevail before that government would be willing to remove the 10 per cent surtax on imports from Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we can only find out when the United States itself decides that there is going to be a series of conditions put to us to

do certain things. I have assured the House that there has been no such statement of position by the United States. As far as Canada is concerned, the House will appreciate that we have been approaching this problem as much as possible on a multilateral basis because we feel that trading patterns throughout the whole world are important to Canada.

Mr. Hees: Since Secretary of the Treasury Connally has clearly indicated that certain conditions must be met, when does the Prime Minister intend to get up sufficient courage to go to the United States—

Mr. Speaker: Order, please.

Mr. Hees: —and ask the specific question as to what we must do in order that the surcharge may be removed?

Mr. Speaker: Order, please. The hon. member for Saskatoon-Biggar.

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GRAIN

STABILIZATION BILL—REQUEST BY SASKATCHEWAN WHEAT POOL AND NATIONAL FARMERS UNION FOR EARLY MEETING

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, might I ask a question of the minister responsible for the Wheat Board. In view of the communication from the president of the National Farmers Union to the minister urging either the minister or the Prime Minister to meet members of the Saskatchewan Wheat Pool and the National Farmers Union at an early date, would the minister tell the House what the nature of his reply was?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, the president of the National Farmers Union did talk to me yesterday about a meeting on Thursday or Friday but I have rather significant commitments on both those days. I did offer Sunday and Monday to him but he said that that was the weekend and not very convenient for them.

Mr. Gleave: In view of the request that has been made for the minister to meet a large number of grain growers in the west under the invitation of the Saskatchewan Wheat Pool and the National Farmers Union, is the minister preparing to arrange some such meeting with the farm organizations to discuss Bill C-244?

Mr. Lang: Mr. Speaker, I have had discussions with the leaders of other farm organizations about an early meeting to deal with a number of questions not necessarily related to Bill C-244. I stand ready and willing to meet farmers and farm organizations at any time.

Mr. John L. Skoberg (Moose Jaw): I have a supplementary question for the Prime Minister. Given the importance of this question at the present time, and in view of the very strong position taken by the Saskatchewan Wheat Pool and National Farmers Union in statements made by them on September 30 and October 4, would the Prime Minister himself be prepared to meet with these organizations in order to bring about some satisfactory conclusion to this very important question?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I might be prepared to consider that suggestion, but am I to understand that the New Democratic Party is prepared to have us hold up the payments under the Temporary Wheat Reserves Act a little while longer?

Mr. Speaker: Order, please. I suggest to hon. members that to the extent we are able we should not inject into the question period the debate which has been raising in the House for some days and will continue later today. Perhaps we might reserve a half hour of the time of the House for matters other than that particular bill. The Chair will recognize the hon. member for Regina East for one supplementary and then recognize the hon. member for Témiscamingue.

• (2:20 p.m.)

STABILIZATION BILL—DELAY OF CONSIDERATION FOR FURTHER DISCUSSIONS WITH PRAIRIE FARM ORGANIZATIONS AND GOVERNMENTS

Mr. John Burton (Regina East): Mr. Speaker, in view of the expressions of dissatisfaction with Bill C-244 by various farm organizations and the prairie governments, and in view of the very specific alternatives for a better sort of plan put forward by those organizations and governments, is the minister in charge of the Canadian Wheat Board now willing to delay further consideration of Bill C-244 until additional discussions can be held with these prairie farm organizations and governments?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I will continue to urge the House to come to a vote on Bill C-244 and pass it. I should like the hon. member to know that my mail from farmers is running about five to one in favour of passing Bill C-244.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Hees: I didn't know he had five friends.

Mr. Speaker: Order, please. I understand the hon. member for Regina East is rising on a question of privilege.

Mr. Burton: Mr. Speaker, I think the minister should know that the only correspondence I have which is running five to one in favour of the plan is from his constituency executive.

Some hon. Members: Oh, oh!

* * *

[*Translation*]

THE CANADIAN ECONOMY

IMPENDING ABOLITION OF UNITED STATES IMPORT SURTAX

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, if that wheat can be sold, the problem will be solved.

I have a question for the Prime Minister.

Just a few days ago, the Minister of Public Works stated that he was sure that the U.S. 10 per cent surtax would be removed long before the Christmas season. Is the Prime Minister aware of the indications on which the minister based that statement?

Right Hon. P. E. Trudeau (Prime Minister): I believe, Mr. Speaker, that the only indication I could mention would be the minister's natural optimism. I do not know of any others.

[*English*]

POSSIBLE EFFECT OF PROPOSED UNITED STATES JOB DEVELOPMENT TAX CREDIT—CANADIAN REPRESENTATIONS

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I direct my question to the right hon. Prime Minister. Will he inform the House whether, during multilateral or direct talks with the United States involving the DISC program and the surcharge, any attempt is being made to persuade the United States not to enact the job development tax credit—JDTC—which is to be retroactive to August 18 and represents a hidden surcharge that might be more disastrous in the way of unemployment than even the surcharge itself?

Hon. E. J. Benson (Minister of Finance): Yes, Mr. Speaker.

UNITED STATES IMPORT SURTAX—GOVERNMENT POSITION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, a few moments ago the Prime Minister indicated his government is now relying principally on multilateral efforts in connection with the United States 10 per cent surtax on imports. Does this mean the Prime Minister has pretty well abandoned any expectation of an exemption for Canada from this surtax by the United States?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, that has not been our approach, nor is it at this time. The approach was that Canada was not asking for any special favours. Canada's position is that the United States approach to the multilateral situation had to be applied in the case of particular countries to decide whether the approach was valid. We said that in the case of Canada we had already met in advance those conditions the United States was trying to extract from the rest of the world for the eventual lifting of the surtax.

Mr. Stanfield: Mr. Speaker, I cannot believe that was serious.

FOREIGN OWNERSHIP—PUBLICATION OF REPORT TO CABINET—REQUEST FOR STATEMENT ON BROAD ECONOMIC GOALS

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a related question—I think it is but we will see—for the Prime Minister. The government has not said whether the Gray report will be released in a watered down form, presumably so as not to discourage foreign investment. Will the right hon. gentleman tell us whether that study, which I understand took some 20 months, will be published in an unedited form, or can we expect it to be published in the form in which it was presented to the cabinet?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am surprised that the hon. member should refer to something he says I said which is contrary to what I have always said, namely, that the report would not be published in one form or another. This is a report to cabinet and it is in the form of a cabinet document now. There is no intention on the part of the government to publish it at any time.

Mr. Fairweather: Now that we have cleared that up, since the Gray Report has in effect been scuttled and having in mind also the damage of the surcharge and the fears about the DISC program alluded to a minute ago, as a minimum response will the government make a statement on broad economic goals for the country and, if so, can we expect a public statement soon?

Mr. Trudeau: Mr. Speaker, the member has got all the premises of his question wrong. He has not cleared up anything, in the sense that there was never any statement by anybody on this side that we would publish the so-called Gray Report. Therefore the government's position on that matter has not been changed. In so far as action is concerned we have always said we would make a policy statement on the basis of the studies made by the minister. This is still our intention. As to the timing, I told the House a few days ago it would be as soon as possible.

CAPITAL SPENDING BY U.S. SUBSIDIARIES ON MANUFACTURING AND EXTRACTION INDUSTRIES—GOVERNMENT POLICY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask a supplementary of the Prime Minister arising out of the semi-annual report of the United States Department of Commerce which indicates that United States subsidiaries in Canada are planning to increase their capital spending in this country in 1971 and 1972 by some 13 per cent and 11 per cent respectively but that this capital spending is to be less in the manufacturing field—

Mr. Speaker: Order, please. I would suggest to the hon. member that he should try to ask the question as briefly as possible. The question period is only 40 minutes and many members are seeking to ask questions. Questions should be asked briefly and at the same time answers should also be as brief as possible.

Mr. Douglas: I point out that the estimate is that their capital spending for manufacturing in Canada will be substantially reduced and capital spending for extraction industries will be increased correspondingly. I want to ask the Prime Minister whether this is consistent with the Canadian government's policy having in mind the Prime Minister's reference to the fact that he does not want Canada to become merely a supplier of raw materials?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, I am afraid I would have to study the statistics

put forward by the hon. member to see what implications to draw from them.

Mr. Speaker: The hon. member for Perth.

Mr. Douglas: May I ask the Prime Minister—

Mr. Speaker: Order, please. Perhaps the hon. member for Perth might allow the hon. member a supplementary, which I hope will be brief.

Mr. Douglas: May I ask if the group that was assembled by the Minister of National Revenue to prepare the report on foreign ownership which has now been submitted to cabinet is still in existence and, if so, what role it is now fulfilling?

Mr. Trudeau: Mr. Speaker, the so-called group was essentially composed of people on the minister's staff and I believe some outside people. I see the minister is indicating that the group is still in existence.

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LABOUR CONDITIONS

CLOSING OF WERLICH INDUSTRIES PLANT, STRATFORD—ASSISTANCE TO THOSE LAID OFF

Hon. J. W. Monteith (Perth-Wilmot): Mr. Speaker, I should like to ask a question of the minister in charge of manpower. I refer to the recent closing of the Werlich Industries Limited plant at Stratford causing the lay-off of some 150 employees. Has the minister looked into this matter and, can he say what might be done for these people who have been laid off?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I did not hear the name of the company.

An hon. Member: They make toboggans.

Mr. Monteith: It is Werlich Industries Limited.

Mr. Lang: I am not sure I have a report at hand in respect of that particular company. I shall be glad to check and report to the hon. member.

[*Translation*]

DOMTAR STRIKE—ADEQUATE REMUNERATION OF EMPLOYEES

Mr. Roland Godin (Portneuf): Mr. Speaker, I have a question for the hon. Minister of Labour.

Since approximately 200 workers in the manufacturing of insulating board in Donnacona are presently on strike to claim equal working conditions and wages with their colleagues of the same community who are working in the newsprint area, and that the chairman of Domtar, Mr. T. M. Beaupré, has recommended salary increases for many categories of Canadians working for the federal government, can the hon. minister—

Mr. Speaker: Order. The hon. member should make his question as short as possible. I do not think that it is in order to have a question preceded by a series of preambles. The hon. member should put his question as quickly as possible.

• (2:30 p.m.)

Mr. Godin: Thank you, Mr. Speaker.

Could the minister say whether he intends to suggest to Mr. Beaupré to apply his own recommendations to his employees now on strike?

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[*English*]

SHIPPING

VANCOUVER HARBOUR—ACTION TO EXPEDITE MOVEMENT OF CANADIAN CARGOES

Hon. Marcel Lambert (Edmonton West): My question is for the Minister of Transport. Two weeks ago I asked the minister a question concerning the congested traffic situation in the Vancouver harbour and the difficulties being faced by Canadian importers. He gave me privately an interim report. I am wondering now whether he is in a position to give us a more factual estimate of what is happening in light of the continuing complaints, particularly as to the involved management and the difficulties for Canadians in getting their goods?

Hon. Donald C. Jamieson (Minister of Transport): I will answer as briefly as possible, Mr. Speaker. Last Friday I met with representatives of the Canadian Importers Association. There were people from Vancouver, Montreal and Toronto in the group of about ten. We went over various alternatives. I told them I knew of no way under the law, or indeed any other way, by which a full embargo on the port of Vancouver would be possible. I do not believe that can be done. I did, however, undertake to make a public appeal which I then did to the wharf operators and others in Vancouver to give preference to Canadian cargoes. I followed this up by asking the acting chairman of the National Harbours Board to go to Vancouver where he is today convening a face to face meeting between the wharf operators and the importers.

Mr. Lambert (Edmonton West): Has the minister taken into account the pressing demand for increased facilities in the harbour and the criticisms and difficulties with regard to the port management structure which has been put on a new basis much against the wish of the people concerned?

Mr. Jamieson: I do not believe that that is a related question. However, we have taken into account all of the matters to which the hon. member has referred and I think he will discover that the majority of those in the port of Vancouver agreed with the actions that have been taken in this particular case.

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HEALTH

CANADIAN MEDICAL ASSOCIATION REQUEST FOR EXPANSION OF FACILITIES TO TRAIN DOCTORS—GOVERNMENT ACTION

Mr. P. B. Rynard (Simcoe North): I should like to address a question to the Minister of National Health and Welfare.

In view of the Canadian Medical Association's urgent request for expanded medical training in Canada to combat the shortage of doctors and in view of CMA's call for fewer foreign and more Canadian doctors, is the minister prepared to act on this recommendation and hold meetings with the medical profession and the provinces with a view to providing more funds for medical schools for Canadian students?

Hon. John C. Munro (Minister of National Health and Welfare): I have already had several meetings with the principal organization, the Association of Canadian Medical Colleges. I was with them the last two days. I have also discussed this situation with representatives of the CMA. It is not entirely clear that the solution the hon. member is suggesting is the right one.

Mr. Rynard: Can the minister then state to the House whether he believes that there is a shortage of medical doctors in Canada?

Mr. Speaker: Order, please.

Mr. Rynard: Ten o'clock, Mr. Speaker.

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FINANCE

USE OF GOVERNMENT SURPLUS IN FIRST FIVE MONTHS OF FISCAL YEAR TO STIMULATE ECONOMY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the fact that a few days ago the minister revealed that the government is in a surplus position with respect to the first five months of the current fiscal year, can the minister say when the government intends to use that surplus to stimulate the economy as he and other ministers have promised the government would do?

Hon. E. J. Benson (Minister of Finance): Monthly figures which are published on a cash basis are very misleading because expenditures which are committed early in the year pile up toward the end of the year, and I can well foresee that the deficit I forecast will be there.

Mr. Knowles (Winnipeg North Centre): I thank the minister for his honesty about his misleading figures.

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POST OFFICE

ROLE OF INCREASED RATES AND ALLEGED REDUCTION IN SERVICE IN CONTRIBUTING TO ECONOMIC SLOWDOWN

Hon. W. G. Dinsdale (Brandon-Souris): My question is for the Postmaster General. In view of the protest by the Letter Carriers Union of Canada that the reduction in postal service along with the increased rates in recent years is contributing to the current drastic slowdown in the Canadian economy, will the minister review and reverse the policy, as he did with the closure of rural post offices?

[Mr. Rynard.]

Hon. Jean-Pierre Côté (Postmaster General): I do not agree with the premise of the question because there was no reduction in the services.

Mr. Dinsdale: Inasmuch as the postal service is vital to the Canadian business economy and also because of the decline in postal business as represented by figures from the minister's own department, will he not take emergency action to reverse this trend?

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AIR TRANSPORT

POSSIBLE AUTHORIZATION OF CANADIAN PACIFIC AIRLINES TO EXTEND TRANS-CANADA FLIGHTS TO HALIFAX

Mr. Elmer M. MacKay (Central Nova): I have a question for the Minister of Transport. In view of recent news reports that a formal application has been made by CP Air either to the minister or his department for authority to continue trans-Canada flights to Halifax, can the minister tell us whether there is any possibility of CP Air being given authority to serve this area in the near future?

Hon. Donald C. Jamieson (Minister of Transport): No, Mr. Speaker. Such an answer would have to come from the Canadian Transport Commission.

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[*Translation*]

FEDERAL-PROVINCIAL CONFERENCE

REPRESENTATION FOR MUNICIPALITIES AT FORTHCOMING MEETING

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

As the delegates to the convention of the Canadian Federation of Mayors and Municipalities showed a marked interest in additional credits being earmarked for municipal projects, would he tell us whether he is willing to allow the matter to be discussed at the coming federal-provincial conference?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am convinced the hon. member knows what the difficulties are. We, of the federal government, are always willing to discuss these things with the municipalities, but the provincial governments, and in particular that of Quebec, are often opposed to it. I must add that last year, in Winnipeg, the Minister of State for Urban Affairs did get the representatives of the provincial governments, including that of the Quebec minister of municipal affairs, to agree to tripartite conferences which we hope will lead to happy results.

[*English*]

CANADIAN BROADCASTING CORPORATION

ALLEGED PARTIALITY ON NEWS BROADCASTS AND PUBLIC AFFAIRS PROGRAMS CONCERNING ONTARIO ELECTION

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Secretary of State. Will the minister get in touch with the president of the Canadian Broadcasting Corporation and insist that strict impartiality be exercised in the news broadcasts and public affairs programs concerning coverage of the current Ontario provincial election? I refer specifically to news broadcasts in the last several days in which an obvious attempt was being made to promote favourably the leader of the Ontario Liberal party.

Some hon. Members: Oh, oh!

An hon. Member: He needs help.

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NATIONAL SECURITY

INTRODUCTION OF NEW LEGISLATION

Mr. Eldon M. Woolliams (Calgary North): I should like to ask the Minister of Justice a question. In light of recent statements by the Minister of Justice of Quebec and yesterday by the Minister of National Defence to the effect that the War Measures Act was too blunt an instrument and too dangerous a tool to put in the hands of police officers, is the government considering now bringing in a new law or new measures with reference to the security problem?

Hon. John N. Turner (Minister of Justice): There is an order before the House that has not been fully debated. There have been two days of debate on a resolution to put this matter before a committee of the House of Commons, and that still stands.

Mr. Woolliams: Would the minister now consider, in light of the facts now coming from the Minister of Justice of Quebec and the Minister of National Defence, approving an amendment to that motion whereby a full investigation of the facts could be placed before Parliament and the people of Canada so that we can be apprised of what kind of law should be implemented when it is implemented?

Mr. Turner (Ottawa-Carleton): I already answered that argument in the debate, Mr. Speaker.

Mr. Woolliams: I can understand the Minister of Justice answering in that way. He is the lawbreaker of Canada—

Mr. Speaker: Order, please.

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COMMUNICATIONS

APPLICATION BY BELL CANADA FOR RATE INCREASE—SUGGESTED GOVERNMENT ACTION TO NULLIFY

Mr. David Lewis (York South): I have a question for the Minister of Transport who has not yet broken the law. I should like to know whether the minister is aware of an application or a notice of application by Bell Canada for a substantial increase in rates by that very wealthy company and whether the minister is giving the matter any consideration?

• (2:40 p.m.)

Hon. Donald C. Jamieson (Minister of Transport): With respect, Mr. Speaker, I believe this question might more properly be directed to my colleague, the Minister of Communications because, although the Canadian Transport Commission deals with such applications, where they relate to communications they also relate to that particular department.

Mr. Lewis: Mr. Speaker, would the Minister of Communications take the ball that the Minister of Transport has just thrown to him?

Hon. Robert Stanbury (Minister of Communications): Mr. Speaker, I will be glad to throw the ball to the chairman of the Canadian Transport Commission which has jurisdiction in this field. The minister does not have that jurisdiction, but I will be glad to make inquiries of the chairman of the commission.

Mr. Lewis: Mr. Speaker, I have a very short supplementary question. I would like to ask the Minister of Communications whether he is aware of this application, or of the intention to apply, and whether he will recommend to cabinet that this time the government should enter the picture to see to it that additional increases in rates for Bell Canada, which seem to me to be unconscionable, will not be allowed by the commission?

Mr. Stanbury: The law provides that the jurisdiction in this respect rests with the Canadian Transport Commission, Mr. Speaker.

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HEALTH

PROGRESS IN INCLUDING DENTAL CARE IN MEDICAL INSURANCE PLANS

Mr. Murray McBride (Lanark-Renfrew-Carleton): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. In view of the widespread concern throughout the country that dental care should be more equally available to all Canadians, could the minister report on what progress is being made to include dental care in medical insurance schemes?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, there have been considerable discussions with the provinces, at the official level, and to a degree also at the ministerial level, on new cost-sharing arrangements under both medicare and the Hospital Insurance and Diagnostic Services Act. During those discussions the question of increased coverage for services other than those now covered has come up and the provinces are considering it. I expect that the provinces will make further representations concerning this matter over the course of the next few months.

Mr. McBride: Mr. Speaker, could the minister indicate by what date he anticipates that some provinces might be willing to enter into such a scheme?

Mr. Munro: I cannot clearly indicate that, Mr. Speaker. I do not think there are many provinces which have yet decided that this is their next priority area. Some feel drugs are more important, and so on.

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HARBOURS

DESIGNATION OF OFFSHORE OIL RIGS AS CANADIAN PORTS

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I wish to direct a question to the Minister of Transport. In view of the fact that the Canada Shipping Act requires that only Canadian ships be used between Canadian ports, is the minister contemplating the designation of offshore oil rigs as Canadian ports, as I believe was recommended in chapter 15 of the Darling report?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, it is an interesting proposition but, as the hon. member knows, the whole of the report is now being examined and I would not want at this time to indicate what our intentions are with respect to one specific part of it except to say that we hope to make our intentions known in the near future.

Mr. Lundrigan: Mr. Speaker, I wish to direct a supplementary to the Minister of Fisheries in charge of the environment. Can the minister indicate whether the government has a contingency anti-pollution plan for the offshore oil effort at the present moment and whether he would be prepared to table such plan in the House of Commons?

Hon. Jack Davis (Minister of the Environment): The answer is yes in both cases, Mr. Speaker.

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INDIAN AFFAIRS

LIVING CONDITIONS ON RESERVES IN NORTHEASTERN ALBERTA

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development. It arises out of the statement made by his special assistant, Mr. Moses, to the effect that Ottawa has been fed inaccurate information by Indian Affairs departmental officials with respect to living conditions on the reserves in northeastern Alberta. Is there any corrective action being taken in order that the minister may be adequately and accurately informed of the conditions as they are on the reserves, particularly since he refuses to visit them?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we have undertaken forthwith to correct certain problems which called for an urgent solution. I must say that the prevailing situation there is somewhat difficult. It must be pointed out to the House that between 1968 and 1970 we have more than doubled the budget in that respect, and we intend to devote ourselves particularly to improve that situation.

The hon. member would be well advised to urge parents not to use Indian children for blackmailing purposes.

[*English*]

Mr. Speaker: Order, please. This seems to me to be debate.

Mr. Mazankowski: A supplementary question, Mr. Speaker. Is the minister saying that he was unaware of the conditions in northeastern Alberta, particularly the living conditions, until his special assistant had visited the area and reported to him?

[*Translation*]

Mr. Chrétien: No, Mr. Speaker. I knew that conditions were difficult and that is why, in the last two years the government has more than doubled the funds available to this area. It is obvious that more money would be needed, but we cannot achieve everything in one year and we hope to improve the situation in the next few years. The people of this area can be assured of my co-operation.

[*English*]

Mr. Speaker: Order, please. The Chair will allow one supplementary on this subject, but if hon. members look around the House they will see there are still quite a few members seeking the opportunity to ask questions, and of course many of them will not have that opportunity this afternoon.

WITHDRAWAL OF CHILDREN FROM SCHOOL AS PROTEST AGAINST LIVING CONDITIONS—SUGGESTED MEETING WITH UNION OF ONTARIO INDIANS

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a supplementary question to the Minister of Indian Affairs and Northern Development. In view of the statement by Fred Plain, president of the Union of Ontario Indians, that a campaign is under way to keep Indian children out of school as a protest against living conditions and in the hope that this will force the government to take cognizance of them and take some corrective action, has the minister any plans to meet with the Union of Ontario Indians, or the chiefs, to work out a plan to assist in the areas involved?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will be delighted to meet with them if they want to come and meet with me here. I met the president of the National Indian Brotherhood on this problem a week ago. We are doing our best to ameliorate the conditions, but to use the kids as blackmail I think is absolutely unacceptable.

Mr. Howard (Skeena): On a point of order—

Mr. Speaker: The hon. member for Skeena on a point of order.

Mr. Howard (Skeena): The point of order is a simple one, Mr. Speaker. I hope the minister was not indicating that I was using children as blackmail in this effort—

Mr. Speaker: Order, please. I have indicated to hon. members that I hope we may be able to move along. We have had a number of supplementaries on this subject.

Mr. Howard (Skeena): —but if blackmail is what is needed, then they better use it.

Mr. Speaker: Order, please. The hon. member for Brant.

Mr. Howard (Skeena): What I would like to ask the minister—

Mr. Blackburn: Thank you, Mr. Speaker—

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Brant. Unless the hon. member for Skeena is rising on a point of order or question of privilege, I have to give the floor to the hon. member for Brant.

Mr. Howard (Skeena): Yes. The point of order is that the minister said he would be glad to meet with them at any time; yet I understand he has declined to attend a meeting with them in Cornwall on October 9 and 10, without any valid reason.

[*Translation*]

Mr. Chrétien: I rise on a question of privilege, Mr. Speaker.

[*English*]

Mr. Speaker: The minister rises on a question of privilege.

Mr. Chrétien: On a question of privilege, Mr. Speaker, I have accepted an invitation to be in Manitoba tomorrow to meet with the Indians of Manitoba and on the weekend, which is supposed to be free, I will visit ten different communities in the Northwest Territories because I want to be aware of the problems, but I cannot be everywhere all the time.

Some hon. Members: Hear, hear!

STUDY OF HILL REPORT ON FUTURE OF MOHAWK INSTITUTE—POLICY STATEMENT

Mr. Derek Blackburn (Brant): Mr. Speaker, I also have a question for the Minister of Indian Affairs and Northern Development. Could the minister inform the House if his department has studied the Hill report on the future of the Mohawk Institute in Brantford, Ontario, and, if so, when can we expect a policy statement on the future of that institution?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I take the question as notice and I shall be glad to give the answer to the hon. member soon.

* * *

[*English*]

INFORMATION CANADA

COST OF CONFERENCES OF OFFICIALS HELD IN LAURENTIANS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Minister of Communications. In view of the controversy over the high cost of the last conference held in the Laurentians by officials of Information Canada, why did the minister authorize another such conference and what was the cost of this meeting to the Canadian taxpayers?

Mr. Speaker: Order, please. I would think that question should be placed on the order paper or raised at the time of adjournment.

Mr. Crouse: Mr. Speaker, I would like to know why this conference was not held in Ottawa in order to save this cost to the taxpayers?

Mr. Speaker: Order. If there is urgency about the question it can be raised at the time of adjournment.

* * *

INQUIRY OF THE MINISTRY

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to ask the Prime Minister if it is his intention to travel in Newfoundland some time during the next three weeks to return the favour to his friend, Premier Smallwood, which the premier extended to him during the 1968 election?

Some hon. Members: Oh, oh!

* * *

AIR TRANSPORT

APPROVAL BY HOUSE OF CONVENTION FOR SUPPRESSION OF UNLAWFUL ACTS AGAINST SAFETY

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, may I ask the Minister of Transport whether he will be presenting for the approval of the House the convention for the suppression of unlawful acts against the safety of civil aviation, assented to by Canada and by the majority of the countries that attended the meeting in Montreal in September of the International Civil Aviation Organization?

• (2:50 p.m.)

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I hope the hon. member will understand when I say I think the answer is yes but I am not sure what the formal disposal of such documents is.

* * *

[*Translation*]

TAXATION

POSSIBLE TAXATION OF CAPITAL GAINS TAX BY QUEBEC—DISCUSSION TO AVOID DOUBLE TAXATION

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I would like to ask a question of the Minister of Finance regarding a statement made on television last night by the finance minister of the Quebec Liberal government that his government was planning to tax capital gains. I would like to ask the Minister of Finance if he intends to talk to

his Quebec counterpart in order to avoid double taxation in that field?

[*English*]

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, we have had several discussions over the past several years about the tax measures which are presently before the House. I presume that what the Minister of Finance of Quebec was indicating was that they would enact a provincial law similar to the federal law to make sure that the two coincide, as they now do.

[*Translation*]

Mr. Valade: I wish to ask a supplementary question, Mr. Speaker.

If the provincial government intends to levy this type of tax, I wish the minister would tell us in the House that the federal government will not impose a double taxation.

Mr. Speaker: I think the hon. member's question is hypothetical.

* * *

[*English*]

POLLUTION

MEETING OF TARGET DATES FOR RESTRICTION AND ELIMINATION OF PHOSPHATES IN DETERGENTS

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of the Environment. Because of the confusion being caused in Canada by the publication of United States conclusions that anti-phosphate laws and policies concerning detergents should be reconsidered, can the minister say whether Canadian target dates for the restriction and elimination of phosphates in detergents will be met?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, there is no confusion here. Our dates still hold. Those targets will be met.

Mrs. MacInnis: Can the minister say whether research will be stepped up to determine the value or harm of phosphate substitutes now being used in detergents?

Mr. Davis: Mr. Speaker, a research program along those lines has been going on for some months and will be continued, especially in respect of NTA as a substitute for phosphates.

* * *

CROWN CORPORATIONS

POLYMER—ACTION TO PREVENT EMPLOYEE LAY-OFFS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Prime Minister concerning lay-offs which now seem to be affecting Crown corporations. Is the government going to take any action to avert a further lay-off of some 250 employees of the government's own Crown corporation, Polymer Limited?

[Mr. Valade.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this matter was brought to my attention by the hon. member for Sarnia. I told him I would look into it and discuss with the Minister of Supply and Services what might be done.

Mr. Alexander: A supplementary question, Mr. Speaker. In light of the fact that the Parliamentary Secretary to the Minister of Supply and Services and the Minister of Finance are becoming extremely concerned about the possible effects of the DISC program, is the Prime Minister to make a statement about the effects of this program and what action the government intends to take in order to relieve the situation?

Mr. Trudeau: Mr. Speaker, the DISC program not having passed through Congress yet, the question becomes hypothetical. I can merely say that the government is looking at it and watching its progress with great interest.

* * *

INCOME TAX

CRTC RECOMMENDATION FOR DISALLOWANCE AS EXPENSE OF COST OF ADVERTISING ON RADIO OR TELEVISION STATIONS NOT LICENSED BY COMMISSION

Mr. Jack Murta (Lisgar): Mr. Speaker, may I direct a question to the Minister of Finance. Does the government intend to adopt as its own policy the recommendation made by the Canadian Radio-Television Commission with respect to the amendment of Section 12(1)(a) of the Income Tax Act?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, that recommendation has not been made to me at this point.

* * *

COMMUNICATIONS

STORAGE OF INFORMATION ON CANADIAN RESOURCES, INDUSTRY AND COMMERCE IN UNITED STATES DATA BANKS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Communications. In view of the concern expressed in the telecommunications report and the Science Council report that vital information on Canadian resources, industry and commerce is being stored nearly exclusively in data banks in the United States, can the minister say whether the government is planning any steps to transfer the storage of this information to Canada?

Hon. Robert Stanbury (Minister of Communications): Mr. Speaker, the hon. member will recall that there is a task force on computer communications now at work. I am looking forward to getting recommendations from the task force within the next few months.

INQUIRY OF THE MINISTRY

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Prime Minister. Will the Prime Minister be consulting with Mr. Robert Nixon on possible dates for federal-provincial conferences to be held after October 21—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Muir: That will be the day.

An hon. Member: What a hope.

Mr. Foster: —in view of the obvious win of Mr. Nixon in the television debate last Monday night?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

An hon. Member: The answer is no.

* * *

STATISTICS CANADA

REPORTED UNREST AMONG EMPLOYEES RESPECTING PHOTOGRAPHING AND FINGERPRINTING

Mr. G. W. Baldwin (Peace River): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce and his parliamentary secretary, may I ask the Prime Minister if he will ask the minister to investigate a statement that there is discontent and unrest among the 4,000 employees of Statistics Canada because they have been asked to be photographed and fingerprinted for security purposes?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will refer the question to the minister.

Mr. Eldon M. Woolliams (Calgary North): May I ask a supplementary question, Mr. Speaker. Is it the policy of the government to see that people employed in the Public Service, Crown corporations, or wherever else they may be employed are fingerprinted and photographed for security reasons?

Mr. Trudeau: Mr. Speaker, I do not know of any general policy along those lines but it is entirely conceivable that in certain departments and under certain circumstances that policy is being tried. I will inquire.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the House that I have received the following communication:

Government House
Ottawa

October 6, 1971

Sir,

I have the honour to inform you that the Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 6th day of October, at 5.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General

Assistant Secretary to the Governor General.

• (3:00 p.m.)

GOVERNMENT ORDERS

PRAIRIE GRAIN STABILIZATION ACT

PROVISION FOR PAYMENTS TO WESTERN CANADA PRODUCERS IN YEARS WHEN RECEIPTS BELOW FIVE-YEAR AVERAGE

The House resumed, from Tuesday, October 5, consideration of Bill C-244, respecting the stabilization of prairie grain sale proceeds and to repeal or amend certain related statutes, as reported (with amendments) from the Standing Committee on Agriculture and motions Nos. 1 and 2 of Mr. Gleave (page 7252).

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I have only a few comments to add to the remarks which I began last night. The debate on this bill ended last night with a question by a colleague to my left. In order that the House may understand the relevance of my remarks, I should like to read the question the hon. member asked. The question was by the hon. member for Moose Jaw (Mr. Skoberg) and is reported at page 8470:

> It may seem strange to some people that a medical doctor is so concerned about this bill. Would the hon. member indicate his real concern and the type of constituency he represents in which the concern is so evident?

I am glad the hon. member indicated that the concern of our constituents is so evident. I simply say that it does not matter to a constituent what profession the man who represents him pursues. In my case, I represent mainly farmers. It does not take a member of my profession long to realize that the agricultural industry is in an extremely difficult position. My concern in this case is the same as it would be if I were looking after a patient, except in this case the patient is the agricultural industry itself.

Some hon. Members: Hear, hear!

Mr. Yewchuk: In addition, I am concerned about my constituents, mostly farmers, who are being forced off the land through the policies of an insensitive government. It has been devising policies which have meant an ever decreasing net income for farmers. The result has been that, in the area in which I live, during the past five or six years half the farmers have abandoned their land, have moved and are still continuing to move to the towns.

Actually, about 10 per cent per year leave, so that in ten years nobody may be left on the land. What will happen to the communities and towns which depend on farmers for their survival? As things now are, you can drive anywhere through the Prairies and you will find every 15 or 20 miles towns which at one time were fairly prosperous but which are now ghost towns. I do not want to see the rest of the communities in my constituency turn into ghost towns. I do not want to see what was once a prosperous farming constituency turn into an area of barren land.

In order to cut the cost of production and help resolve the ever increasing problem of reducing farm income, we must have legislation which is more substantial than this grain stabilization bill. We need legislation which will have the effect of lowering the cost of producing and decreasing the cost of farm machinery and other machinery that is used. At the same time, we must have legislation which guarantees some stability to the price paid to farmers and guarantees a reasonable return to the farmer for his efforts.

Some hon. Members: Hear, hear!

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I enter this debate because of what I consider to be the impression created by the Minister of Manpower and Immigration (Mr. Lang), the minister in charge of the Wheat Board, who is piloting this bill through the House. The minister has tried to create the impression that at the meeting last Friday with the prairie ministers of agriculture he agreed he was willing to reconsider the basic principles of this legislation, but he wanted a week to think about it; that he would recommend that the House not be asked to proceed with discussion of the bill during this week and in return the three prairie ministers of agriculture would discuss with Members of Parliament, members of the opposition in particular, the proposal that they not ask questions or make statements which would exacerbate the heated debate now taking place.

The ministers of agriculture of the three prairie provinces assumed they had an agreement with the minister because the minister had agreed, not that he would recommend changes in the bill, but would give consideration to changes. The three prairie ministers of agriculture asked their Members of Parliament, particularly those from western Canada who are in the opposition, not to cool the debate, but to cool the heat for the next week or so. Lo and behold, the minister found it necessary or expedient to break that agreement. He appeared in a television interview over the weekend. On Sunday evening the Prime Minister (Mr. Trudeau) appeared on television on the program "The Nation's Business". He again defended this bill and attacked the opposition.

On Monday and Tuesday of this week, members of the opposition asked the minister for an explanation as to why he went back on his agreement. We were told in a round about way that there was no agreement. I have known and worked closely with the Manitoba minister of agriculture for 10 years. If there is one quality he has, it is honesty. I do not believe—

Mr. Speaker: Order, please. I am sure the hon. member will not mind if I bring to his attention, as I have tried on other occasions since the debate on this amendment began, that the remarks of members should refer to some extent at least to the amendment. Hon. members will appreciate if we have general speeches, general contributions which do not relate to the motion, let alone the amendment, but relating generally to the bill before the House, it will be difficult to have any logical and Parliamentary debate in this institution. If there is a vote on the amendment, I can foresee another long series of speeches which will, in essence, be the same speeches we are now hearing because members will not be called upon to relate their speeches to what is before the House.

I think hon. members, who have the right to speak as often as they wish in reference to a specific question, should try to relate their contributions to what is before the House. When this amendment is disposed of, we will go back to the motion and eventually to other motions. Hon. members should show good will by keeping this debate within the rules of the House. It is really the only way we can operate. I do not see how we can function properly if no effort is made by hon. members to confine their speeches to matters before the House.

Some hon. Members: Hear, hear!

Mr. Orlikow: I have listened to Your Honour's suggestions carefully. The bulk of my remarks today will consist of putting on the record the proposals which the government of Manitoba and the minister of agriculture of Manitoba made in reference to this whole question. I suggest that the amendment which we are now discussing clearly spells out the kind of thinking which the government of Manitoba and the minister of that province proposed in their statements with regard to this bill.

Before going into the details, I want to record my disappointment, and that is putting it mildly, with the minister in charge of this legislation. In my opinion, he has broken an agreement which he made only a few days ago with the Minister of Agriculture of Manitoba and the other prairie Ministers of Agriculture. We cannot have a logical discussion on this other amendment or on the whole question if we are not going to have some honesty.

Ever since this debate began, we have been told that the opposition to proposals in the bill is purely political and partisan. We have been told that the farmers want, need and will benefit by this legislation. I have never seen a proposal on any subject and by any government which has met with such unanimous opposition from the organizations representing the people who will be affected by the bill. The three prairie provinces, the wheat pools of the three prairie provinces, the Canadian Federation of Agriculture and the National Farmers Union oppose this bill.

Mr. Speaker: Order, please. I apologize to the hon. member. I have to interrupt him. The hon. member for Hamilton-Wentworth seeks the floor on a point of order.

Mr. Gibson: With the greatest of respect, Mr. Speaker, following on Your Honour's ruling, the hon. member who has the floor has simply continued with a long and rather dull prolix, irrelevant debate. I submit he is out of order.

Some hon. Members: Oh, oh.

Mr. Orlikow: When it comes to dull remarks, there is nobody who has a better and more consistent record than the hon. member who just interrupted with a point which is not in order or anything else.

Some hon. Members: Hear, hear!

Mr. Orlikow: The farm organizations which I have listed oppose this bill because one of the basic principles of it is that in calculating the payments which will be made to farmers, the amounts paid will be based on calculations related to the gross income of farmers. The hon. member for Hamilton-Wentworth (Mr. Gibson) is not listening. If he were listening, he could not understand anyway. I will therefore ignore him. I challenge the Minister of Agriculture (Mr. Olson) to name a single legitimate farm organization which supports this measure, not the kind of Liberal party subsidized, fake organization which put those full-page advertisements in the western papers.

• (3:10 p.m.)

Mr. Barrett: We have heard all that before 20 times.

Mr. Orlikow: I invite the yappers on the back benches over there to get up when I have finished and make a speech. They are good at interrupting me. I do not mind. I am quite willing that they should interrupt. But I would be happy to see them get up and make a speech. In all the years I have been here I do not recall that the hon. member has ever made a speech.

Mr. Speaker: Order. Perhaps we might now return to consideration of the amendment.

An hon. Member: It would be for the first time.

Mr. Orlikow: If we could put an end to the kind of interventions we have been getting that might be possible. What did the government of Manitoba say with reference to this bill? What proposals did they have to make? I am not talking about blind opposition to the bill; I am talking about proposals for improving the bill so that it would meet the needs of prairie farmers. I have here a report of the submission made by the minister of agriculture of the government of Manitoba to the parliamentary committee which dealt with this question. He summarizes his idea of what a real income stabilization plan for prairie grain producers should be. The report reads:

1. The plan should provide for a net income guarantee to grain producers on a basic quantity of production or on a basic acreage.

I want members opposite to listen. He is talking about a net income guarantee, not a gross income guarantee. Farmers are not responsible if the cost of gasoline goes up, for example. They are not responsible if the cost of farm implements goes up. The government is responsible. After all, a few years ago the government appointed a royal commission headed by Professor Barber of the University of Manitoba to look into the high cost of farm implements. It was a very expensive royal commission. It reported more than a year ago but none of its recommendations have been carried out. They have been completely ignored. I wonder whether government inaction in connection with this report has anything to do with the size of the contributions the implement-making companies make to the Liberal party at election time.

The minister of agriculture of Manitoba further said:

2. The plan should not be detrimental to efficient practices or destructive of initiative.

3. The plan must be conducive to sound land use practices by providing for crop flexibility.

4. The plan must be such that it is in the direct financial interest of the Government of Canada to take effective measures to reduce the cost of inputs to prairie farmers.

The question is: does the legislation before us in any way meet the criteria set out by the Manitoba minister of agriculture? The minister says the basis upon which prairie grain receipts will be stabilized in the first five years of the plan will be about 65 per cent of the average of the late 'sixties; about 70 per cent of 90 per cent of total receipts in that period. I come from an industrial riding. I know what Liberal members who represent urban constituencies would say if the Minister of Labour (Mr. Mackasey) brought in an amendment to the Labour Code increasing the minimum wage for all workers under federal jurisdiction, and if he were to announce that the minimum wage would be at the rate of 90 per cent of the wage of the last five years. He would be laughed out of office. Nevertheless, the minister has enough gall to make that kind of proposal for farmers. I say the farmers of Canada are entitled to the same consideration as are urban workers. Second, the agriculture minister of Manitoba points out that the net cost to the federal treasury in the first five years of the plan proposed by the federal government will be less than $30 million. He further contends that the stabilization account could show a surplus of at least $100 million and, possibly, $225 million by 1976. That money would be in the fund, not in the pockets of the farmers as the Prime Minister (Mr. Trudeau) so dishonestly suggested the other night on television.

Mr. Gibson: Nonsense.

Mr. Orlikow: The stupid member for Hamilton-Wentworth interjects "Nonsense". I wish he would get up and explain why the statement I have just made is incorrect.

Mr. Mahoney: Because you made it.

Mr. Orlikow: It is way beyond the understanding of that hon. member. The Manitoba minister stated, further, that between now and 1976 the stabilization account could be operated as proposed in Bill C-244 on the strength of the 4 per cent contribution by the federal government alone in the absence of any contributions from farmers. Last, the minister pointed out that except for a possible payment of $100 million at the end of the 1971-72 crop year, there is virtual certainty that no more payments will be called for during the remainder of the 'seventies.

Just one last reference to the submission made by the minister of agriculture in the province of Manitoba. Last Friday, the Minister of Manpower and Immigration (Mr. Lang) promised that this submission would be considered carefully. But it has been ignored. It would be interesting to know whether the minister really did intend to give further consideration to the bill in the light of these representations or whether he received a directive from the Prime Minister on the lines: this is our legislation and it has to go ahead on Monday. Or, perhaps, the instruction came from somebody in the Prime Minister's office who has the power to make decisions and who told the minis-

ter he must ignore the promise he had made and continue with the bill as it stood. The Manitoba minister said that because the proposed stabilization plan would operate on the basis of a five-year moving average, which is presently low and still declining, and which by its very nature will move upward slowly only after a period of recovery, it can be safely predicted that the plan will be of no direct benefit to the prairie farmer during the 'seventies.

Certain hon. members may not realize that the last five years have been some of the worst years farmers have experienced during the last 25 years. The minister of agriculture for Manitoba did not agree with the concept of the stabilization plan because, he said, it was based on gross receipts. In the face of ever-rising costs, even the best guarantee of stabilizing gross receipts becomes less meaningful with the passage of time. The guarantee proposed in Bill C-244 will cover only one half of the actual costs presently incurred in the producing of grain.

The minister and the government may say that after all, the minister of agriculture in the Province of Manitoba is an NDPer and he is putting forward these views for purely partisan reasons. For the information of the parliamentary secretary to the Minister of Finance, who temporarily occupies an Alberta seat until the next election, I will read a short extract from the views of the Alberta Wheat Pool, which is not an organization noted for being particularly radical.

Mr. Mahoney: It has already been put on the record twice.

Mr. Orlikow: In a statement sent to all Members of Parliament on September 23, the Alberta Wheat Pool, speaking about this bill, said, among other things:

> Attractive as a principle stability may be, the first concern shown by our members at the current time is that of income itself. They have expressed coolness bordering on disinterest in any plan of stability which does not have as its first objective, stability at a remunerative level. Within this context—

• (3:20 p.m.)

Mr. Mahoney: Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order. The hon. member for Calgary South on a point of order.

Mr. Mahoney: Is the hon. member aware that this very document has already been read into the record twice by his colleagues in this debate to date?

Mr. Orlikow: I know it has, but obviously the disinterest of the hon. member from Calgary, as well as the minister, indicates that it needs to be repeated not three times but perhaps 30 times, and then perhaps it will sink in.

Mr. Paproski: A point of order, Mr. Speaker.

Mr. Speaker: Order. I apologize to the hon. member, whose time is nearly up, but the hon. member for Edmonton Centre rises on a point of order. I think the hon. member should be given an opportunity of finishing his speech, but at the same time the hon. member for Edmonton Centre is entitled to be recognized if he seeks the floor on a point of order.

Mr. Paproski: Thank you, Mr. Speaker. We have been sitting here diligently listening to the filibuster that is going on between the Liberal party and the New Democratic Party. We would appreciate it if they would get along with the motion so that we can get along with the bill.

[Mr. Orlikow.]

Mr. Speaker: Order, please. The hon. member's time has expired but I think in fairness he might be allowed a minute's additional time in view of the points of order we have had.

Mr. Orlikow: Thank you, Mr. Speaker. To continue:

> Within this context, our association has some serious reservations about the proposals of Bill C-244.

The Canadian Federation of Agriculture, again not a very partisan organization—if anything, I would say it has been very careful not to offend governments, and the Liberal government has not been exempt from that fairly reasonable treatment—said in a statement issued on May 7, to quote one paragraph:

> It would be highly improper for us to temper our criticism of the long term grains policy in this bill—and we do have criticisms and very serious ones—out of a feeling of fear and urgency respecting a possible delay of these essential "transitional" payments.

So, hon. members can see that the wheat pools, the Canadian Federation of Agriculture and the National Farmers Union are opposing this bill.

Mr. Speaker: Order. I have to interrupt the hon. member since his time expired a few minutes ago.

Mr. Knowles (Winnipeg North Centre): Carry on.

Mr. Speaker: The hon. member can carry on with the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: I hear some faint cries of "no" which indicate that the hon. member does not have the unanimous consent of the House.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I intend to deal with two aspects of the amendments now before the House. Before Your Honour gives me the instruction that my remarks are not relevant, I should say that I think the last few moments will prove that they are. I have been prompted to make these points by questions that were asked outside this House, particularly by backbenchers from parts of the nation other than the Prairies. Members of the press gallery have also asked similar questions and members of this House have received numerous letters from people across Canada, though particularly from the Prairies, to the effect that they find this bill very confusing. Most people do not understand it. Neither do they understand the amendments now before the House at the present time. I shall have more to say about those later, but at this point may I say there is no doubt that the bill is confusing.

I am sure all members of the House, as well as everyone on the Prairies, agree that there is need for a stabilization of the economy on the Prairies and would welcome a bill with reasonable provisions that made this possible. I say that because various members of the House have put on the record DBS figures indicating that five years ago the

average income of the farmer on the western prairies was in the neighbourhood of $5,000, whereas last year it had dropped to about $1,000, quite a drastic drop in the income of farmers in that region, as hon. members have pointed out.

Many words have been uttered in this House on the unemployment situation in eastern Canada, particularly in industrial areas. I think part of the reason for this vast unemployment presently in the land is the lack of purchasing power on the part of the farmers, and this lack is felt all across Canada.

The second question that was asked by the group to which I referred related to the accusations of filibuster and obstruction which are hurled across the floor of the House from one party to another. This they do not understand and are beginning to wonder who is responsible for this obstruction and filibustering.

Mr. Hogarth: You admit it is there, then.

Mr. McIntosh: I hope I shall be able to reveal to the House just who is responsible for the filibustering, but to do so one must understand this question and see it in its right light. The reason so much interest is stirred in this House when farming or agricultural legislation is presented to us is that we from the western prairies have to live with a one industry economy, namely agriculture. Of necessity, every member of the House from the Prairies, regardless of party, is very interested in any topic that relates to this industry upon which we in western Canada depend so much.

In my own area the industry is broken down into two parts. While 50 per cent of the farmers' income comes from wheat sales, in the main, the other 50 per cent comes from livestock sales. If I were permitted to do so, I should like to say something about the government's intervention in this particular field, but I do not think this would come within the scope of the amendments. I therefore notice your glance, Mr. Speaker, and heed your warning. So the reason every member of the House from the Prairies makes the subject of agriculture his prime concern is that, as I said before, we have a one industry economy on the Prairies.

Another question that is asked is: Who actually is blocking this legislation, rather than, who appears to be blocking it? I think this point was made by my colleague from across the way. Why the necessity for a long debate on each agricultural issue to come before the House? I wish to prove that it is not the members of the opposition but the Liberal government that is responsible for the obstruction and the filibustering that appears to be taking place.

• (3:30 p.m.)

To prove my point I should like to refer to a Canadian Press release which appeared in the Ottawa *Journal* on October 5. The hon. member for Fraser Valley East (Mr. Pringle), who is one of the Liberal backbenchers who spoke on this amendment said, as reported in that newspaper, that the bill had flaws in it. I think other members than that hon. member have made the same statement. I think the minister in charge of the Wheat Board, if he has not made that statement, has implied there are flaws in the bill. This is one of the causes of the filibustering.

Members in this House, and certainly the people of this country, wonder why the government does not bring in amendments to correct these admitted flaws in the bill. Common sense dictates that if such action were taken much of the debate in this House of Commons would be eliminated, because we would not have to point out time and time again that these flaws are there and should be changed before the bill becomes an act. The minister, as almost everyone in this House knows, is so adamant and arrogant in his position that he will not acknowledge the weak points outlined by members even of his own party. I see the Minister of Supply and Services (Mr. Richardson) in the House. He spoke on this bill yesterday and I should like to make a few references to what he said. He said that the bill lacked many necessary and beneficial features desired by farmers. After saying that, he shrugged it off by saying the government would look after these omissions at a later date.

Mr. Richardson: Mr. Speaker, I rise on a point of order. In fairness I feel I should correct that impression of what I said yesterday. I think *Hansard* will show that I did not suggest the stabilization bill lacked other policies. I said that the farm interests and groups had expressed a desire to have other policies and just because they were not contained in the stabilization bill was no reason for preventing it from moving forward. These policies can be obtained in other ways. The stabilization bill will not cut off these desirable policies. That is the clarification I wanted to make.

Mr. McIntosh: Mr. Speaker, if I had the wrong impression of what the minister said I apologize. I sat here and listened to what he said, and I was under the impression he admitted there was something lacking in the stabilization bill. In addition, he was asking the opposition to bear with the government and it would bring in these other policies later on. During previous Parliaments, the opposition has accepted similar statements made by ministers of the cabinet, but attached little significance to commitments made by backbenchers. Prior to this government taking office such a statement by a minister was accepted as government policy. That is not the case at the present time. The just society boys destroyed that king of co-operation by bringing in what is now called the "supergroup". The cabinet ministers appear to us on this side of the House to be only figureheads who take their instructions from that supergroup in the Prime Minister's office. The word of a cabinet minister is not held in such high regard today as it was in the days of previous governments.

The western members and the farmers they represent no longer trust this government, and certainly have no faith in the promises it makes. This distrust is founded on past experience of broken promises by members of this cabinet. I could list many of them. Just a few minutes ago reference was made to a broken agreement between the three prairie agriculture ministers and the federal government. There has been some explanation by the minister in charge of the Wheat Board to the effect that he did not make any agreement with the three prairie ministers, but there was an apparent misunderstanding on the part of all who took part in those discussions. We heard a moment

ago from a representative of the NDP from Manitoba that his interpretation of the agreement was there would be a cease-fire for a week. Certainly, that has not been the case. I do not think any explanation by the government could convince the farmers that an agreement was not broken. This is something that has happened on past occasions, but not nearly as often. It is quite common for this government not to keep promises.

Not very long ago the minister who represents the livestock sector of the agricultural economy of western Canada broke a promise to the producers. It is for this reason I suggest the ministers of this cabinet have no power whatsoever. All the power is focused in the Prime Minister's office with that supergroup. The ministers take their instructions from that group which is telling them how to run the country. That supergroup is not even an elective group.

Mr. Paproski: It is shameful the way they forget about western Canada.

Mr. McIntosh: I doubt if they could get elected. Perhaps a worse feature than this broken promise is the breaking of the law in respect of payments owing to grain producers under the Temporary Wheat Reserves Act. I will not say more about that, but let me point out that in recent weeks I have stated on three different occasions that this government, as a result of a decision by the supergroup, cabinet ministers or the government as a whole, has broken faith with the country. No wonder there are accusations of filibustering and obstruction.

Many uninformed members of this House and members of the Press Gallery do not understand what we are talking about because this bill is very confusing to many, including myself. We do not know its implications, but we are afraid of certain of its features. The farmers I represent had an annual income of about $5,000 some five years ago. That annual income has now dropped to about $1,000. This government wishes to stabilize this income at $1,000 a year. That is how I read this bill. There is little need to point out that this type of action on the part of the government invites obstruction. We all know such action delays the passage of any legislation, beneficial or otherwise.

Before this government came into power, governments of the day, regardless of which party was involved, would accept suggestions by opposition members and others which would improve legislation. Other governments accepted amendments to improve bills. That type of co-operation eliminated much of the type of debate that has taken place in this House during the last three years.

This dictatorial administration demands that we pass legislation as it is presented by the government or it will withdraw the legislation. This government is not going to threaten most members on this side, regardless of party affiliation. It is no wonder people in Canada are asking what is happening to the Parliament of Canada. Even we who sit here are wondering what is happening.

• (3:40 p.m.)

In yesterday's Ottawa *Journal* the minister in charge of the Wheat Board is reported as having said that he would withdraw the bill. The report reads:

[Mr. McIntosh.]

Mr. Lang said last week he would withdraw the bill if the opposition continued a series of procedural attacks stalling its passage.

Well, Mr. Speaker, I have news for the minister. He had better withdraw the bill forthwith and scrap it at least until such time as he comes to his senses, gets down from his high and mighty pedestal, listens to reason and accepts some of the suggestions of the farmers. I suggest to the Prime Minister that there should be a change in the cabinet, particularly in respect of the portfolio relating to the Wheat Board, because if the minister's attitude does not change and if his rigid and inflexible position continues, I believe that he must acknowledge what everyone else in this country knows, namely, that he is not capable of piloting this bill through the House of Commons. If there is no flexibility in the minister's present position, I forewarn that there are some members in this House who are determined to stall the bill in its present form.

If the minister has decided that the bill is to remain as presented, then any debate from now on is useless in the face of that adamant stand. He would perhaps be doing the Parliament of Canada a service by immediately taking the action he has threatened to implement as reported in the newspaper article because we have now reached a deadlock. Members on this side are determined to stall this legislation until the minister accepts some amendments. By his actions and by his words, he indicates that he does not intend to accept any amendments. The members to whom I referred a moment ago intend to use, regardless of what the minister says, every legal means available to them, be it procedural or otherwise to prevent the income of their constituents being stabilized, as I said before, at a poverty level. In this same press release in the Ottawa *Journal*, the minister is also reported as saying that the amendment is unworkable and so on. I recall a former minister of a Liberal government making a similar statement in respect of cash advances for farm stored grain. He said it was unworkable and could not be made to work. The people of Canada thought otherwise. They changed the government and proved it could be done.

Cash advances on farm stored grain became a very important piece of legislation. So, do not let the minister try to fool us that this is not workable. We would be quite satisfied if the income level were up where it should be. Stabilization should not be at a poverty level. Perhaps there are some people on the back benches and in the press gallery who believe the government has all the answers, and that nobody should listen to the opposition members. I know there are some who believe this. Those of us who do not agree with such a conclusion have a suggestion to make. Let the government listen to the Canadian citizens who will be directly affected by these amendments, as well as by the bill itself. Let us imagine for a moment a situation which, if it took place, would result in the elimination of all opposition members in this House. Who would or should the government consult? As I have said before, they should consult those people who would be affected by the legislation.

I have in my hand a telegram from the delegates of the Saskatchewan Wheat Pool, District Four which is in my area. I should like to put this on the record.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member but the time allotted to him

has expired. Unless there is unanimous consent he will not be able to pursue his remarks. Does the House wish to allow the hon. member to continue his remarks?

Some hon. Members: Agreed.

Mr. McIntosh: Thank you, Mr. Speaker and members of the House. I shall try to be very brief. I wish to put the telegram on the record because, as I have mentioned, these are the people to whom members of the government should listen if they do not wish to listen to members of the opposition. I think the people of Canada would like to know what the farmers of western Canada want. The telegram reads as follows:

The delegates of district four Saskatchewan Pool met in Swift Current on September 29 and 30, and are gravely concerned about the pressure being put forth in the House of Commons to have Bill C-244 passed. The following resolution was passed unanimously. The delegates endorse the principal of a stabilization program, . . .

I interject here to say I believe everybody in the House endorses this principle.

. . . but will continue to oppose Bill C-244 until it contains the following amendments: 1. An inflationary factor to take account of the rising production costs.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. McIntosh: This is quite reasonable. We can accept this.

2. An adequate two price system for wheat.

This has been talked about time and time again. The people of western Canada for years and years have believed there is a double standard in Canada. There was a bill which passed through this House very quickly during this session of Parliament. I refer to the bill granting $80 million to industries in the event that some employees of certain industries were laid off. The farmers have no objection to this type of action. They say, however, that no jobs have been lost yet and the government has voted $80 million to help people who may be laid off. In God's name why can they not give us the money that is owing to us?

I could go on and mention the price of bread and so on. We have heard time and time again that an increase of 60 cents in the price of wheat would represent an increase of only one cent on a loaf of bread. We have heard some opinions expressed that labour people would not stand for this. I am not sure what the price of bread is today. It has increased by one cent, by one cent and by one cent. We have heard no complaints about this except from individual housewives. We have heard no organized complaint about this. It has been said that perhaps labour is entitled to this amount of money because of inflation and so on. Why cannot similar consideration be given to the people who produce the wheat? We have no hesitation in adopting item No. 2.

The next proposal reads as follows:

3. Recognition of a storage policy for each kind of grain paid for jointly by government and producers.

It I had more time I should like to inform the House about the storage policy in the United States. The farmers there have no difficulty disposing of their grain whenever they want to do so. The government stores it. The system works wonderfully. I have records to show that the United States has sold proportionately almost twice as much grain as we have in the past 20 years. Australia has beaten our efforts. Why? Because our system must be antiquated and should be altered. Why should we not follow the system adopted by one of these successful countries. I have no hesitation in accepting the third proposal.

Then, we have their next proposal, which reads:

4. An annual separate pool for each kind of grain guaranteed.

We can accept all these recommendations. This is why I say I have no hesitation in adopting the resolution passed by the Saskatchewan Wheat Pool, District Four. Much has been said about who in the Prairies supports the government view. I think the same newspaper was referred to time and time again. It lists three organizations dealing with grains that do support the minister's story, and the president of the Saskatchewan Wheat Pool is one of the three but there are doubts about the first one. However, this advertisement is erroneous because the Saskatoon *Star-Phoenix* dated October 4 contains an article in which the president of this organization refutes the contention of the one Liberal in the city of Regina who says that the president of the Saskatchewan Wheat Pool endorses the stabilization bill C-244 which the minister has presented to the House. In the president's own press release he says:

We have not endorsed, and will not endorse the proposed income stabilization plan because in our view it is inadequate. We think the stabilization of income from grains is a good idea. However, endorsation of the principle of the stabilizing of income does not mean support of the existing plan.

• (3:50 p.m.)

He also said:

. . . there is no justification for holding up money promised to farmers.

In addition, he said:

We do not support the stabilization plan as it is, nor do we want to retain the TWRA as it is.

He said nothing more than the members of the opposition have said. We want a stabilization plan. Possibly we will vote for the minister's plan if, as I said before, he will come to his senses, listen to reason, and accept some of the amendments, not amendments that we want but those that farmers themselves want. Is that asking too much?

Mr. G. W. Baldwin (Peace River): I will not delay the House more than five or six minutes, unless I am requested to do so, of course. I will wait for that request to be manifested in an obvious way.

Some hon. Members: Hear, hear!

Mr. Baldwin: I have a few comments to make and also a suggestion. First, I want to say that I support the motion as clarified and improved by the amendment. However, we cannot look at the amendment without putting it in context with the general situation because this amendment, like some of the others, goes to the heart of the issue. I, like other hon. members, have been west. I have looked upon the face of western agriculture in the last few months and I have found it a sad and disheartening experience in view of what used to be the situation. There is no doubt that the people who have brought this about are the people who sit opposite, and they are unfit to govern this country because of what has happened. There

will be another time and another opportunity to enlarge on that aspect.

It has been suggested by the minister in charge of the Wheat Board and by others that there are stalling tactics, there is delay and there is fillibustering. These dainty dilettantes in democracy do not understand the purpose of the democratic structure in this House. It is based upon the adversary system. When an issue is thrown on the floor of the House to be contested—it is an issue in this case moved by the government— the only way in which it can be examined effectively and dealt with is through the adversary system. Therefore, we on this side of the House, and hopefully some day members on the other side when they find the intestinal fortitude to stand up for the things they believe in, will contest the validity of the proposals brought forward by the government, just as hon. members to my left are doing with this amendment and just as we are doing with many other useful—I could almost say more useful—amendments that we are offering. It is in that sense that this debate has been conducted.

I am shocked and amazed to hear it suggested that the form which this debate has taken constitutes a delay of the proceedings in this House. My hon. friends opposite are guilty of deception I think when they say "let the bill come to a vote". Unless there has been some change, we know what that means, that the obedient group on the other side will vote as they are told. I think we should bear in mind that they do not represent the majority of the voters in the 1968 election, and I think that is something which should be considered.

However, be that as it may, in pursuit of our democratic duty we have, through the means of this amendment which has been supported by members in our party, indicated the grievous faults in the case made by the government. It would be one thing if it was the government against the opposition on the basis of the adversary system of which I speak. But on the scales of truth and justice upon which we and the people of this country must balance which side is the right side there has been placed against the government the statements and the evidence of impartial and objective people who are not involved in the day to day arguments in the House of Commons.

My good friend, the hon. member for Swift Current-Maple Creek (Mr. McIntosh) gave witness to that a short time ago when he read the resolution which had come to him from his province. But over and above that, what do we find? I discount the statement of the minister in charge of the Wheat Board. I also received letters from Saskatchewan, mainly from Saskatoon, which promoted the rapid passage of this bill. Upon examining the envelope in which these letters came I find they are mainly from the city of Saskatoon, from urban farmers in that city who have been cultivating the 40 feet in their back lane.

Mr. Lang: You should see my letters; they are from rural areas.

Mr. Baldwin: I do not know about the minister's staff, but I certainly know that I examined those that came to me. There were so few that I had a chance to examine them carefully and in detail. Anybody who is motivated by correspondence of this kind does not deserve to sit in the House of Commons. In addition to the farmers, there are the farm organizations. All the responsible and major farm organizations have said that they support, amongst others, an amendment of this kind; that they are not in favour of the bill in its present form and that there should be major changes before the stabilization program is made effective. These are farm organizations and the pools. In addition to that, there are the provincial ministers of agriculture, two of them comparatively new in their jobs; men who have just been through the rigours of a campaign. I was involved on the fringes of the campaign in Alberta, and let us not suggest that to some extent federal issues were extraneous to those campaigns. I do not know about Saskatchewan, but certainly in Alberta some of the federal legislation was very germane to some of the campaign fights in rural constituencies. I heard mentioned on many occasions Bill C-176 and Bill C-244, and the sad and pitiful showing of the Liberal party at that time. The success of our party indicates beyond any doubt that the farm organizations, the farmers, the prairie premiers and the prairie ministers of agriculture are opposed to this bill in its present form.

Under those conditions, it would be manifestly absurd for the government to suggest that we should not make it quite plain that we propose to support the amendment put forward for the purpose of improving the legislation. The facts are simple, Mr. Speaker. The bill is not adequate and must be changed. But the government, like most governments, is unwilling to make changes because the changes are proposed from this side of the House. Probably the minister would like a long delay with the opportunity to propose changes himself. But we cannot trust the government. We cannot trust these ministers. We have seen what happened with respect to a simple understanding that consideration of the bill would be postponed under certain conditions. Those conditions were not met.

• (4:00 p.m.)

Be that as it may, and in the belief that what the government is seeking is a face-saving device, I wish to make a suggestion before the vote is called. I make it on my own behalf. I am not authorized to make it on behalf of my party, but I think it has merit. If the government is really interested in providing a stabilization measure which will be effective and useful to the people of western Canada, then in the first instance I suggest it should immediately pay the money it owes under Chapter 2 of the 1956 statutes, the Temporary Wheat Reserves Act, and the Canadian Wheat Board should then pay to the farmers the amount which it owes them, on the normal basis. There can be no alternative to this. The government has been in default. It has broken the law. This situation has gone on for 14 or 15 months. There is no other way in which the government can purge its contempt and make itself respectable again.

My second suggestion is made on the assumption that the bill will pass. The government has the troops, the bodies—I was almost going to say the willing, dumb bodies, but I will just say the willing bodies—to compel passage of the bill. I imagine that having secured consent from his colleagues the minister intends to persist with the bill until it is passed. I also assume that the government is going to reject all of the useful and valid amendments that have been proposed. This being the case, I suggest that the minister make use of the amendment

which he has placed on the order paper. I suggest that when the bill does pass clause 32 should be immediately proclaimed. This is the clause which provides for the payment of $100 million. I suggest that then the balance of the clauses of the bill should not be implemented.

I suggest that the implementation of the balance of the clauses should be delayed for some considerable time. In fact, I assume that the minister has no intention of operating the new provisions at least until the new crop year arrives. I suggest that the order in council containing the proclamation bringing the rest of the clauses of the bill into effect should be delayed until there has been an honest, valid and meaningful attempt by the government to secure, in co-operation with the farm organizations, farmers, provincial governments and the opposition parties, a form of stabilization bill that will work, that is acceptable, and does not contain the repugnant provisions of the present bill.

How in the name of heaven can the government be satisfied that this bill will meet the real requirements of the farm population of western Canada? In the light of what has been said by the farm organizations, by members of the New Democratic Party, by members of this party, and by the prairie ministers of agriculture, which I assume the minister must have taken to heart, how can the government be honestly and truthfully satisfied that this bill meets the needs of the prairie farmers? If the government genuinely desires such a result, and I have not completely ruled out that possibility at this stage, then what I suggest could very easily be brought about as the means to secure it. But because I do not trust the government any more, I would insist that any order in council implementing the remaining provisions of the bill should not come into effect until an affirmative resolution was introduced in this House, and debated without time limitation.

These proposals are simple. As I say, I make them on my own behalf, as some indication of what might be worked out if there is any real, honest, genuine intent on the part of the government to try to do something for the people of western Canada. We all know that the cash position of a great many farmers in western Canada is desperate. Yet despite that, the people in many parts of the west will not buy this bill in its present form. It is to their eternal credit that they feel that way. The government would be failing in its duty and conscience if it failed to take that into account, and if it failed to work out a means by which this money could be paid. The government should seek to meet that obligation, and with respect to the rest of the bill it should work out terms which are acceptable to all of the farm organizations.

The Acting Speaker (Mr. Laniel): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Laniel): Before putting the question, I think the Chair should inform hon. members that although Standing Order 75(11) provides for the deferring of the recording of the yeas and nays at report stage on different motions, the Chair has decided to call in the members in this instance because otherwise we would be merely postponing study of the first two motions until the end of our study of the other motions, when we would re-open the debate on motions Nos. 1 and 2. The question is on the amendment to the main motion. All those in favour please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

• (4:10 p.m.)

And the Clerk-Assistant being about to call the names:

Some hon. Members: Oh.

Mr. Speaker: Order. The hon. member for Winnipeg North knows that members should not come into the Chamber or leave the chamber or move from seat to seat while the motion is being put. I do not want to be difficult about this but I believe I must bring this rule to the attention of hon. members.

Some hon. Members: Hear, hear!

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

YEAS

Messrs:

Alkenbrack
Asselin
Baldwin
Beaudoin
Bell
Benjamin
Bigg
Blackburn
Brewin
Burton
Caouette
Coates
Code
Crouse
Danforth
Dinsdale
Dionne
Douglas
Downey
Fairweather
Gauthier
Gilbert
Gleave
Godin
Hales
Harding
Harkness
Horner
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Bellechasse)
Lambert (Edmonton West)
Laprise
La Salle
Lewis
MacInnis (Mrs.)
MacKay
MacLean
MacRae
McCutcheon
McGrath
McIntosh
McKinley
McQuaid
Mather
Mazankowski
Monteith
Muir
Murta
Nesbitt
Nystrom
Paproski
Peddle
Peters
Ritchie
Rodrigue
Rose
Rowland
Ryan
Rynard
Saltsman

Division

Messrs:

Schumacher
Skoberg
Skoreyko
Thomas (Moncton)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Woolliams
Yewchuk—71.

NAYS

Messrs:

Badanai
Barrett
Basford
Béchard
Beer
Benson
Blair
Blouin
Borrie
Boulanger
Breau
Buchanan
Caccia
Cafik
Chappell
Clermont
Corbin
Corriveau
Côté (Richelieu)
Cullen
Danson
Davis
Deachman
Drury
Dubé
Dupras
Émard
Faulkner
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Gillespie
Goyer
Gray
Guay (St. Boniface)
Guay (Lévis)
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Jerome
Kaplan
Laflamme
Laing (Vancouver South)
Lajoie
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
McBride
McIlraith
McNulty
Mahoney
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Morison
Munro
Murphy
Noël
O'Connell
Olson
Orange
Osler
Otto
Ouellet
Pelletier
Penner
Perrault
Portelance
Pringle
Prud'homme
Reid
Richard
Richardson
Roberts
Robinson
Rochon
Roy (Timmins)
Roy (Laval)
Serré
Sharp
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Thomas (Maisonneuve-Rosemont)
Tolmie
Trudeau
Trudel
Turner (London East)
Wahn
Walker
Watson
Whelan
Whiting
Yanakis—117.

[Mr. Speaker.]

• (4:40 p.m.)

Mr. Speaker: I declare the amendment lost.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the vote is called on the main motion now before the House, namely the one in the name of the hon. member for Saskatoon-Biggar (Mr. Gleave), I should like to make another plea to the government. The farm organizations of western Canada which speak for the farmers have made a strong appeal to the government that Bill C-244 be amended along the lines recommended in this motion. The recommendation, which is the primary recommendation in just about all of the submissions that are being sent to the government, is that consideration be given to the net position of the farm economy of western Canada rather than the gross position with respect to the application of stabilization payments.

May I take a moment to explain the reason, as I see it, for the motion moved by the hon. member for Saskatoon-Biggar. The general scheme of Bill C-244 is that money is put into a stabilization fund partly in the form of payments made by farmers and partly in the form of payments made by the government. Payments are made out of that fund to the farmers only under very stringent conditions. The principal condition is that a crop year would have to be so bad that the total gross income—

Mr. Speaker: Order, please. I apologize for interrupting the hon. member, but I have been given information to the effect that the hon. member has already spoken on the main motion.

Some hon. Members: Shame.

Mr. Speaker: I thought at first when the hon. member rose that he had not spoken before, and if I am wrong the hon. member will tell me so. However, my understanding is that he did speak previously, as reported at page 8441 of *Hansard* for Tuesday, October 5. If I am correct the hon. member could still pursue his remarks with the consent of the House, but the information I have from the table is that the hon. member's speech is recorded from pages 8441 to 8447 of *Hansard* for October 5 last.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am sure the House would greatly enjoy catching me out of order, and if I am I shall bow to the Chair. But when I spoke yesterday, October 5, I was speaking to the amendment, not to the motion.

Mr. Speaker: Order, please. My understanding is that when the hon. member seconded the amendment he was speaking to both questions, but I appreciate that the matter is perhaps difficult to interpret from a procedural standpoint. I am sure the hon. member would agree that, procedurally speaking, his seconding the amendment would put him on record as having spoken both to the motion and to the amendment. However, perhaps this is being technical; I do not want to do anything to prevent the hon. member from expressing his views at this time. If there is agreement—

Some hon. Members: No.

Mr. Speaker: Order, please. I may, of course, be wrong in my interpretation, which is simply a preliminary one. If

the hon. member feels that I have incorrectly understood the situation I would be pleased to hear from him.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, when you suggested I had spoken, and when Your Honour referred to a speech I made yesterday, as recorded at certain pages in *Hansard,* I of course objected because that was a speech I made on the amendment. I am quite aware of a citation that used to be in the books governing members who seconded motions, but I think Your Honour would have to go back many years to find when this rule was applied.

Mr. Speaker: Order, please. I would be inclined to agree with the hon. member that if the only record that we have of his having spoken on the main motion is that he seconded the amendment, it would be interpreting the rules rather strictly if I were not to allow him to speak to the main motion. Certainly, that is my view.

Mr. Knowles (Winnipeg North Centre): Thank you, Mr. Speaker. I believe I was pointing out that the main principle of this bill is the provision of stabilization payments to farmers under certain conditions, conditions that we regard as too severe. In order for farmers who are growing any of the six grains covered by this bill to receive payments, a year must be so bad that the total income in the area covered by the bill is less than 90 per cent of the average total income of the preceding five years.

• (4:50 p.m.)

When one realizes that, among other factors, there is the fact that the cost of production has gone up, it can readily be seen that, if in any such difficult year the farmers do not get paid unless their gross income falls below the five year, this will have the effect of precluding the making of payments under the stabilization fund for many years. Gross income could be a very large figure whereas the actual net income of the farmer, because of increased costs of production, could be below the average income of the previous five years, and yet no payments would be made to the farmers. That is why we feel very strongly about this bill and that is why these amendments are still before the House. We feel the bill should be amended to right this provision, namely that stabilization payments out of the fund to the farmers will come into effect in any year when the net income of the farmer falls below the average of the preceding five years.

We would also like to change the 90 per cent figure and other things, but we do feel that this principle of distinguishing between the gross income and the net income is one that is extremely important to the successful operation of this bill. Again, I remind the minister that the organizations representing the farmers of western Canada are putting this point as number one in the pleas they are now making to the government. I suggest it is just possible that the farm organizations might understand the situation and might know what is best for the farmer, and I think the minister ought to pay attention to their pleas.

I know, this House being constituted as it is, and in view of the vote we have just had, that if this amendment comes to a vote and the government says it has to be turned down it will be turned down. If we simply go on and put the bill on the statute books, the effect will be to provide a bill that will not do what its sponsors say it is supposed to do. It will not be a piece of legislation that will stabilize farm income in western Canada. It will not be a bill to even out the humps and hollows, it will be merely a bill which will result in the farmers putting millions of dollars into a fund for one purpose, namely that in a catastrophic year payments will come out of the fund for the farmer. That will not be satisfactory, and I urge that consideration be given to this amendment.

Like the hon. member for Peace River (Mr. Baldwin), who spoke a while ago when we were on the previous amendment, I should like to make some suggestions to the minister and to the government. As I have already said, if this comes to a vote and the government says it must be turned down that will be the end of the amendment. As the minister knows, representations are still being made to him and to the Prime Minister (Mr. Trudeau) for further consultation about this bill. The minister and the Prime Minister have been invited to go out west to meet officers of the National Farmers Union and the wheat pools and, despite some difficulty there was today as to whether Thanksgiving weekend is the time to do this, I hope these meetings will be held.

If the meetings are going to be held, surely the thing to do now is to desist from further debate on this bill in the House of Commons. We are not asking the government to withdraw the bill in the sense that it be removed from the order paper, but we are asking the government to let the bill stand. The government has other things it wants to proceed with, including the tax bill and a few other items, and this is the purpose of our continuing the debate at this time, to plead with the government to let this bill stand in order that consideration can be given to ways in which the bill can be improved.

Although there have been difficulties in the past day or two, so far as the Chair is concerned, about hon. members staying in order when speaking on the amendment, I submit there should be no difficulty about staying in order on the part of those who speak in respect of this amendment because it touches the very heart of this bill; is it to be confined by this reference to gross income so its benefits will never flow to the farmer, or is it to be a measure based on net income that will help get the benefits to the farmer in a way that will even out the humps and hollows?

It has been said in the course of this debate that the principle of stabilization legislation is good. We confirm that, for we believe there should be legislation to stabilize farm income in western Canada. We think it should be on a rational basis which holds out the prospect of raising the level of living in western Canada, not just stabilizing it at the poverty level, or perhaps a level that is declining. We think a rational stabilization plan should be worked out. We do not think this bill does that. It is tied to this $100 million carrot, as it were, and it is mixed up with this whole question of whether the Temporary Wheat Reserves Act money should be paid out.

We suggest that the whole thing has got into a mess which should not be continued any longer. Let me say that we agree with the contention from the other side, indeed from both sides of the House, that there should be stabilization legislation, but despite its title we think this legislation is not that kind of legislation. We also agree with the

other side that the whole question of how we provide for storage of surplus grain in western Canada, not just wheat but all six of the major grains, is one that is not adequately covered by the Temporary Wheat Reserves Act. We do not think that is a piece of perfect legislation which must stay for all time. We think there must be a new policy in regard to the way in which we provide for the cost of storing surplus grain.

By the way, that is another of the main points of the representations farm organizations are making to the government at this time. They not only want net income as the base rather than gross income, a two-price system and a few other things, they want the whole policy regarding storage costs to be put on a rational basis. To narrow all this to two things, what is before us in this bill is a proposal for stabilization, which is not satisfactory and will not work, and a proposal in respect of storage which simply repeals the Temporary Wheat Reserves Act without putting anything in its place.

What the farmers of western Canada, through their farm organizations, have said they want is for the government to sit down with them and work out a rational solution to these two problems. I will go as far as giving the minister credit for being aware of the fact that these two problems exist. It is clear, I admit, that purpose of this bill is to cope with those two problems. He is attempting to get something better than the Temporary Wheat Reserves Act and something in the way of stabilization, but with great respect I say he has not solved either of these problems.

In the meantime we have become lost in the battle over the payments which have not been made under the Temporary Wheat Reserves Act for 15 months. We have become lost in respect of figures and the arguments about which piece of legislation would be best and which would pay the farmers the most in the next three years. We have heard arguments about $170 million as compared to $113 million, and we have heard different figures from both sides. I think that all this proves this bill is not a satisfactory solution to these two main problems; the problem of providing for stabilization on a rational basis and the problem of providing a rational program for the payment of the cost of storing surplus grain in western Canada.

• (5:00 p.m.)

In light of all that I believe the farm organizations are being reasonable, logical and responsible in asking the government to give this matter further consideration. A Liberal member, whom I need not name, asked me earlier today if I realized that by our continuing to debate this bill we were challenging or tempting the government to withdraw it or cease to proceed with it so that it would not pass and did I not feel badly about that and realize the disastrous consequences that would flow from that. I said to him, "Do you think we are fooling around; that is precisely what we want". We want the government not to proceed with Bill C-244 in its present form, to let it lie on the order paper and to meet with the farmers of western Canada to discuss a rational and sensible solution to these problems, with a view to obtaining an adequate stabilization program that would even out the bumps and hollows and not just take care of a serious hollow which occurs once in every 20 years. It should be evened out to provide a decent level of income for the farmers of Western Canada.

The other problem is to do something better than the Temporary Wheat Reserves Act does in respect of the problem of grain stored in western Canada. As I say, this is a place where we can debate and have votes. I know as well as I am standing here today that if there is a vote on the amendment of the hon. member for Saskatoon-Biggar it will be defeated, and we will go on to debate the other 14 amendments on the order paper at the report stage. I know those amendments will be defeated and that the bill will go through in its present form. We also know around here that when legislation gets on the statute books it takes a long time to get it changed. The whole idea of improving the Temporary Wheat Reserves Act is a good one. The whole idea of a plan to stabilize farm income in western Canada is good, but if we are to cope with these two problems let us do so sensibly.

Mr. Woolliams: And honestly.

Mr. Knowles (Winnipeg North Centre): My friend from Calgary North (Mr. Woolliams) says "and honestly". I join with him, but I was trying to avoid that kind of assessment at the moment. We believe that many things are going on which we do not like, but at the moment I am trying to make the plea which has come to us from the farm organizations out west and which we know is coming to the minister because of the message received in the last day or so from the head of the National Farmers Union. I am trying to plead with the government to give this whole matter the further time it deserves and not to just say there are two choices, live forever with the Temporary Wheat Reserves Act with its declining value or accept the stabilization plan in Bill C-244. Those are not the only choices. It is true that the Temporary Wheat Reserves Act may decline in value and that it does not cover other grains and so on, but it is equally true that Bill C-244 will take more money out of the farmer's pockets than it will put into them. This problem will not be solved by saying, as the Prime Minister did on television on Sunday, that under Bill C-244 $170 million will be given to the farmers in these three crop years. That does not happen to be true. All they would get would be $100 million, and in the two crop years referred to they would pay back $35 million into the fund. Therefore, their net benefit would be only $65 million.

Mr. Lang: Unless there is a failure.

Mr. Knowles (Winnipeg North Centre): Yes, unless there is a failure. I did not know my hon. friends opposite were contemplating such a bad year while they were in power. In a sense, I am getting a little away from what I had intended to say. I like to get into an attack on the deception, the dishonesty, the misleading figures, the blackmail and all the rest of it, but I believe the point has been reached when this issue has become deadly serious. As I say, when a certain Liberal member spoke to me earlier today and asked if we knew what we were doing and finally said that he thought we were fooling, I told him that we were not fooling but that we think this is an important matter and that the issue should be grappled with in a sensible way. We go along with the Prime Minister in the context of participatory democracy. We believe

the people who are affected should be heard, and in this case that means the farmers.

I have some doubt about the extent to which the farmers of western Canada were heard last Friday in view of the fact that the ministers went home not understanding what had been agreed to. I would plead that the minister in charge of the Wheat Board, the Prime Minister and the members of the government meet with the heads of the National Farmers Union and the heads of the wheat pools to discuss with them their proposals. The hon. member for Swift Current-Maple Creek (Mr. McIntosh) a while ago placed on *Hansard* the four points contained in a telegram he received from the local wheat pool in his area, and my colleagues have placed on the record those same points from other organizations. They are there; they are very clear. There are about four main points involved. The minister must not tell us these are things which are outside the scope of the bill because when one talks about a better way to cope with the question of storage under the Temporary Wheat Reserves Act and when one talks about an adequate stabilization plan one is talking about things that are in this bill. If we do not deal properly with them now and this bill is pushed through and put on the statute books in its present form, we will be fastening upon the backs of the farmers in western Canada something that will cost them far more than they will get.

I said the other day that it is like some of the other legislation which has been put through this House which was supposed to be an improvement. I referred to the new unemployment insurance scheme, the new veterans legislation and the new old age security legislation. Today we have to cope with people who find that under these improved pieces of legislation their position is worse than it was before. I submit that will happen in respect of this legislation.

I wish to end on a pleading note. I say to the minister in charge of the Wheat Board and his friend and mine, the Minister of Supply and Services (Mr. Richardson), who are having a little tête-à-tête right now, that I recognize—

Mr. Deputy Speaker: Order—

Mr. Knowles (Winnipeg North Centre): May I finish my sentence?

Mr. Deputy Speaker: Yes.

Mr. Knowles (Winnipeg North Centre): I recognize the sincerity of the government in saying that the two problems of storage and stabilization have to be met and that that was the reason for bringing in this bill. I ask them, however, to realize that the farm organizations of western Canada do not believe this bill properly solves either of these problems. I ask them to meet with those organizations and let us all come up with a better bill.

• (5:10 p.m.)

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, like the hon. member who spoke before me, I consider the bill before us to be confusing. Primarily I want to strongly support the amendment presented by the hon. member for Saskatoon-Biggar (Mr. Gleave) to the effect that some amendments are required in order to increase the value of the bill.

In support of what I have just said, one needs only refer to the explanation given yesterday, October 5, 1917 by the minister in charge of the Canadian Wheat Board (Mr. Lang) in reply to a question put by the hon. member for Winnipeg North Centre (Mr. Knowles) as to whether the hon. minister knew exactly what the farmers would get under the new prairie grain stabilisation legislation, recorded on page 8446 of *Hansard*, from which I quote:

> If we have the Temporary Wheat Reserves Act route followed, without therefore passing Bill C-244, of the $62.1 million which would be paid we know that $38.6 million would reach the farmers because that is in connection with a crop year for which the transactions are concluded. Had that amount been paid it would ordinarily have been paid on June 17 as we made quite clear at all times.

I have received perhaps 600 or 700 letters from western producers first telling me to ask the government to make the payments according to the former legislation, and afterwards, they agreed with the new legislation. Yesterday, the hon. minister said, and I quote:

> The $38.6 million would therefore have reached the farmers. The balance would apply to future operations of the wheat pool as would the $30.8 million and the $20 million estimated for the subsequent years. These would apply to future wheat pools. The point I made to the hon. member who just spoke was that should any of these pools turn out to be in a deficit position, not one penny of it flows through to the farmer. So, there is no certainty possible at this time whether those amounts of money will get to the farmer. All that would happen would be that the payment by the treasury would, to that extent, reduce the treasury obligation on another account. It would not get to the farmer if the pools were in a deficit position, as it was a year ago when the Temporary Wheat Reserves Act payments did not get through to the farmers.

Mr. Speaker, such statements by the minister explain very well why western farmers are so worried about Bill C-244. In fact, they know very well that, if the June 1971 payments had been made, the situation would have been less confusing. Farmers think that this legislation is to put an end to the $38.6 million owed to them by the government under the former act.

I received today from Bonnyville, Alberta, the following letter:

[*English*]

> As a half section of land farmer, I ask you to vote for the Prairie Grains Stabilization Act. The transitional payment I would receive would amount to $511.85. I would get much less under the Temporary Wheat Reserves Act.
>
> Yours truly,
> Denis A. Rondeau
> Bonnyville, Alberta.

[*Translation*]

Farmers, especially the smaller ones, do not hesitate to say that this law is required to provide them with an improved income. However, they are concerned as to the amounts that they will receive. We, in this House, do not even know just what is in store for farmers.

Yesterday, the minister referred to approximate amounts, but nobody really knows what they are. This is why I definitely agree with the amendment moved by the

Division

hon. member for Saskatoon-Biggar to amend this legislation.

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on motion no. 1 of the hon. member for Saskatoon-Biggar (Mr. Gleave). Is it the pleasure of the House to adopt the said motion.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on motion No. 1 (Mr. Gleave) which was negatived on the following division:

• (5:20 p.m.)

YEAS

Messrs:

Alkenbrack
Asselin
Baldwin
Beaudoin
Bell
Benjamin
Bigg
Blackburn
Brewin
Burton
Caouette
Coates
Code
Crouse
Danforth
Dinsdale
Dionne
Douglas
Downey
Fairweather
Gauthier
Gilbert
Gleave
Godin
Hales
Harding
Harkness
Horner
Howard (Skeena)
Howe
Knowles (Winnipeg-North Centre)
Korchinski
Lambert (Bellechasse)
Lambert (Edmonton West)
Laprise
La Salle
Lewis
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacKay
MacLean
MacRae
McCutcheon
McGrath
McIntosh
McKinley
McQuaid
Mazankowski
Muir
Murta
Nesbitt
Nystrom
Orlikow
Paproski
Peddle
Peters
Ritchie
Rodrigue
Rose
Rowland
Ryan
Rynard
Saltsman
Schumacher
Skoberg
Skoreyko
Thomas (Moncton)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Woolliams
Yewchuk—71.

NAYS

Messrs:

Allmand
Badanai
Barrett
Basford
Béchard
Beer
Benson
Blair
Blouin
Borrie
Boulanger
Breau
Buchanan
Caccia
Cafik
Chappell
Clermont
Corbin
Corriveau
Côté (Richelieu)
Cullen
Danson
Davis
Deachman
De Bané
Drury
Dubé
Dupras
Émard
Faulkner
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Gillespie
Goyer
Gray
Guay (St. Boniface)
Guay (Lévis)
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Isabelle
Jerome
Kaplan
Lachance
Laflamme
Laing (Vancouver South)
Lajoie
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
Macdonald (Rosedale)
MacGuigan
McBride
McIlraith
McNulty
Mahoney
Marceau
Marchand (Kamloops-Cariboo)
Morison
Munro
Murphy
Noël
O'Connell
Olson
Orange
Otto
Ouellet
Pelletier
Penner
Perrault
Portelance
Pringle
Prud'homme
Reid
Richard
Richardson
Roberts
Robinson
Rochon
Roy (Timmins)
Roy (Laval)
Serré
Sharp
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Thomas (Maisonneuve-Rosemont)
Tolmie
Trudel
Turner (London East)
Wahn
Walker
Watson
Whelan
Whiting
Yanakis—114.

• (5:40 p.m.)

Mr. Speaker: I declare the motion lost.

Mr. Baldwin: Mr. Speaker, I rise on a question of privilege. It is with regard to a press release apparently issued under the name of the minister allegedly responsible for the Wheat Board.

Some hon. Members: Hear, hear!

Mr. Baldwin: The parts that are particularly obnoxious, repugnant and incorrect are the following:

—throughout the weekend indicated time and again that the Leader of the Opposition refused to agree to the moratorium.

The following then appears in quotation marks:

"We didn't know for certain until Monday morning when I consulted with the Conservative House Leader that they had no intention of assisting farmers, agreeing to the moratorium" Mr. Lang said. "I was very surprised and angry when after they had sabotaged the moratorium, they then announced an intention to cooperate and bring C-244 to a vote. That apparent about-face was soon identified as being for the public only, as they have continued to talk and waste time at every opportunity."

Some hon. Members: Hear, hear!

Mr. Baldwin: That is as far from the truth as it is possible to get. I reject it entirely. I repeat what I said on Monday morning when this question first came up and I raised the question of privilege. At that time I said, because the government had indicated through its spokesman that a moratorium was contingent upon there being some consideration of amendments and changes to Bill C-244, this would be satisfactory. When I was told categorically that prospects for any changes were very, very remote, I made it quite plain that as far as this party was concerned, there was no objection to there being any moratorium.

Those are the facts, Mr. Speaker. I can only say that those whom the gods would destroy they first make mad.

Some hon. Members: Hear, hear!

Some hon. Members: It's a lie.

Mr. Speaker: Order, please.

Mr. Lang: Mr. Speaker, I rise on a question of privilege. As was indicated when discussing this matter earlier, particularly at the time the leader of the New Democratic Party was speaking, if there had persisted to the beginning of the House sittings on Monday an agreement simply to have a moratorium on the debate and any discussion of legalities without any preconditions about what was involved or what would be assumed as a result of that moratorium, we would likely have had one.

The House leader for the official opposition has today confirmed what I suggested at that time, that the failure to obtain a moratorium was due to their insistence that their agreement depended upon our committing ourselves in advance of any discussions or conversation about the likelihood of changes being made in the bill at this time. We had to make very clear to them that it was not a likelihood at this stage. We made that clear to them. At that point they refused the moratorium on that understanding.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I see that some hon. members want to rise on this point. There cannot be a debate at this time on the question of privilege raised by the hon. member for Peace River (Mr. Baldwin). He has raised the matter. As is the practice of this House, the member who is directly concerned has been given an opportunity to reply to the point. There is no motion before the House and, therefore, no matter to discuss.

The hon. member for Timiskaming (Mr. Peters) and the hon. member for Saskatoon-Biggar (Mr. Gleave) are apparently anxious to make a contribution to the debate. I suggest there can be no debate on the question of privilege raised by the hon. member for Peace River, unless they have a point of order or a different approach. My ruling is the matter as raised by the hon. member for Peace River cannot be pursued. Is the hon. member rising on a point of order?

Mr. Peters: I rise on a point of order, Mr. Speaker. It concerns the same press release, the section that refers to the New Democratic Party. I quote:

"On the other hand the NDP have renounced their hypocrisy and have now clearly stated that they are totally against the Bill under any circumstances. —"

Some hon. Members: Hear, hear!

Mr. Peters: Mr. Speaker,—

Some hon. Members: It's a lie.

Mr. Speaker: Order, please. May we have order?

Mr. Peters: Mr. Speaker, the minister has charged hypocrisy on the part of the New Democratic Party in connection with the position it has taken. I consider the minister to be dishonest.

Some hon. Members: Hear, hear!

Mr. Peters: He is stupid.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

Mr. Peters: He is well aware—

Mr. Speaker: Order. Will the hon. member kindly resume his seat. I suggest to all hon. members that the House is really not doing itself any good by these charges and countercharges which are being levelled. The hon. member for Timiskaming suggests that statements were made. which are not in accordance with the facts. I wonder whether that will lead us anywhere. We have had this debate today. It will continue for a while yet, and I really do not think we ought to pursue the matter by way of points of order or that any conceivable purpose could be served by pursuing discussion on the plane which has now been reached.

• (5:50 p.m.)

Mr. Lewis: On a point of order, Mr. Speaker.

An hon. Member: Don't get political.

Some hon. Members: Oh, oh.

Mr. Lewis: I do not intend to try to outshout anybody. If hon. members want to shout I can stand here until they are finished. If the minister had made the statement in the House, it would have been a different thing, but the minister knows and every member of this House knows, that members of the New Democratic Party have opposed Bill C-244 as a bad bill and as being a disservice to the farmers of Canada from the very first day. The minister knows this, and his statement in his press release—

Mr. Speaker: Order. The statement by the hon. member for York South confirms what I said a few moments ago. Every member here—and there are some 200-odd members here, more or less—could get up and accuse the other side of making false statements or of having made statements which were not in accordance with the facts. We could go on for a long time on that basis. Again, I suggest to the hon. member that we are seeking to continue a debate which, in any case, will continue for some time yet. I do not think we shall achieve anything which is of use to the House or to anyone or anything, by pursuing the matter further.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker—

Mr. Speaker: Is the hon. member for Témiscamingue rising on a question of privilege?

Mr. Caouette: I rise on a question of order, Mr. Speaker.

If the name of our party was not mentioned in the release just referred to, it is because we want Bill C-244 to be voted upon, and we want to see an end to the politicking that is now going on.

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed the following bill with amendments: Bill C-262, An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect, to which the concurrence of this House is desired.

[*English*]

THE ROYAL ASSENT

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

Mr. Speaker, the honourable the Deputy Governor General desires the immediate attendance of this honourable House in the Chamber of the honourable the Senate.

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

• (6:00 p.m.)

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bill:

An Act to amend the Judges Act and the Financial Administration Act.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, October 7, 1971

The House met at 2 p.m.

ROUTINE PROCEEDINGS

PUBLIC ACCOUNTS

Seventh report of Standing Committee on Public Accounts—Mr. Hales.

* * *

HEALTH

SHORTAGE OF DOCTORS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to present a motion to the House concerning the scarcity of doctors. I rise pursuant to the terms of Standing Order 43 to ask the unanimous consent of the House to propose this motion in connection with a matter of urgent and pressing necessity.

Canada has reached a crisis which, unless federal and provincial governments act more quickly than they have, will escalate to tragic proportions on a national scale. This crisis has been caused by Canada's failure to train enough doctors to meet the increasing surgical and medical needs of Canadians. Last year Canada trained 1,152 doctors to our high Canadian standards, but had to import 1,113, many of them not trained to our standards.

The Minister of National Health and Welfare told the House yesterday it is not clear that the provision of additional funds for medical schools for Canadian students is the right solution. Perhaps not, but in the name of those countless Canadians who, now and in the future, will suffer from this indecision, let us make an end to it.

I therefore propose to move, seconded by the hon. member for Perth-Wilmot (Mr. Monteith):

That the matter of the increasing shortage of doctors who are trained to Canadian standards be referred to the Standing Committee on Health, Welfare and Social Affairs with an instruction to inquire into the matter as quickly as is consistent with a thorough study and, from time to time, report back short-term and long-term solutions.

• (2:10 p.m.)

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Simcoe North. Under the terms of Standing Order 43 this motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity; the motion cannot be put.

* * *

[*Translation*]

PENITENTIARIES

STATEMENT BY SOLICITOR GENERAL ON PENAL REFORMS

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I would like to inform the House of Commons on the present situation of the federal penitentiary system, which pertains to persons convicted of sentences of two years or more, give an outline of our policy and explain the reforms that were undertaken a few months ago by the Penitentiary Service, and other reforms that are planned for the future.

I will start with some figures on the present situation.

First of all, as far as expenses are concerned, the government must spend about $10,400 a year to keep an inmate in an institution while it costs only $415 to the government if an inmate is on parole.

During the last month of June, 5,257 offenders were on parole across Canada. A study carried out by the National Parole Board of 2,663 inmates on parole showed that 2,078 or 78 per cent had a job. They earned, for that month only, nearly $857,000. On the basis of such results and of money earned by the same persons for a whole year, this adds up to more than 10 million dollars and their income tax, both federal and provincial, has been estimated at nearly 1.3 million dollars.

Let us take a look now at the social angle. In Canada, close to one million persons have a criminal record. Each year, on average, 3,750 persons are admitted in our 36 federal institutions. At the present time, there are 7,270 inmates in our institutions, whose average age is 35 years and 80 per cent of them are recidivists.

These few figures point to the obvious conclusion that rehabilitation of offenders remains one of the major problems of our times. The present situation results from the fact that protection of society has received more emphasis than the rehabilitation of inmates.

For too long a time now, our punishment oriented society has cultivated the state of mind that demands that offenders, whatever their age and whatever the offense, be placed behind bars. Even nowadays, too many Canadians object to looking at offenders as members of our society and seem to disregard the fact that the correctional process aims at making the offender a useful and law abiding citizen, and not any more an individual alienated from society and in conflict with it.

Consequently, we have decided from now on to stress the rehabilitation of individuals rather than protection of society.

Minister's Statement on Penitentiaries

Criminologists, psychologists, psychiatrists and senior officers with a long experience of the correctional field are agreed on the fact that at least 80 per cent of our inmates can be rehabilitated.

Therefore, a policy must be established concerning those 80 per cent, that is, the larger part of our inmates, rather than a punitive policy intended to meet the needs of a minority. We will undoubtedly have to keep on protecting society against dangerous criminals, but we will also take into consideration the fact that most inmates do not belong to such a category.

Reforms are undertaken on the basis of two essential principles. Firstly, an inmate is always a citizen who, sooner or later, will return to a normal life in our society and, as such, is basically entitled to have his human dignity, of course, but also his rights as a citizen respected by us to the largest possible extent. Secondly, in order for the rehabilitation to be as successful as possible, we must take advantage of participation from the community, both inside and outside our institutions, so as to have within our institutions a way of life that is as similar as possible to the normal life of citizens.

With such principles, we hope to change in our institutions the climate of tension that results from useless coercion, obsolete policies, and to create in the old-style institutions a more relaxed atmosphere more conducive to the rehabilitation of individual inmates.

We have therefore endeavoured to liberalize the system. On the one hand, we have closed the maximum security section in St. Vincent de Paul Penitentiary and we have transferred most of the inmates of the old Kingston Penitentiary to Millhaven.

We have suspended all work for the construction of the new Mission Correctional Centre in British Columbia and appointed a task force whose terms of reference are specifically to assess the entire problem of maximum security institutions and to report to me at the end of October.

At the present time, we anticipate the creation of a greater number of pre-release centres. We also are working towards providing for visits by the inmate's family under conditions which are to comply more fully with the requirements for privacy, especially in the case of maximum security institutions.

In other institutions, we are considering the possibility of allowing the inmates to go out, following the adoption of a leave system which will be along lines similar to the "military leave of absence" system; such leave is to be periodical and regular and provided on the basis of merit. Already, in Warkworth institution, some inmates hold a regular job in a local industry; they therefore leave the institution daily.

On the other hand, we have already instituted a Permanent Advisory Committee of eight psychiatrists to help us improve mental health conditions for the inmates who are ill and to study shortcomings in the present system. We expect a first report from this group some time during the month of November 1971.

I would also like to announce the forthcoming arrival within our medical services of a permanent advisor on nursing. Moreover, a meeting is to be held in October, grouping all the medical doctors who are working in penitentiaries at the present time, in order to determine the inmates' medical requirements and to review the services provided for them so as to operate on a rational basis.

We have promoted the creation of inmate committees within the institutions. Elections have taken place within all 36 institutions and each one of the committees has held at least one meeting. The idea of inmate committees was enthusiastically received by the inmates. These committees will make it possible to establish more satisfactory co-operation between the inmates and correctional staff in order to gain better knowledge of the inmates' problems.

In another field, we have relaxed the regulations governing communications of inmates with Members of Parliament and the Commissioner of Penitentiaries. For a few months now, letters addressed to Members of Parliament or the Commissioner are not being opened or censored by the institutional authorities.

Quite recently, we brought the inmates' haircuts more up to date and provided the inmates with clothing which is similar to that worn in the outside community, especially clothing worn for leisure. We have also abolished the humiliating custom of identification numbers on clothing.

Within the same perspective, we intend to give increasing application to the "living unit concept" which we have been testing successfully within some of our institutions. This is a matter of reorganizing a normal community on a small scale: a limited number of inmates are grouped within the same wing and they share the same premises with the Correctional Officers who are in charge of the group. We are, in fact, carrying on a kind of group therapy. The result will be that the inmate will no longer be depersonalized, a frequent occurrence under the old system.

We are also proposing to establish the cafeteria system within our institutions to replace the system of meals eaten within the cells, a practice which added to the dehumanizing character of prison life.

And among the most significant of proposed reforms, I would like to point out the new concept of work and industry within the penitentiaries. It is a well-known fact already that the organization of industries within our institutions at the present time tends to promote unsound production habits. The efficiency rate for our inmates is assessed roughly at one third that of a normal worker. In order to cope with this problem, we have put into practice two projects on an experimental basis.

At the William Head minimum security institution on Vancouver Island, a regular wage will be paid for the construction of a building required by the institution. The inmates will be required to comply with the same requirements as those in force in private industry with regard to working hours and productive capacity. Instead of the present daily allowance which varies from .55 cents to .85 cents, the inmates will receive the federal minimum wage, which will make it possible for them to pay for their room and board in the institution, to pay for their clothing, to help support their family, to save money for their eventual release from prison, to pay their taxes and to be eligible for payments under unemployment insurance and workmen's compensation acts. Once released, an inmate may

be less inclined to rob a bank: on the contrary, he will already have a bank account. He may even, as in the case of other workers, receive unemployment insurance payments during the period required for finding some employment.

In Drumheller, Alberta, we have already gone one step further: the inmates are fully responsible for the construction, the organization and the operation of a golf practice range. And the money derived from the income of this business is entirely invested into a trust fund for inmates. This pilot project, in which we have a good deal of hope, will show that it is possible to allow the inmates themselves to assume responsibilities and thus to act as they would within a normal community.

Another important project in the field of correctional education is presently being implemented. Last September, the St. Lawrence Community College of Kingston extended its campus in order to include the Collins Bay Penitentiary. The institution will therefore be integrated into the campus and the inmates will be able to follow the same programs, have the same teachers and receive the same degrees as the college's fulltime students. This will improve the structure of educational programs as well as the turnover of teachers. The inmate will thus have contacts with a larger number of persons from the outside and this will facilitate his eventual re-integration into society.

The Canadian Penitentiary Service is involved in yet another research project in co-operation with the Donner Foundation of Toronto and the University of Victoria. In a year's time, we want to have determined the effects of correctional education in order to assess inmates' activities following their release.

However, it will be impossible to achieve these reforms if we do not have a highly qualified staff at our disposal. We want to expand our vocational staff—criminologists, sociologists, psychologists, correctional technicians, etc.—in order to increase the ratio between professionals and inmates. We have vast reserves at our disposal, since already the junior colleges, the colleges and the universities offer technical and vocational courses in the correctional field.

We also want to provide our employees with every opportunity of retraining themselves.

• (2:20 p.m.)

[*English*]

Mr. Hees: For heaven's sake, he has two more pages!

Mr. Speaker: Order, please.

Mr. Hees: On a point of order, Mr. Speaker, is there no limit on the length of time the minister can take? I think he is trying to talk himself out.

Mr. Speaker: Order, please. The hon. member knows that under the standing orders no time limit is imposed in respect of a statement made on motions by a minister. The limitation of time applies only to the replies made by spokesmen on behalf of the opposition parties. There may be some unfairness to this. I have in the past expressed the view and made the suggestion to ministers that perhaps some thought should be given to making statements on motions shorter rather than longer, and I would hope ministers would take this into consideration. If a minister makes a statement which takes 20 or 25 minutes I believe in such a case the House and the Chair must be prepared to hear longer comments by spokesmen on behalf of the opposition parties. It may be that when we are considering a matter as important as that now being dealt with by the minister we would want to devote more time to the subject. I do think, however, that there should be an effort made by ministers making statements on motions to present them within reasonable time limits.

[*Translation*]

Mr. Goyer: Mr. Speaker—

Mr. Speaker: I apologize for interrupting the hon. minister.

[*English*]

Is the hon. member rising on a point of order?

Mr. MacInnis: On a point of order, Mr. Speaker, considering the fact that the minister obviously has three or four more pages to read, what about the rule that forbids the reading of speeches in the House?

Mr. Speaker: The hon. member knows, of course, that that rule does not apply to statements on motions.

[*Translation*]

Mr. Goyer: We have great confidence in our personnel and we will give them both the educational and the monetary facilities to enable them to undertake retraining.

So that all may have a better understanding of the new policies, the heads and officials of our institutions will also be given the opportunity of improving their training. The administrative and organizational structures will be updated and we will emphasize further regionalization.

All the reforms pertaining to our correctional officials and personnel are conceived in a spirit of consultation which we intend to further develop. To that effect we will increase the meetings so as to ensure continuous communications.

A third major element in the implementation of these reforms is the citizens' involvement. The program which the members of our society have to set up in order to foster the ex-offender's rehabilitation is an important one. We have undertaken long-term studies on community relations to improve the planning of the programs in which citizens, employers, voluntary agencies and professionals are involved with us; and we have also encouraged Canadian employers, as well as our own departments, to employ parolees and ex-offenders.

As our society becomes better acquainted with the problems of crime and rehabilitation of offenders and as citizens realize both the economic and social advantages of a rehabilitation program, a major part of the challenge that faces us will have been met.

Our reforms will perhaps be criticized for being too liberal or for omitting to protect society against dangerous criminals.

Indeed, this new rehabilitation policy will probably demand much striving and involve some risks, but we cannot maintain a system which in itself can cause even more obvious dangers.

We are conscious of the fact that some of our inmates are dangerous and we do intend to protect society against them.

Finally, Mr. Speaker, I would like to remind hon. members that these are objectives towards which we strive and we realize that it will take time before the fundamental changes are implemented.

Bearing this in mind we intend to develop a mechanism for consultation with the provinces in order to improve greatly the Canadian penitentiary system.

[*English*]

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, this is an important subject because we are dealing with a class of people in Canada, if they might be categorized in that way, who do not have the right to exercise their franchise. They are the only class of Canadians, apart from the judiciary who are independent of our democratic institutions, who have all the qualifications but who, because they happen to run afoul of the law, are incarcerated and cannot really speak in this place or in a community through the ballot box.

The minister presented a lengthy statement. He has taken almost thirty minutes. I will try to keep my speech short but there are some things that I think should be answered. I repeat that if any subject is important in this House this one is, and we discuss many subjects at length. The fact is that there are approximately 7,000 or 8,000 people right now in the penitentiaries of Canada, some of whom are young men and women who do not have the right to express themselves through the ballot box.

I have read carefully during the lunch hour the nine page statement of the Solicitor General with reference to penal reform and corrections. Many of the items contained in the report have been recommended by this party. I hope this statement involves not a question of propaganda, not a question of words but is rather an indication of some action to relieve the situation.

The minister says that reforms are undertaken on the basis of two essential principles. One, he says, is that the inmate is always a citizen who sooner or later will return to a normal life in our society and is basically entitled to retain his human dignity and have his rights as a citizen respected by us to the largest extent. First of all, I want to congratulate the minister for realizing at last that crime is not just a sordid happening but rather a result of human behaviour brought about by our economic and social conditions which we have failed to change.

Some hon. Members: Hear, Hear!

Mr. Woolliams: For years we have pushed for and supported a system of penal reform. We have pushed and fought for a more modern idea of institutions. We have fought against the unnecessary use of maximum security institutions where the lock, the key and isolation were the letter of rehabilitation and retribution was the reason for punishment.

• (2:30 p.m.)

During my 27 years of experience at the bar and in my time as a member of the House of Commons I have visited most of the penal institutions in the country. If institutions are to be used at all, Mr. Speaker, and I have questioned that throughout my career, I point out that we in this party have fought for the use of more medium and minimum security institutions which would better serve the average incarcerated person who has been convicted of a crime for which the code by law requires the imposition of a lengthy prison sentence.

We have fought for an extension of the concept of parole under which persons could be granted wider and more humane privileges, that would permit persons in penitentiaries to attend outside educational institutions instead of remaining confined in prisons where loneliness and crime prevail, remaining in institutions which are merely crime factories manufacturing more criminals rather than dealing with persons who could and can be rehabilitated. We have fought for a wider system of parole under which a person could either remain in custody overnight and by day attend the ordinary schools in the community or be given freedom to remain out on parole during the period when he is acquiring training and education to prepare him to return to society.

We have asked for more psychologists and psychiatrists. There are not enough psychologists and psychiatrists serving penal institutions. There should be greater availability for persons convicted to obtain this kind of technical psychological psychiatry, to make certain they receive the emotional and mental treatment necessary for their rehabilitation.

I hope the minister realizes that crime is not only the fault of the prisoner but the fault of society as well. Everyone is born as clean as a white piece of paper. It is society that creates the environment which leads to crime. I respect the minister's enlightened views in this field, but in light of the discovery yesterday that employees of Statistics Canada are to be fingerprinted and photographed for security reasons I wonder whether his views will be translated into action.

This is a complex problem. On the one hand we find that the minister is imposing restrictions on Canadians, and on the other hand that he is stressing the rehabilitation of the individual rather than the protection of society. It is not clear to me which priority is uppermost in the minister's mind. It is also not clear to me why there should even be a conflict between the two.

The Solicitor General (Mr. Goyer) has pointed out that at least 80 per cent of the inmates of penal institutions can be rehabilitated. But the important statistic is that which shows that 80 per cent of those people who have been incarcerated in prisons are returned to those same institutions for committing other crimes.

I put this on the highest level, Mr. Speaker, because we are dealing with a matter which is above politics. We need reforms. All of this appears to be contained in the minister's statement. But is it a matter of words or a matter of action? Can the 7,000 or 8,000 prisoners in Canada turn over tonight in their little cots in the loneliness of their cells and say: Something is going to be done for us; things will be better for us in the future. We must be prepared to spend money on reform. It is all right to talk, but we must be prepared to spend money if we are actually to get reform.

Prisons create for the individual an atmosphere of fear, of violence, in which the problems created by lack of

education, lack of help for physical and mental illness, and the prevalence of drugs, homosexuality and so on, combine to unsettle the most stable individual. Prisons create the starkest possible segregation from the community. Months or years are spent in a prison environment, followed by sudden release and full personal responsibility. We could not devise a more traumatic social experience.

For those who make up our crime problem, penitence has little meaning. By and large their lives are so empty, they are so full of frustration and despair, they are so sick in mind and body, and their entire life experience, providing them grist for thought, is so totally lacking in charity that contemplation is more likely to cause anger at society's sins rather than remorse for what they themselves have done.

At the beginning of these remarks, Mr. Speaker, I said that I had visited many penitentiaries, both as a Member of Parliament and as a counsel. I have seen the terror, the emotion on the faces of young people incarcerated as late as 1968 after having been sentenced to five years for trafficking in, being in possession of or using non-medical drugs such as marijuana.

We can only rehabilitate the convicted if the law is reformed to bring it in line with the 1971 concept of what is expected in a highly complex, technological age. Political and economic reforms must come now. Above all, those who have been given the privilege to govern must respect and obey the law themselves. The flouting of the law by the government will do more to encourage crime in society than any other factor.

I would like to read a newspaper clipping I received this morning which was sent to me by somebody in my home town. I do not know who sent it to me, but it reads:

> The University of Calgary called yesterday for 400 volunteers to take part in its research project on the non-medical use of marijuana. The two-year project, financed by a $100,000 grant from the federal government, will be an attempt to determine the physical and mental effects of marijuana smoking under controlled test conditions.

The point I am making here is that young men attending our universities and colleges are charged under the Narcotics Act for doing the very thing that the government will now be paying other young people to do. There cannot be one law for one section of the population and another law for another section. That is what I mean by flouting the law. You must have respect for law and order if you are going to try to prevent crime.

The social and economic changes about which I am talking include the development of a creative society in which all young persons will have an opportunity to succeed. Last year thousands of young people in universities were turned down and failed simply because of a matter of a decimal point in their marks. Thousands were denied the right to study medicine; thousands were denied the right to study accounting; thousands were denied the right to study law, pharmacy or other professions, and thousands of others were denied the right to be trained in some skill simply because we do not have enough institutions for all our young people. These young people are being denied by a system of human computerization. Somebody makes a differentiation of .06 in their academic marks and that is sufficient to set them apart from somebody else. The time to start reforming our institutions is now in order to give all our young people a chance and remove their frustrations.

Having said that, Mr. Speaker, I wish to read one short excerpt from a book which I think everybody should read, "Crime in America", written by Ramsey Clark, the former Attorney General of the United States. In it he writes:

> If rehabilitation is the goal, only the indeterminate sentence will be used.

In other words, what he is saying is that under a modern, streamlined criminal code a judge could make more use of indeterminate sentences, because what judge knows how a man or woman will react six months, one year, or five years after their appearance in court? Indeterminate sentences would be one way by which young people would have a chance to become rehabilitated and attend educational institutions. That would be a starting point in reform.

I have been speaking for just ten minutes, Mr. Speaker, while the minister spoke for 30 minutes. I want to repeat that this is the most important matter raised this session in reference to human dignity and the quality of life of the individual. The minister is a young man and I congratulate him on many of the views he holds. I hope he will translate his words into action in order to relieve the terrible frustrations of the convicted and to change our prisons from factories of crime to factories of rehabilitation and prevention of crime.

Mr. John Gilbert (Broadview): Mr. Speaker, I would like to preface my remarks by thanking the minister for sending us a copy of his statement in sufficient time so that we could make an adequate reply.

• (2:40 p.m.)

The minister has brought to his new portfolio a great deal of vigour and concern with regard to the problems of the penitentiaries. But, Mr. Speaker, I hesitate to congratulate him because his government is the one responsible for not implementing reforms many years ago in order to develop an adequate penology system. When one looks at our prisons today I think we are fortunate that we have only experienced the incidents at Kingston and Dorchester within recent times.

Another reason why I hesitate to congratulate the minister is that for most of his reforms no definite period of time for implementation is given. For example, in his statement the minister said, "We anticipate the creation of a greater number of release centres", "we are considering the adoption of a leave system", "we intend to give increasing application to the living unit concept", "we are proposing a cafeteria system". Such words as "anticipate", "considering", "intend to give increasing application" and "proposing" are not sufficient. When the reforms are definitely implemented we in the New Democratic Party will be the first to commend the minister. At this time, however, we are not prepared to congratulate him on a mere statement on motions in the House which only sets forth indefinite future actions.

I had the privilege of travelling with the Standing Committee on Justice and Legal Affairs when it crossed the country visiting different institutions such as St. Vincent de Paul, Prince Albert, New Westminster, Archambault,

the new Millhaven and others. Whether the institutions are new or old certain things are common to all. First, there is too much stone and steel in the construction, giving one a feeling of separation and rejection. Many of the institutions are too large, indicating a depersonalization of the inmates. Many of them are located too far from major cities, thereby denying inmates proper treatment facilities and personnel and making their reorientation within the community very difficult upon release. We found that there is an excessive use of prisons in Canada. It is only now that the minister has said that the parole system is of great value. May I suggest to the Solicitor General that we should start at the probation service stage. If this were improved within the court system, perhaps the large populations at present in the prisons would not be necessary.

Another thing we found was a too heavy concentration on maximum security prisons across the country. I am delighted that the minister told us that he has halted construction of the Mission Correction Centre. In Canada maximum security prisons are populated to the extent of 35 per cent whereas in Great Britain the figure is 15 per cent. Something must, therefore, be basically wrong with regard to classifying the inmates in institutions.

We also found that the classification centres are not adequate to diagnose the problems of inmates and set forth a proper treatment and evaluation program. The industrial training courses are also inadequate and do not equip inmates to accept their responsibilities within the community upon release. Finally, we were struck by the absence of a team approach by the staff and the inmates of the institutions.

The Ouimet report set forth two principles with regard to prisoners. The first requirement was custody of the inmate for the period of his sentence subject to remission and/or parole. The second requirement was to prepare the individual for permanent return to the community so he could live as a law-abiding and contributing citizen. Our prisons in the past have not achieved these goals nor are they doing so at present. This is one of the reasons for the high rate of recidivism. In the past, control was through containment rather than through involvement. If these reforms are fully implemented we may find a change in the emphasis with regard to prisoners.

May I add, Mr. Speaker, that some changes are still necessary. For example, the design, size and function of prisons must be blended toward preparing individuals for their return to society as law-abiding citizens. Prison programs and services must also provide adequate training and treatment both within and without the institutions. The best example of this need is the absence of treatment for many of the drug addicts within society today. Matsqui is the only centre where treatment is available. I am sure the Solicitor General looks forward to the day when treatment centres for addicts will be closely attached to the prisons.

I thought the minister showed a particular interest in inmate committees. I am sure one of the reasons for so much trouble in prisons in the past was the absence of any participation by inmates with regard to conditions of discipline and treatment. If the minister is really serious about inmate committees I would recommend to him that some of those inmate committees appear before the Standing Committee on Justice and Legal Affairs when the estimates come before it in order to set forth their ideas on what a prison should contain with regard to design, size and programs regarding their treatment.

In fairness, Mr. Speaker, I think the reforms are a step in the right direction and we shall await their implementation and evaluation. Finally, I suggest to the minister that, if he does not want to see prisons in the future populated with young people, he withdraw the Young Offenders Act and replace it with modern penology concepts. This would be the greatest contribution the minister could make to this Parliament.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, more than ever we can truthfully say that we live in a mad world and are governed by the most outstanding of the mad.

Seeking to correct the effects of causes one is unwilling to change is, in my opinion, just standing still, which is absolutely no way to solve a problem which does call for a solution, but an intelligent one.

Rehabilitation of offenders, according to the Solicitor General's statement, has become more important than the protection of society. The Solicitor General does not, for instance, mention that there are causes for our having offenders and criminals, stemming from within society itself. Therefore, so long as we tolerate those causes, poverty in the midst of affluence, and insecurity, we evidently will have criminals to cope with. To try to rehabiliate them in hostile society is the solution the Solicitor General has to offer. Indeed, according to his statements, unemployed and welfare recipients would be better protected in jail than if they were free.

Please note that I am for the rehabilitation of prisoners, but in a society that will allow it, which is impossible in the present system. We want them to be rehabilitated. We now promise them university degrees or CEGEP diplomas. Therefore, our young people of 18, 19 or 20 years of age, who are honest and anxious to complete their studies and graduate will have no other choice but to commit an offence, be sentenced to prison where they will be sure to get a university degree or CEGEP diploma.

• (2:50 p.m.)

Mr. Speaker, we agree on emphasizing rehabilitation but, as I say, as long as we tolerate insecurity among prisoners—and the government very well knows it—they will be incited to return to prison and that, on several occasions.

Mr. Speaker, it does not seem to me a step in the right direction. That might please the prisoner, but once he is released, if he is rehabilitated he will be returned to society where he has no place. What purpose will be served by prison or penitentiary reforms? Let us begin by reforming what must be reformed in Canada: the economic system, which allows the eventual prisoners to remain in society and take part in its activities. But no, the government prefers to come to grips with problems caused by the present situation, and not with the causes themselves.

Mr. Speaker, the minister told us that it costs $10,400 yearly to keep an individual behind bars. In my opinion it would cost less to provide for his needs or give him a job

when he is free and before he commits a crime. Furthermore this would encourage young people to abstain from committing criminal acts which send them behind bars.

Mr. Speaker, it seems to us that the psychiatrists, the psychologists and the sociologists mentioned by the minister should be used not only to study the behaviour of prisoners but also the behaviour of the government.

[*English*]

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

DEVELOPMENT BY GOVERNMENT OF OVER-ALL INDUSTRIAL STRATEGY—CO-ORDINATION WITHIN GOVERNMENT SERVICES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, my question is for the Prime Minister. It relates to the serious decline in the development of our manufacturing industry, particularly in the technological areas, which the Science Council says dates from mid-1968 and which just happens to be the time my right hon. friend assumed control of the affairs of this country. Does the Prime Minister now intend to have the government prepare and develop an over-all industrial strategy as recommended by the Science Council?

Hon. Alastair Gillespie (Minister of State for Science and Technology): Mr. Speaker, perhaps I might reply to the Leader of the Opposition and observe that the Science Council is an entirely independent organization, independent in the sense that it is a Crown corporation. It decides what studies it will undertake and what studies it will publish. As the minister responsible for the Science Council, I shall be most interested in examining the proposals set forth in the report alluded to by the Leader of the Opposition.

Mr. Stanfield: Mr. Speaker, the minister's answer goes directly to the main consideration to which the Science Council called attention. In light of the minister's answer I would again like to direct a question to the Prime Minister. In view of the urgency of the situation which prompted the Science Council to develop and prepare an interim report and in view of the emphasis placed by the Science Council upon the lack of co-ordination within government services, will the Prime Minister undertake to follow through on one of the major recommendations in this interim report of the Science Council and name without delay a central point in government that will have a mandate to effect such co-ordination?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the government has been following a concerted industrial development policy to strengthen our secondary and processing industries. A good deal of attention has been directed to the high technology sectors. Continuing attention is given within the department of Industry, Trade and Commerce and other relevant departments to the development of programs and policies to strengthen Canadian industry and to achieve more effective co-operation between industry and government. The interim report of the council constitutes a most useful input into this continuing process.

Mr. Stanfield: I am sure, Mr. Speaker, we are all interested to know how amused the Prime Minister is by the sad state of industry in Canada. I have one final supplementary question.

Some hon. Members: Oh, oh!

Mr. Stanfield: Just be patient. In view of the council's observation that the relationship between industry and government is by no means good enough and that this goes to the very root of the problem, I ask the Prime Minister whether he intends to do something to improve this situation rather than simply deliver lectures about the contributions of the Phoenicians?

FISCAL POLICY TO STIMULATE MANUFACTURING RATHER THAN EXTRACTING SECTOR—NEW POLICY FOR REGIONAL DEVELOPMENT INCENTIVE GRANTS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I direct a supplementary question to the Minister of Finance. In view of the fact the Science Council points out that the growth of manufacturing has been marking time since 1968 and there are 120,000 fewer jobs than expected, is the minister planning to announce any fiscal policy that will help stimulate the manufacturing sector rather than the extraction sector of the economy which has been paying out only a small percentage of its profits in taxes?

Hon. E. J. Benson (Minister of Finance): Without accepting the premise of the question or the conclusion, Mr. Speaker, I simply say that our present fiscal policies, including those which are presently before the House, if we ever get them passed, will be of great benefit to the manufacturing industry in Canada and, indeed, include tax decreases for the general corporations which pay corporate income tax. I hope we can get on with them very quickly.

Mr. Douglas: May I direct a further supplementary question to the Prime Minister. In view of the fact that the council found that the work of the Department of Regional Economic Expansion was lacking in co-ordination and that many of its grants to foreign companies were squeezing out Canadian enterprises, I ask the Prime Minister if the government intends to evaluate this finding of the Science Council and to announce any new policy under which the Department of Regional Economic Expansion will operate?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not read the report which I understand was only made public yesterday. I am afraid I cannot comment on the report itself. If the hon. member is reflecting its considered judgment on that department, I would say that it sounds a bit wild to me, but I will certainly consider what they have to say and see if there is perhaps not a context which makes it a little less brutal than the member has put it in his question.

Inquiries of the Ministry

TAX INCENTIVE PLAN TO ENCOURAGE GREATER PRODUCTIVITY

Hon. George Hees (Prince-Edward-Hastings): Mr. Speaker, I have a supplementary question for the Minister of Finance. As the new chairman of the Economic Council of Canada stated recently that "Canadian productivity must be improved if Canadian products are to remain competitive", does the government intend to introduce a tax incentive plan in the near future to encourage greater productivity in Canadian industry, or does it have some other plan in mind for bringing about this very necessary and desirable objective?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I think the Canadian environment generally encourages productivity in Canadian industry. One of the problems we have presently is that the gross national product is growing very rapidly but productivity is also growing, so not as much employment is being created as would normally occur through this size increase in the gross national product.

• (3:00 p.m.)

Mr. Hees: Does the minister intend to make a speech in the very near future to Canadian industry telling Canadian industry that it never had it so good and that the government intends to do absolutely nothing to improve productivity in this country?

Mr. Speaker: Order, please.

Mr. Benson: You keep making the same speech each day.

Mr. Hees: I want an answer to a very important question.

CHANGES IN REGIONAL DEVELOPMENT INCENTIVE POLICIES TO ACHIEVE GREATER PLANNING AND CO-ORDINATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. In light of the Science Council of Canada's recent call for a new industrial strategy for Canada to promote the growth of manufacturing, and a series of resolutions passed by the Chamber of Commerce at its meeting in Quebec two weeks ago also calling for a new industrial strategy, can the minister tell the House whether his department will now change its incentive policies in such a way as to make possible a greater degree of planning and co-ordination?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I started reading the report. It is highly interesting; some of the views expressed there certainly deserve very close consideration. However, there are also some extremely serious omissions in this report, and once I have had time to study it in depth, I may be able to discuss it.

[*English*]

Mr. McGrath: May I ask the minister whether, in light of the specific remarks directed at his department in the report, and in light of the statements made by other groups in the country, an examination is now taking place of the whole concept of regional industrial incentives under the minister's jurisdiction with a view to greater planning and co-ordination being exercised?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, it is not as a result of mere criticism that we hear or read somewhere that we must change our policy. It must be determined whether criticism is warranted; we consider it very seriously. That program did not come about out of thin air, but it has been brought forward by Parliament. It may have some deficiencies; we are prepared to correct them, but not merely on account of pressures or press statements.

[*English*]

SUGGESTED RECONSIDERATION OF INCENTIVE GRANTS TO FOREIGN-OWNED COMPANIES

Mr. John Burton (Regina East): I should like to address a supplementary question to the Minister of Regional Economic Expansion. In light of the findings of the Science Council of Canada and similar criticisms which have been made concerning grants to foreign-owned companies, is the government now reconsidering its policy with respect to making regional industrial incentive grants to such companies?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I have said several times in the House that the mandate of the department was to fight against regional disparity and not to define the policy of the Canadian government about foreign investments. I look after investment in underdeveloped areas and the other problem will undoubtedly be dealt with in a different manner in the House of Commons.

[*English*]

Mr. Speaker: The Chair will recognize the hon. member for Edmonton Centre for a last supplementary on this subject and then go to the next subject.

CONSTRUCTION INDUSTRY—AVOIDANCE OF USE AS ECONOMIC REGULATOR

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I wish to direct my supplementary question to the Prime Minister or to the new Minister of State for Science and Technology or to the Minister of State for Urban Affairs. Does the government intend to use a little imagination when studying the call by the Science Council of Canada that the government cease using the construction industry as an economic regulator and begin helping to revitalize the construction sector?

Hon. Robert K. Andras (Minister of State for Urban Affairs): I think the support given to the residential construction industry over the last two or three years is an indication that we are taking that kind of suggestion very seriously. I think that particular comment was a bit passé.

Mr. Paproski: Is the government preparing a new construction policy which will separate the housing sector from the government's economic stabilization strategy and, if so, when will a statement be made?

Mr. Andras: The indication this year is that we can expect in excess of 220,000 housing starts.

Mr. Speaker: Order, please.

* * *

GRAIN

STABILIZATION BILL—FURTHER CONSULTATIONS WITH FARM ORGANIZATIONS ON INCLUSION OF COST OF PRODUCTION FORMULA

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, may I ask the minister in charge of the Wheat Board this question. In view of the statement by the president of the Saskatchewan Wheat Pool on October 4 that the pool will accept the stabilization plan if an adequate inflation formula is built in right now, does the minister intend to hold further consultations with the prairie farm organizations to see whether some mutually acceptable formula can be worked out?

Hon. Otto E. Lang (Minister of Manpower and Immigration): In all the discussions with the Saskatchewan Wheat Pool and a number of other farm organizations it was impossible to see any suggestions they were making which were merely for improvements in the plan itself, as distinct from the legislation, without the addition of large amounts of money. In other words, even their suggestion with regard to an inflation factor was not designed to improve the plan within a given financial range but was designed to increase that range. I am having further discussions with the organizations to find out whether they have any further technical suggestions or improvements to the plan to put forward, but I have no reason to believe this will be the case.

Mr. Gleave: Have any studies been made by the minister or by the department in an effort to ascertain what would be the cost of including a cost of production formula in the plan or arrangements for taking inflation into account?

Mr. Lang: A whole range of matters which were suggested at different times in the course of discussions concerning the plan were examined, as I have indicated to the House many times. Most of the cost of production formulas were either unworkable or difficult to justify in principle, in the sense that they would give a guaranteed annual income to one group in the country without such protection being available to others. An examination was made in some detail into a variety of these measures.

Mr. S. J. Korchinski (Mackenzie): Would the minister be prepared to accept any plan which would allow for treasury payments at least equivalent to those made under the program which is to be dropped?

Mr. Lang: The whole package of proposals with which we came forward in October, and in respect of which certain implementation has taken place, enlarges the commitment of the treasury to the farmers in the grain area.

SPLITTING OF STABILIZATION BILL TO PERMIT ACREAGE PAYMENTS PENDING FURTHER CONSULTATIONS

Mr. Lorne Nystrom (Yorkton-Melville): Is the government now considering splitting Bill C-244 in order that the $100 million acreage payment can go out to farmers and further consultations can then take place concerning the stabilization bill itself?

Hon. Otto E. Lang (Minister of Manpower and Immigration): There was at no time any suggestion about splitting the bill. It was at all times presented as a substitution of one set of measures for another with the indicated financial exigencies that this would involve. The recommendation makes clear exactly the extent to which the government's contribution to the grain farming area would be increased by the present measure.

* * *

THE CANADIAN ECONOMY

BASIS OF REVIEW OF ECONOMIC RELATIONS WITH UNITED STATES—NEW INFORMATION CONCERNING UNITED STATES IMPORT SURCHARGE

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I wish to direct a question to the Prime Minister. For two weeks the Prime Minister has stated that the government does not yet have any reason to believe that the United States has decided to alter fundamentally its economic relationship with Canada. Yesterday the Secretary of State for External Affairs said the government was now undertaking a fundamental review of Canada's economic relations with the United States. Is this review under way because the government now believes the United States position has been fundamentally altered and, if so, has the government received any new information on the basis of which it has reached a conclusion concerning United States intentions with regard to the 10 per cent surcharge?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Since the question relates to a statement I made, perhaps I might be allowed to reply. I made it clear in the statement I made on television that we are undertaking a fundamental reassessment of our economic relations with the United States because it appears to us that the United States may be in the process of changing its fundamental policies. One of the difficulties is, of course, to know for certain at the present time whether this change has in fact taken place. We hope it has not, but I think the hon. member will agree we should be prepared.

Mr. Lundrigan: May I rephrase my question to the Prime Minister a little differently? Is this decision to undertake this fundamental review based on any new information received since the Prime Minister stated more than a week ago on "Encounter" that any review would have to follow clarification of United States intentions?

Mr. Sharp: I think it is clear from the answer I gave that the government is undertaking this fundamental review in anticipation of a possible change in United States policy. We are not yet certain what that policy will be. Perhaps the hon. member knows and will help us.

Mr. Lundrigan: I have one final supplementary, Mr. Speaker. I should like to ask the Secretary of State for External Affairs whether the government is really reviewing our economic relations with the United States at the moment or whether, in light of recent travels to Washington, it is making a fundamental review of our diplomatic practices and approaches in relation to the United States and other countries?

• (3:10 p.m.)

Mr. Sharp: No, Mr. Speaker. I think our diplomatic approaches are proceeding normally. However, I am sure the hon. member would agree that any government in charge of affairs in Canada today would be thinking about the possible changes that might occur in the policies of the United States which would affect us, and I believe we should be preparing for that contingency.

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. May I ask the Secretary of State for External Affairs whether relations between Ottawa and Washington have deteriorated to the point that it is now no longer possible for this government to find out what the economic plans of the United States administration are in relation to Canada?

Mr. Sharp: Mr. Speaker, the present policies of the United States toward the rest of the world, including Canada, are only too plain. What we do not know is how temporary they are. Perhaps my learned friend would like to—

Mr. Speaker: Order, please.

[*Later:*]

UNITED STATES IMPORT SURTAX—SUGGESTION THAT PRIME MINISTER WRITE OR TELEPHONE PRESIDENT NIXON

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question that is supplementary to a previous question and which I will address to the Prime Minister. Is it not obvious now from the answers given by the Secretary of State for External Affairs to a previous question that either a telephone call or a letter from the Prime Minister to President Nixon, asking what the plans of the United States are regarding the surtax and what Canada must do if the surtax is to be relaxed, is long overdue and that such a call or letter should be undertaken now?

Mr. Speaker: Order, please.

EFFECT OF UNITED STATES ECONOMIC MEASURES—PURPOSE OF POSSIBLE WINTER WORKS PROGRAM—UNEMPLOYMENT PROJECTIONS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a question related to the questions posed to the Secretary of State for External Affairs regarding the effect of United States economic policies on our employment situation this winter. While the government seems prepared to introduce a winter works program, can the Prime Minister inform the House whether such direct job programs will be part of a new package of economic policies to achieve full employment, or will it simply be intended to keep unemployment stable between 6 and 7 per cent for the next eight to 12 months?

[Mr. Lundrigan.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, any package that we might want to announce would be intended to achieve the best possible performance from the economy.

Mr. Alexander: Is the Prime Minister going to spell out the level of unemployment with which the provinces will have to deal this winter, and which will not be reduced by further government employment programs, whether financed by the federal government alone or in conjunction with the provincial governments, and, if so, when?

Mr. Trudeau: Mr. Speaker, I have always said that we would let the House know as soon as we are prepared to make a statement on this subject.

Mr. Alexander: A further supplementary, Mr. Speaker.

Mr. Speaker: Order, please. I would suggest to hon. members that if we are going to have three or four supplementaries on every subject we will be running short of time and be unable to cover many topics. I will allow a final supplementary to the hon. member for Hamilton West and then I will recognize the hon. member for Frazer Valley West.

Mr. Alexander: You are extremely charitable this afternoon, Sir. I have one final supplementary question. I know that the government is involved with plans dealing with the unemployment situation this winter and that the government must have some projection of the rate of unemployment with which we will be faced and the targets the government is trying to reach in order to alleviate that rate. Is the Prime Minister in a position to advise the House what these projections and targets are at this date?

Mr. Trudeau: Mr. Speaker, stated in general terms, I said it was the best performance possible of the economy, but I do not see any possibility of giving specific statistics with any sort of certainty and precision.

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EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—DISCUSSIONS WITH UNITED STATES ON POSSIBLE POSTPONEMENT

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. In view of the fact that the minister met with his United States counterpart, Secretary Rogers, in New York last week, and since their discussions undoubtedly included the forthcoming nuclear test on Amchitka and Canada's opposition to it, has the minister anything to report directly to the House on this very important subject?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, when I met Secretary Rogers I did, as the hon. member has said, raise this question and express the very serious concern not only of the Canadian government but of the Canadian Parliament and people, particularly on the west coast. He replied that the President was very well aware of these views, that indeed he had recently been to Alaska where he had encountered the views of those in Alaska who were opposed to the test. So I can assure the House that Canada's views and the views of this House are very well known to the United States administration.

Mr. Rose: Since thousands of students in Vancouver peacefully demonstrated yesterday against the horror of nuclear warfare, does the government now plan to take any further initiatives in opposition to such tests in the Aleutians or anywhere else in the world where they occur?

Mr. Sharp: Mr. Speaker, I think it would have been helpful if we could have had the unanimous views of the House.

Some hon. Members: Hear, hear!

Mr. Sharp: However, I regret that an attempt was made to introduce some extraneous matters and our effort failed.

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OIL

PROPOSED TAPS TANKER ROUTE—FURTHER REPRESENTATIONS TO UNITED STATES

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question for the Secretary of State for External Affairs somewhat related to the one asked by my colleague from Fraser Valley West. Having in mind the statement made by the United States Secretary of the Interior which would indicate the almost certainty of Alaskan oil being shipped via the north Pacific and along the British Columbia coast, with all the ecological perils that that entails, is the Secretary of State for External Affairs aware of this developing situation and is he considering any further and stronger steps in opposition to it?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Yes, Mr. Speaker. Like the hon. member I have been following these developments. I am not quite certain it would be useful to follow up the representations that we have made, but I can assure the hon. member that the matter is under consideration.

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INDUSTRY

PROPOSED TAKE-OVER OF SUPERTEST BY BRITISH PETROLEUM—POSSIBLE GOVERNMENT ACTION

Mr. John Roberts (York-Simcoe): Mr. Speaker, I have a question for the Acting Minister of Energy, Mines and Resources. Would the minister tell the House whether the government is considering any intervention to ensure that Supertest is not taken over by British Petroleum?

Hon. Otto E. Lang (Acting Minister of Energy, Mines and Resources): Mr. Speaker, we were made aware of these negotiations from an early date and are reviewing the matter, but we have nothing more to say on the question at this time.

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DRUGS

INQUIRY AS TO FINAL REPORT OF LE DAIN COMMISSION

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. In view of the fact that one year and four months have gone by since the Le Dain commission's interim report was published, and the Minister of National Health and Welfare at that time pledged that Canada would not sign the new United Nations convention on psychotropic substances until a debate had been held on the Le Dain report, would the minister inform the House when the final report of the Le Dain commission will be published?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the latest word I had was that the Chairman of the commission has indicated that we might expect the final report some time in December.

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ADMINISTRATION OF JUSTICE

MORATORIUM ON INCARCERATION OF PERSONS CONVICTED OF POSSESSION OF MARIJUANA IN VIEW OF GOVERNMENT EXPERIMENT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Perhaps I should direct it to the Attorney General of Canada since it is in his field. Is the minister anticipating placing a moratorium on the incarceration of people convicted of possession of marijuana or use of marijuana, particularly when the government is putting up $100,000 to be spent by a university in conducting experiments to find out the effects of the drug on human beings?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I think that answer would more appropriately come from the Minister of Justice, but I would point out to the hon. member, as he is probably aware, that the number of incarcerations resulting from charges brought against persons for possession of marijuana is very small indeed.

• (3:20 p.m.)

Mr. Woolliams: Mr. Speaker, the Minister of National Health and Welfare said the number of incarcerations is small. Let me put this to him. Has he taken into consideration the fact that by this experimentation he is really soliciting Canadians to break the law as it now stands?

Inquiries of the Ministry

Mr. Speaker: Order, please. I suggest that the hon. member's question is in the form of an argument.

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DRUGS

HEROIN—PROGRAMS TO DEAL WITH ADDICTS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to ask the minister whether he is aware of the fact that between 20,000 and 30,000 Canadians are now using heroin and that many experts feel that Canada is on the verge of a real crisis? Is the government now going to take any new initiatives in co-operation with the provinces to deal with this most dangerous practice even before the Le Dain report on the non-medical use of drugs is presented?

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker. We are in touch with the provinces on an ongoing basis. We are advising them of the cost-sharing arrangements under the medicare and hospitalization plans and have indicated that many addicts qualify under the Canada Assistance Plan. To the degree that the provinces wish to take advantage of these cost-sharing arrangements, more adequate facilities can be provided not only to assist heroin addicts but in the form of preventative programs to more adequately take care of the problem. We also expect to have this matter on the agenda of the next health ministers conference.

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PUBLIC SERVICE

TRANSFER OF EMPLOYEES TO NORTHWEST TERRITORIES AND YUKON—RETENTION OF RIGHTS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in view of the large number of employees in the Department of Public Works who are being transferred to the territorial governments or municipalities in the Northwest Territories and the Yukon, the responsibility for which rests upon this government, I should like to ask the minister whether discussions are being held with those agencies and with the employees concerned to assure that their rights in connection with pensions and working conditions will be protected when the transfer is made?

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, the information I have is that the employees themselves were consulted from the beginning, and I would be surprised if the situation was otherwise. I will make inquiries to see if that is the case.

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FISHERIES

ESTABLISHMENT OF CANADIAN JURISDICTION OVER CONTINENTAL SHELF TO PRESERVE RESOURCES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, in view of the fact the government of Iceland has announced it will issue new regulations before September 1, 1972, giving Iceland exclusive fisheries jurisdiction over its continental shelf, which is approximately 50 to 70 miles from its coast, will the Secretary of State for External Affairs indicate whether it is the government's intention to introduce similar legislation claiming fisheries jurisdiction over the Canadian continental shelf in order to establish proper conservation and utilization methods for the preservation of our fisheries resources?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I doubt that we will introduce such legislation but we will certainly be pursuing a proposal to a similar effect at the projected law of the sea conference. I think it would be desirable to get international agreement.

LAW OF THE SEA CONFERENCE AGENDA—MANAGEMENT OF FISHING RESOURCES

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, would the Secretary of State for External Affairs indicate whether an agenda has been agreed to for the law of the sea conference which is to take place in 1973, and what priority Canada has given to the management of fisheries resources on that agenda?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, discussions have been going on at the preparatory commission, but we have not yet obtained full agreement. As to the second part of the question, I will have to take it as notice because there are many important matters we will be pressing at the law of the sea conference.

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ROYAL CANADIAN MOUNTED POLICE

USE OF INFORMERS—REPUDIATION OF STATEMENTS BY ROBERT EADIE AND FATHER

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I direct my question to the Solicitor General who was last week going to look at the script of the CBC "Midweek" program dealing with a former young informer named Eadie. Does he intend to repudiate certain statements made by the father and son, and if not before the Standing Committee on Justice and Legal Affairs will he do so at ten o'clock as my guest?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I thank the hon. member for his invitation, but I read the script of September 30. I think that it adds nothing new to the allegations made on September 8, which I specifically refuted before the House on September 17.

[*English*]

Mr. McCleave: Ten o'clock, Mr. Speaker.

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STATISTICS CANADA

PURPOSE OF FINGERPRINTING AND PHOTOGRAPHING EMPLOYEES

Mr. Kenneth Robinson (Toronto-Lakeshore): Mr. Speaker, I have a question for the Minister of Industry, Trade

and Commerce. In his absence I will direct it to his Parliamentary Secretary. Today the *Globe and Mail* indicates that employees of Statistics Canada are to be fingerprinted by the RCMP.

Some hon. Members: Shame!

Mr. Robinson: Will the parliamentary secretary advise whether that is correct and, if so, what is the purpose for which these fingerprints are being taken?

Mr. Speaker: Order, please. As the hon. member knows, he cannot ask a minister or a parliamentary secretary to deny or confirm a press report, but perhaps we might assume that the question was asked directly.

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, Statistics Canada has a very serious responsibility in respect to confidentiality of information in its care and in line with a review of security provisions it is going to issue new identity cards to its employees. The new cards will include the name and a picture of the employee but will not include the fingerprints of the employee. The RCMP is not involved in any way.

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AGRICULTURE

CORN—REQUEST FOR STATEMENT ON POLICY RESPECTING PRICE AND STORAGE

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I should like to address my question to the Minister of Agriculture. It relates to the continuing deterioration of commercial corn prices in Canada. Is it the minister's intention to make an early statement on motions about government policy in this respect, and will he include in this statement an indication of whether the government has made an assessment of the total production of corn in eastern Canada and the availability of storage, or will our harvest operation find our eastern elevators filled with western barley and United States corn?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I have answered similar questions earlier to the effect that I have had a number of conversations with representatives of the corn industry, both here in Ottawa and in the corn growing areas. We are looking at this matter on an urgent basis and as soon as there is an announcement to be made I will make it.

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CONSUMER AFFAIRS

PACKAGING AND LABELLING BILL—REASON FOR DELAY IN PROCLAMATION

Mr. A. D. Hales (Wellington): Mr. Speaker, in view of the far-reaching effect the packaging and labelling bill will have on business and industry generally, will the Minister of Consumer and Corporate Affairs advise the House why this bill has not been proclaimed?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, it has not been proclaimed because we are drafting the regulations. In the process of doing that we are consulting with industries to avoid any undue disruption of practices. We also want the regulations to be of maximum assistance to the consumer because the packaging and labelling legislation represents a major advance for consumers in regard to packaging and labelling in Canada.

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VETERANS AFFAIRS

TRANSFER OF LANCASTER HOSPITAL TO PROVINCIAL AUTHORITIES—PROTECTION OF EMPLOYEES' CONDITIONS OF SERVICE

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I have a question for the Minister of Veterans Affairs related to the renewed discussions on the possible transfer of the Lancaster DVA hospital from the federal government to the province of New Brunswick. As far as the minister is responsible, will he give a personal guarantee that the jobs of federal employees will be protected in respect of wages, salaries and other conditions?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Yes, Mr. Speaker. I wish to assure the hon. member that as far as I am concerned we will make every effort to protect all our employees and make sure they work under the same conditions in the future as they have in the past.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Veterans Affairs whether the employees concerned are being consulted in respect of these matters?

Mr. Dubé: Yes, Mr. Speaker. Officials of my department have been in consultation with officials of the unions of these employees. At the present time we are discussing the matter with officials of the province of New Brunswick, but before anything is finalized all parties concerned will have been duly consulted.

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[*Translation*]

REGIONAL ECONOMIC EXPANSION

POSITION OF AGREEMENT WITH NOVA SCOTIA—REQUEST FOR STATEMENT

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion.

Following his recent visit to St. Romuald, has the minister received at least some token of gratitude from the Golden Eagle Company, because the government granted a $5,000,000 subsidy to that company as well as a tax exemption of the same order? Has the minister had any news from that firm since the day he was refused the right to speak?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I have read in the newspapers

that the vice-president of the company apologized for the incident in St. Romuald. Again I want to repeat, Mr. Speaker, that it is not because I did not speak, but because the Canadian government's contribution was not recognized.

* * *

[*English*]

EXTERNAL AFFAIRS

EXPULSION OF CANADIAN STUDENTS FROM TAIWAN—POSSIBLE RETALIATORY ACTION

Mr. Arnold Peters (Timiskaming): Mr. Speaker, in view of changes that have recently taken place in our relations with Taiwan and in light of the expulsion of a number of Canadian students from that country, is the Canadian government taking any retaliatory action against students in this country from Taiwan or Taipei?

• (3:30 p.m.)

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker.

Mr. Peters: In view of this being a political retaliation rather than the result of anything the students may have done, is it not in the interest of the Canadian government to retaliate?

Mr. Speaker: Order, please.

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UNITED NATIONS

SEATING OF CHINA—CANADIAN VOTE ON ALBANIAN RESOLUTION

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to ask the Secretary of State for External Affairs if it has yet been decided how the Canadian delegation will vote on the Albanian resolution in respect of the seating of China in the United Nations General Assembly? If so, what is the determination in respect of the vote?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The Canadian government will vote in favour of the Albanian resolution and will vote against all procedural motions which would prevent the United Nations taking a clear decision on the matter.

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URBAN AFFAIRS

MONTREAL REHABILITATION PROJECT—LACK OF FEDERAL GOVERNMENT APPROVAL

Mr. Norman A. Cafik (Ontario): Mr. Speaker, I have a question for the Minister of State responsible for Urban Affairs. Has the minister given his approval to the rehabilitation project announced in the Montreal *Gazette* this morning for the city of Montreal?

[Mr. Marchand (Minister of Regional Econo).]

Hon. Robert K. Andras (Minister of State for Urban Affairs): Mr. Speaker, I was surprised and disappointed to see this news. I was surprised since I have not had an opportunity to examine the proposal, let alone approve it, and I was disappointed because this type of premature release makes it difficult to continue negotiations in good faith.

[*Later:*]

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I want to put a supplementary question to the Minister of State for Urban Affairs. In view of the report that the city of Montreal is getting multi-million dollar assistance from Ottawa for urban renewal, can the minister say whether the government plans to extend this program to other cities in Canada?

Mr. Andras: Mr. Speaker, I just denied the fact that such authority has been granted the city of Montreal.

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REGIONAL ECONOMIC EXPANSION

POSITION OF AGREEMENT WITH NOVA SCOTIA—REQUEST FOR STATEMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, this question is for the Minister of Regional Economic Expansion. Would the minister indicate whether or not the formality of the signing of the DREE agreement between the federal authority and the province of Nova Scotia has as yet taken place? If it has, would the minister be in a position to indicate at what stage some of the supplementary requests in respect of that agreement are?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Is it possible, Mr. Speaker, to know to what agreement the hon. gentleman is referring?

Mr. McCleave: Have you that many with Nova Scotia?

Mr. Marchand (Langelier): We have an agreement in respect of highways; we have an agreement in respect of the ARDA program; we have many agreements with the government.

Mr. Forrestall: About two weeks ago the Premier of Nova Scotia indicated, according to a headline in a daily newspaper, that agreement had been reached with the federal authority under the DREE program. This is a basic agreement covering many areas, particularly those areas in the designated metropolitan growth centres.

Mr. Marchand (Langelier): I suggest that the hon. member re-read the article and tell me exactly what program he is referring to.

Mr. Speaker: The hon. member for Athabasca.

Mr. Forrestall: I rise on a question of privilege, Mr. Speaker. On three separate occasions not only I but all Nova Scotians have learned of basic agreements between this authority and the provincial authorities before they have been announced in the House. Either somebody is very badly confused or somebody is lying. I do not accuse

the minister of that, but I have very serious doubts about the veracity of the Premier of Nova Scotia.

Mr. Speaker: That is, of course, hardly a question of privilege, I suggest to the hon. member. The Chair will recognize the hon. member for Vancouver-Kingsway after the hon. member for Athabasca.

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INDIAN AFFAIRS

NORTHEASTERN ALBERTA—STATEMENT BY MINISTER ALLEGING BLACKMAIL BY INDIANS TO ACHIEVE AIMS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question was for the Prime Minister, but since he works only part time and has left the House I shall direct it to the Acting Prime Minister. Was the Minister of Indian Affairs and Northern Development stating a new government policy of confrontation rather than consultation when he said on television last night that the Indian people in northeastern Alberta are trying to blackmail the government in order to achieve their social aims?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, the Prime Minister is absent from the House for the purpose of attending a meeting with the Prime Minister of Malaysia. At the moment, I will only say I will bring this question to the attention of the Prime Minister, but I doubt very much whether what the hon. gentleman has said reflects the views of the minister.

Mr. Yewchuk: Mr. Speaker, I have a supplementary for the Acting Prime Minister. In view of the fact that the Minister of Indian Affairs and Northern Development has not been able to settle the problem in northeastern Alberta in a satisfactory manner, does the Prime Minister himself contemplate any assistance in this area?

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baldwin: Mr. Speaker, may I ask the government House leader about the business for today, tomorrow and next week so far as it can be foreseen?

Mr. MacEachen: Mr. Speaker, the business for today will be a return to the tax bill—

Some hon. Members: Hear, hear!

Mr. MacEachen: —to be continued tomorrow. Perhaps I should say a word in respect of Bill C-244. I will be continuing discussions with the opposition parties in connection with Bill C-244. In this connection I should like to advise the House that unless satisfactory arrangements with the opposition parties can be concluded by Tuesday next which would bring about an end next week to the debate on Bill C-244, the government will not proceed further with this bill at this session and will make payment on Tuesday to the Canadian Wheat Board under the Temporary Wheat Reserves Act. I hope to be meeting with my opposite numbers later in the day and probably we can discuss the matter further.

Some hon. Members: Hear, hear!

Mr. Baldwin: Mr. Speaker, I might ask the minister whether he does not think it would help the situation if he would muzzle some of his colleagues, both of high as well as low degree but rather than do that I will ask him instead if he will consult with his colleague, the minister answering for the Wheat Board, concerning the extent to which the government is prepared to consider the very reasonable proposition I put forward yesterday afternoon in debate which now appears to have some support from this side of the House as well as from the prairie provinces.

Mr. Speaker: Order, please. I suggest to the hon. member that that question is hardly in order at this time. The question period has expired. I believe the question asked by the hon. member had reference to the order of business of the House and I think we should not pursue the question period at this time.

Mr. Knowles (Winnipeg North Centre): On a point of order, Mr. Speaker, since this is the one point in the week when there is an announcement about coming House business and in view of the fact that the minister has said he will be meeting those of us who are his opposite numbers with regard to Bill C-244, may I express the hope that when he meets with us he will come with a statement of the changes the government might be prepared to make.

Mr. Speaker: Order, please. Orders of the day.

• (3:40 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Friday, October 1, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West)(p. 7763).

Mr. James Hugh Faulkner (Parliamentary Secretary to the Secretary of State): Mr. Speaker, I am very glad to be able to participate in this debate, particularly to deal with the amendment moved by the hon. member for Edmonton West (Mr. Lambert). I should like to begin by dealing with the wording of the amendment and making some comments on it. The amendment expresses deep concern and cites three particular problems: unacceptable levels of inflation, persisting unemployment, and a stagnant industry. All of us are concerned about the problem of unemployment, and I plan later in my remarks to deal specifically with that problem. But the motion deals with what it describes as unacceptable levels of inflation.

It is interesting to take a look at the record with respect to inflation. If we look at last year and at the performance this year up to April 1971, and compare our position with that of other developed countries, some revealing statistics become available. What was the inflation rate of the United States in 1970? It was 5.9 per cent. What was it up to April 1971? It was 4.6 per cent. What was the inflation rate in Japan in 1970? It was 7.7 per cent. What was it up to April 1971? It was 5.6 per cent. Germany in 1970 had an inflation rate of 3.8 per cent and up to April 1971 it had an inflation rate of 4.6 per cent. In France, the inflation rate in 1970 was 5.3 per cent, and up to April 1971 it was 5 per cent. In the United Kingdom, the inflation rate was 6.4 per cent in 1970, and under the Conservative government up to April 1971 they had the impressive inflation rate of 8.8 per cent. What was the Canadian inflation rate about which the hon. member for Edmonton West (Mr. Lambert) is complaining during this period? In 1970 our inflation rate was 2.4 per cent, considerably lower than that of any industrialized country, and in 1971 we had the more impressive record, considerably lower than that of any other industrialized country. Yet, the hon. member for Edmonton West moved a motion to deny second reading, alleging unacceptable levels of inflation without ever mentioning the statistical evidence.

He then goes on to speak about a stagnant economy. This is a political charge which is unsupported in his argument and unsupported by facts. What are the facts? First, the Canadian economy has been expanding at accelerating rates since the first quarter of 1970. Second, during the first half of 1971 the real increase in the nation's output of goods and services was 6.2 per cent at an annual rate. This is almost double the growth rate for 1970 as a whole. Third, the increase in the gross national product in the second quarter of the year at an annual rate of 8.9 per cent was the largest quarterly increase in two years. Fourth, demand for goods and services by business people in Canada is now advancing, with consumers taking the lead. The increase in consumer expenditure during the second quarter of this year was 4.3 per cent, the largest quarterly rise in many years. Even so, inventories are low, and this is a good omen for the expansion of output, particularly in Canadian manufacturing. Fifth, housing starts in the second quarter of the year amounted to 225,000 at an annual rate, and in August the rate was up to 243,000, indicating a record number of starts for 1971 as a whole. Sixth, total capital investment rose by 5.7 per cent in the second quarter, and business capital expenditures by 6 per cent. The mid-year survey of investment was recently revised upward by 2 per cent to 11 per cent. Seventh, increases in productivity have been high, but in spite of that the economy has produced 245,000 jobs in the past 12 months. These facts make a mockery of that part of the motion which alleges economic stagnation and, I suggest, seriously calls into question the credibility of the hon. member for Edmonton West.

But the motion goes further. The Conservatives declined to give second reading because proposals in Bill C-259 fail to provide sufficient stimulus. The motion indicates the need for, first, appropriate tax cuts, second, incentives, and third, exemptions. Everyone who has read Bill C-259 knows that it contains proposals for all three. One would reasonably expect, if the opposition intend to stop progress on Bill C-259 as they are doing by moving the reasoned amendment before us which, as everyone knows, would effectively kill the bill if carried, that they would have some solid reasons for doing so and, more important, equally solid proposals to put forward as alternatives.

I urge you reluctantly, Mr. Speaker, and other members of the House to scour the turgid prose of the hon. member for Edmonton West for any single substantial proposal that would even begin to accomplish what the motion seeks to commend. None can be found and, what is worse, an examination of the remarks of the leader of that party a day later on September 14 in the House of Commons reveals they are equally barren of substantive proposals. One can only conclude, being as generous as possible, that the opposition is not credible and is less than candid with the Canadian people. If they have serious reasons for moving the reasoned amendment, then we should know them.

An hon. Member: Nonsense.

Mr. Faulkner: The hon. member for Athabasca (Mr. Yewchuk) is rarely present in the House and he is trying to make up for lost time with interjections which I hope will be recorded because they are all we ever hear from him.

We should know what proposals opposition members intend to make in fairly precise terms dealing with tax cuts, incentives and exemptions. The speeches that have been made by the Leader of the Opposition (Mr. Stanfield) and the financial spokesman for that party, the hon. member for Edmonton West, have been barren of such precision. Instead, we have been flogged with attacks of all kinds to fudge the clear absence of plans or serious thought on the part of the opposition.

My position is that this Parliament should address itself seriously to the present proposals for tax reform before it. The protracted period of public discussion which preceded this bill has inevitably contributed to a sense of uncertainty among Canadians and Canadian business people. This Parliament has a responsibility to end this uncertainty and to establish tax guidelines for citizens and business alike and to do so quickly. To delay a decision unnecessarily would be to undermine the momentum which the economy has been gathering since early this year.

The motion speaks about unemployment. I want to say a few words about this as it relates to tax reform. But before I do so, let me make some general observations about the situation which we face. On August 15 the president of the United States announced a program designed primarily to remedy that country's deteriorating balance of payments position. Accepting the premise that something had to be done about the hemorrhaging that was taking place in that country, what is being sought by the U.S. administration is an adjustment or a set of adjustments with all countries sharing some of the load. Personally, I am not satisfied that the approach which the American administration is proposing is either equitable or appropriate. A working party of GATT officials referring to the surcharge alone described it as illegal and inappropriate and urged its removal within a short time. What is disturbing is that some—and I stress the word "some"—of these arbitrary measures proposed by the pre-

sident witness the most prosperous and powerful economy of the world seeking to use its economic strength to force the cost of adjustment onto less powerful and often less affluent trading partners. Operating from strength may impress some, but in my view it does nothing to build confidence and stability into the precarious structures governing international trade and transactions developed since Bretton Woods, 1945.

The temptation is to retaliate, and many have urged this course. It is to the credit of those involved, including the Prime Minister (Mr. Trudeau), the Minister of Finance (Mr. Benson), and Minister of Industry, Trade and Commerce (Mr. Pepin), and many others from other countries that so far they have resisted that course. They have recognized, and I suggest rightly, that such an approach could only compound the present problems, precipitate further protectionist actions, produce further retaliation in turn, compartmentalize trade, and generally contribute to the scuttling of the considerable efforts since 1945 to build order and confidence into international trading. Our task now must be to protect what progress we have made since 1945 and to try to use the present impasse to make further steps to improve upon the present order. In fairness, I think it must be recognized that the United States in presenting its proposals has legitimate grievances and does face serious problems.

• (3:50 p.m.)

Having said that, we as Canadians must approach the discussion of adjustments with certain things clearly understood. In the first place, Mr. Speaker, it is the U.S.A. which seeks the adjustments. The Americans, and we all admit to this readily, are both our friends and allies, but they are also tough and single-minded people. Let me remind the House of what General MacNaughton said some years ago about Americans, people he regarded as friends. There is nothing in what I am about to quote which is unfriendly. It is simply an analysis. He said:

> There is nothing in our experience to date which indicates any change in the vigor with which our American friends pursue objectives which they deem in their national interest, however much this may hurt a neighbour who has unwittingly made a careless bargain in other circumstances.

This I would add, in my judgment, is equally true of other countries that will be involved in the negotiations surrounding the process of adjustment. Secondly, the United States has complained about severe and enduring trade barriers. We also have an interest in the adjustment of trade barriers. For six years I have condemned the fact that whereas Canada has been open hunting for offshore suppliers of heavy electrical generating and power transforming equipment, our people have systematically and blatantly been excluded from foreign markets, not including the United States, because of foreign trade barriers.

At another level, dealing with tariff adjustments and specifically related to Canada-U.S. arrangements, I have also condemned the fact that whereas we let U.S.-made bulk milk coolers into this country duty free, the United States has consistently refused to provide us with equal treatment. These may seem to be somewhat narrowly drawn examples but, Mr. Speaker, I represent people whose livelihood is threatened by these inequities. The point I wish to make is that as we enter into international discussions on adjustments that have to be made, we should be clear in our own minds what we want, clear about our strategy in pursuit of our long-term national interest, and determined not to make all the concessions.

Our record in respect both to our exchange rate, particularly vis-à-vis the U.S.A., and the absence of trade barriers vis-à-vis imports from other countries, has been excellent. We should therefore bargain firmly and from strength. Without wishing to be sanctimonious, I can say that our record within this area has been superb, and we can legitimately expect some concessions from other countries, including the U.S.A.

Let me look at one U.S. proposal with which I believe they should not proceed. Probably the most ominous and threatening of the proposals of the American administration is the proposal to allow U.S. companies to establish international domestic sales corporations to encourage American manufacturing firms to export from the United States. Secretary of the Treasury, John Connally, on September 8, in a statement before the House Ways and Means Committee argued for the DISC proposal in the following terms:

> In general it is designed to provide the same type of U.S. tax treatment for U.S. companies engaged in exporting as is presently available if they manufacture abroad through foreign subsidiaries. The DISC proposal is designed to create and preserve more jobs in the United States by causing a healthy expansion in U.S. exports, and by making it as attractive from a tax standpoint for U.S. companies to produce goods in the United States for export to world markets as it is for them to build their factories in foreign countries and produce abroad.

The purpose is clear. The intention is commendable, but in my view the instrument is totally unacceptable. In my view the DISC proposal goes beyond the proposals other countries have developed to support their export drives. If it is passed by Congress it will provide American manufacturers involved in the export market with tax advantages not available to any of their trading partners, and will seriously aggravate trade relations between the U.S. and other countries.

The Washington *Journal* of September 30 had an interesting comment to make in this regard:

> U.S. authorities who try to justify such activities (i.e. DISC) insist that other nations give incentives to exporters. They do. But such things are partly a matter of degree and few nations have gone as far as the original DISC proposal would have gone towards an outright exemption from income taxes. The U.S. already is inviting retaliation from its trading partners for its 10 per cent surcharge on imports and it is not likely that tense trade relations can withstand much further aggravation.

My comment is Amen.

From a Canadian point of view the potential impact of DISC will be extremely serious. For areas of the country like the one I represent, dominated by secondary manufacturing industries—mostly U.S. subsidiaries—the impact could lead to a sizeable number of orders being transferred to U.S. plants so as to take advantage of DISC tax provisions. This would lead to serious lay-offs in Peterborough, and in other parts of Canada.

The government of Canada has stated firmly and repeatedly its opposition to this proposal. It goes beyond what we believe to be a reasonable solution to very real American problems, and violates the spirit and the letter of GATT. Canada's position should not be to try to devel-

op, through amendments to our present tax law, our own DISC, as some have been suggesting. The answer to DISC is not more DISCs developed in a spirit of retaliation. For a variety of reasons, most of which are obvious, these would be impractical.

It is important that we persist with our present strategy which is to seek changes in existing trade barriers around the world, changes in artificial exchange rates, and further strengthening of those institutions whose role it is to support international trade. The best long-term answer to America's present difficulties does not lie in instruments like DISC but in a more rational, open, and fair trading order. This will be to Canada's long-term advantage as well.

I want to turn away now from the question of what our response should be to threats to employment from outside the country to an examination of some of the moves we might make internally to ensure high levels of employment, adequate growth, industrial competitiveness, and a tolerable level of inflation. Back in February of this year I warned the House that the challenge to the Canadian economy was a global one. At the time I felt, and feel even more strongly today, that there is a need for consultation among leaders of the trade union movement, business and government, to formulate the broad lines of a national strategy.

In the past we have all gone more or less our separate ways, loosely harnessed by laws developed in parliament, with consultation taking place either in the heated atmosphere of the bargaining table or rather sporadically and inconclusively at ad hoc meetings.

I do not want to exaggerate the importance of a national strategy, or pretend that differences that exist between government priorities, business priorities and labour priorities can be simply and easily reconciled by some form of national body. In this business it is always a matter of degree, and to that extent I feel a more systematic and continuing format for national consultation among the three elements I have mentioned could provide a degree of improvement.

Today the Science Council has made a report available which argues strongly in favour of an industrial strategy. I have not read it, but I have seen the news report of it. In part let me say that I agree with the need for an industrial strategy, and agree strongly. If, however, the news report is correct I am somewhat disappointed that the council was unable to come up with any specific policy suggestions. I also feel that it is somewhat simplistic to argue that the state of attitude between government and business is a serious deterrent to the evolution of such a strategy.

On both sides there are very realistic and hard-headed people who are prepared to work together even where the climate is frigid. Leaving that aside, I still think it is important to look at some of the positive suggestions made in the report, and to ask ourselves how we can realize some of these important recommendations. One of the most important factual observations made by the council is that the manufacturing sector of our economy is not growing rapidly enough. It is not growing rapidly enough to meet our national needs and it certainly is not growing rapidly enough to absorb the skilled engineers, scientists, technologists which are emerging from our schools, colleges, and universities. As I pointed out to the House a few days ago, we have the fastest growing labour force in the industrial world. It is imperative, therefore, that serious and urgent consideration be given to the depressing fact that our manufacturing sector is not moving fast enough.

• (4:00 p.m.)

The Council also recommends that priority be given to industries with a high degree of technology—industries with a capacity to innovate, to compete, and to survive in an increasingly competitive commercial world. I share this view. I think it is important to recognize that the Department of Industry, Trade and Commerce has in fact developed a variety of programs to support this sector of our economy. If these have inadequacies, I would have thought the council should have explored them in some detail.

The broad point though is that this country risks, in the short term, yielding to the temptation of living off its resources. Many of us have been concerned about this and have argued against it. The hon. member for Duvernay (Mr. Kierans) has made a most eloquent plea for a neutral tax system which would stop discriminating against the manufacturing sector in deference to the resource based industries. In reference to changes in the tax law, I believe these views must be given new and urgent consideration. I frankly believe there is a consensus across this country that any industrial strategy should give the highest priority to processing more of our raw materials in this country. This not only provides greater employment possibilities but creates the openings which are necessary to absorb the people we are training in our manpower centres, schools and colleges. It is clearly also the long-term direction for an economy such as ours. Another feature of our national strategy must be a statement by the government on the matter of foreign ownership of our resources and industries. I see this as an integral part of our strategy and one which is acquiring increasing importance.

So, Mr. Speaker, I see the ingredients of a national strategy involving several parts. One is the establishment of a systematic and continuing framework for consultation between representatives of business, labour, and management on national economic goals. Amongst those goals which I detect are supported by a general consensus across the country are continuing adjustments in our tax law and government programs encouraging the secondary manufacturing sector of the Canadian economy in undertaking more processing of our raw materials here in Canada. Another is supporting and improving efforts to strengthen the pool of management skills available to this country, both on the business side and on the labour side. We need a policy on foreign ownership which will clearly dismiss from the minds of those critics of this priority, the silly notion that we are talking about excluding foreign capital from Canada in an absolute way. We should have a policy which will, amongst other things, simply regulate the form in which foreign capital comes in, where it locates and the purposes it serves. There is a depressing degree of nonsense being said on both sides of this question. Probably I might be accused of contributing to it, but I assure you, Mr. Speaker, it is unintentional.

Finally, I believe we must continue the important and successful efforts at trade diversification which this government has undertaken in the past. If some hon. members want to dismiss the trips made by ministers as junkets, they are free to do so but I believe the trip by the Prime Minister (Mr. Trudeau) to the Soviet Union and the trip by the Minister of Industry, Trade and Commerce (Mr. Pepin) to the People's Republic of China to be positive and constructive and in the national interest. Indeed, in light of some of our present difficulties I would say that developments and contacts in both the U.S.S.R. and China hold out important possibilities for this country. These seem to me to be the sort of considerations and directions which may in the long term contribute to solving the economic problem of unemployment.

In conclusion, Mr. Speaker, I say, as I said in the beginning, the amendment before us is nothing more than a superficial political manoeuvre. The bill attempts to delay and stop Bill C-259 which offers substantial benefits to Canada and Canadians. We are not promising Utopia, or the millennium; we are not saying that with Bill C-259 tax changes in Canada have come to an end. Not at all, we say this is a major reform, a major improvement and should be passed without any unnecessary delay.

Mr. S. Perry Ryan (Spadina): With respect to the motion of the Minister of Finance (Mr. Benson) for second reading of Bill C-259, Mr. Speaker, I rise to speak to the amendment moved by the hon. member for Edmonton West (Mr. Lambert). In view of the gloomy outlook for the Canadian economy, I asked the Prime Minister (Mr. Trudeau) during the question period two weeks ago to consider changing the government's legislative priorities by bringing in tax cuts, the family income security plan and the Canada Assistance Plan reforms now instead of possibly six months from now. He replied politely enough, "Not at this time", but gave the impression that there was no urgency about the gravity of the economic picture in Canada but only urgency for this bill. Where is the government's sense of timing? And why is it that to obtain some minor overdue benefits for the people this government always insists upon imposing major burdens in the same package, burdens that are questionable and must be questioned? Being the authors of the economic misfortunes of this country and their own misfortunes, one would think that the Prime Minister and his supergroup would seize the opportunity to redeem themselves, even at this late date, by giving priority to these imperative and humane measures over Bill C-259.

Bill C-259 is palliative to some and punitive to others, but will do nothing to pull this country out of the economic swamp into which this government has steered it, both domestically and internationally. The ill-conceived and immature initiatives that have emanated from the government since the Liberal party became the "Mad Monk" party have poisoned our economic relations with the U.S. and have poisoned and threatened our collective security arrangements with the western alliance. Today we had an announcement from the Secretary of State for External Affairs (Mr. Sharp) that we were going to shamefully follow the lead of Albania by supporting the resolution which will pitch Taiwan out of the United Nations and set a horrible precedent for the future. It will spell the breakup of the United Nations for sure. Shame on the minister and shame on the country. The minister was not always in favour of that.

Mr. Sharp: Always.

Mr. Ryan: I do not know what has converted him to such a position now.

Mr. Sharp: There is no question of chucking anybody out and you know that.

Mr. Ryan: Let me quote from an article in the *Valley Messenger* of Alhambra, California of August 5 last at page A, headed "Trudeau's Independent Line Costing Canada". It reads:

> In 1968, Trudeau inherited an economy from Lester Pearson that had some important things going for it. One of these was that Ottawa had influence in Washington and at European Common Market headquarters in Brussels as a result of Canada's team play in the western alliance, particularly in the North Atlantic Treaty Organization, the North American Air Defence Command and the United Nations.

And further, from the same article:

> Tragically for the unemployed, Canada is no longer represented by a government that can negotiate advantageously with this country's largest export market. The breakdown in rapport comes while the United States is going through an extremely protectionist phase which can, under the circumstances, only be detrimental to the Canadian economy.

Either supergroup, or the Prime Minister have consistently ignored warnings from Washington that the United States would react if Canada kept on provoking her. Now that reaction has come in the form of the American refusal to exempt Canada, her best customer, from the 10 per cent surcharge. Furthermore, it is unlikely that this present government will be able to obtain any relief from their DISC and investment tax credit proposals when they become law.

• (4.10 p.m.)

The only sane way out of our economic dilemma is for this country to replace the present anti-American government with a pro-Canadian government led by the hon. Leader of the Official Opposition (Mr. Stanfield), who is the only leader of any political grouping in this House who would be able to obtain the exemptions and considerations we need to protect our vast market with the United States.

This bill will give long overdue exemptions to some by shifting the tax burden to the middle income brackets. It will not help the economy now when the need is so great, nor over the bleak winter we face. It will, however, cause a great deal of consternation and confusion for many moons to come. Tax experts across the country have studied this bill all summer and have concluded that much of its content is murky. It is doubtful that the men in the finance department, who wrote the sections that form the whole, understand the monster to which they have given birth. Many interested organizations across the country have asked for more time to digest this monumental bill. The Canadian Chamber of Commerce in its submission on tax reform dated September, 1971, puts it this way:

> Turning to Bill C-259 itself, the Executive Council regrets, despite its concern about removing the uncertainty as quickly as

possible, that more time has not been provided for study of the tax reform bill by taxpayers and their advisers.

Why is the government not giving the Canadian people this time by dividing the bill so that its exemptions and benefits may help individual Canadians in the lower brackets now, and so that its confused aspects may be digested and straightened out before they become law and not afterwards? Consider for a moment the small business incentive that the government has included in the bill. While the legislation provides a low rate of corporate tax for small businesses it has replaced the former rule, which was relatively simple and easy to comprehend, with new criteria which only high-priced legal and accounting advisers will be able to understand. The same situation applies to a majority of the provisions of Bill C-259. The government, with this bill and its verbose authors, seems to be determined to create an impression of efficiency. Rather, it will create litigation and a high demand situation for expensive tax advisers. I seriously question that these results should be the major by-products of a so-called Canadian tax reform bill.

At a time when jobs in Canadian industry are threatened not only by this government, but by the likely withdrawal of American markets and investments, the government is giving priority to passing this tax bill which does not provide sufficient incentives for the Canadian economy to expand on its own initiative. Moreover, the government is compounding the American actions, which this government did much to invite, by introducing in this tax bill measures designed to discourage Canadians from investing in their own economy. It is obvious that much Canadian money now abroad will not be repatriated. Rather it will be re-invested in jurisdictions where there is no capital gains tax, or a more favourable one. Much domestic money will seek to follow. The prospect of the withdrawal of both American and Canadian investments in this country and resulting unemployment should cause this government to pause for reflection before proceeding with certain aspects of this bill.

Many Canadians actually welcomed the idea of the introduction of a capital gains tax in Canada, not those who invested in stocks but those who invested in other areas, such as land and mortgages. They took it for granted that the rate would be no higher than the American rate of 25 per cent, if as high as that, and that any investment capital gain made outside of one's principal business would henceforth be taxed at the capital gain rate and all investors would therefore know where they stood in advance of accepting the risk. The investor's principal business at the time of investment alone would attract tax at the personal rate. This is the way it should be, but apparently it is not the way it is to be. This government wants to take all the joy out of life for Canadians with ambition.

Astonishingly enough, but perhaps not unexpectedly, the fact is that the government has failed to explain to the Canadian people exactly what a capital gain is. What definition there is consists of definition by exception, and that makes for an even greater ball of wax than before the proposed change. The present unjust common law precedents are often arbitrarily, unsatisfactorily and unevenly applied. They have been the cause of continuous and bitter litigation and are not specifically removed or displaced by this bill. There has been no attempt to change this unfair situation by presenting to this House an adequate definition.

[Mr. Ryan.]

Let me quote from A Review of Canadian Tax Reform by Riddell, Stead & Co., Chartered Accountants:

> The Bill does not introduce a capital gains tax as such but is so structured as to include in income "taxable capital gains" (one-half of most capital gains) and to permit the deduction of "allowable capital losses" (subject to specific limitations, one-half of certain capital losses). The expression "capital gains" is defined only by exception—they are gains on dispositions of property other than those that would otherwise be included in computing income, and other than those from the disposition of goodwill or nothings, mining or oil properties and rights, and life insurance policies. "Capital losses" are similarly defined but the exclusions are extended to losses on depreciable property which are dealt with under the capital cost allowance rules. Because income is not specifically defined either, the differences of opinion between taxpayer and tax collector as to the nature of the gain will continue, diminished in intensity only by the fact that what is at stake has been reduced from the difference between full tax rates and zero to the difference between full and half tax rates.

And what about the longtime Canadian taxpayer who in his declining years wants to settle in a more southerly clime? He is not going to be too happy about the provisions of clause 48 of this bill. I do not want to get into the provisions of this clause at the moment, but certainly it should be either reformed or tossed out before the bill is studied in the committee of the whole.

I would like to say a few words about the parsimonious tax reform the government has provided in the bill in relation to child-care expenses. I could not agree more with the member for Fundy-Royal (Mr. Fairweather) when he said that the exemptions are not large enough.

To begin with, the government has restricted the deduction for child-care expenses to $500 per child, and a maximum of $2,000 per family, or two-thirds of family income, whichever is the lesser. To me, it is incomprehensible to find a maximum set in this respect. This is surely one area in which payments are made solely for the purpose of earning income. Surely, the group which most needs encouragement and help is the group which includes working mothers, particularly those who are obliged to go out to work to help maintain large families. Furthermore, $500 will not provide day care for a child for a year in any urban or suburban area in this country. The minimum rate in Ottawa is $20 for a five-day week and it is likely higher in the larger cities. But, say it is $20. The deduction should be doubled. I say that the proposed deduction is unrealistic, parsimonious and inadequate. Since babysitters will be required to give receipts and become liable to pay income tax in the future, it is likely they will increase their charges by way of compensation or, as an alternative, withdraw their services.

• (4:20 p.m.)

Furthermore, the people who provide most child care services are either relatives or neighbours. The government has decided that the proposed deduction shall not be available in cases where services are provided by dependants of the taxpayer or relatives under 21. Mr. Speaker, as long as the payment is actually made and the services are actually performed, why should a person under 21, who is a relative, be discriminated against? I trust this unfair situation will be remedied at a later stage.

Another provision of this bill which reminds me of the days of the six-buck boys is that section which deals with the employment expense deduction. It is a miserable provision and is openly discriminatory. It provides that an employee shall be allowed to deduct either 3 per cent of his income or $150, whichever is higher, in order to cover the cost of clothing or special tools required for his work. What happens to the garage mechanic, or carpenter, Mr. Speaker, who likes to own his own tools and, in many cases, is required to own his tools to obtain employment? The sum of $150 is clearly inadequate in this day and age when a motor mechanic pays $4,000 for a set of good tools.

A doctor writes off the entire cost of his tools and equipment. A lawyer writes off the entire cost of his library. Why then does the government not intend to allow employees the same right? Does the government not trust employees to produce an honest accounting of employment expenses? The government has claimed that the employment expense deduction will redress the position of wage-earners with respect to employment expenses vis-à-vis taxpayers in business or in the professions. But it will not meet the need. Take the case of the motor mechanic. I am advised that even an apprentice looking for his first job must have $500 worth of tools and that a full-fledged mechanic is expected to bring to his job about $4,000 worth of tools. The wear and tear on this equipment is great and with new technology new tools are constantly required. Furthermore, losses due to theft, mysterious disappearance and borrowings are high.

I am advised by my insurance agent that a mechanic seeking to insure $4,000 worth of tools must pay an annual premium of $120, with a deductible of $25 with respect to theft, vandalism and malicious damage. So it is clear that in this case, and there are many similar cases, the proposed exemption barely covers the cost of an employee's insurance premium on tools. If the government wishes to remove this inequity from the tax system, why does it not place the employee on the same footing with the doctor or lawyer? Why does it not allow employees the same privilege—the privilege of deducting unlimited expenses provided receipts are produced? This is what must be done in all conscience, Mr. Speaker, if the government wishes sincerely to put even one equitable plank in the platform of its just society.

Mr. Speaker, I could go much further in my remarks concerning various other features and in my general observations about the bill before us, but I think I have already demonstrated my lack of enthusiasm for much of its content and its timing. Certainly, there is no real tax reform in Bill C-259. It will not resolve our current and future problems of inflation, unemployment and idle factories. It continues the over-taxation of the people of this country and gives no incentive to honest effort. Its tax exemptions are overdue and miserly ones. The amendment is correct when it states that the bill is not calculated to materially improve business and labour conditions in Canada, now or in the foreseeable future.

Have we not watched and waited long enough for the better things to come, only to find that the "better things" seem always to appear in the form of increased inflation, staggering unemployment and the burden of taxation which is causing even many of those who have jobs to go under, a scandalous situation for a country with the resource wealth of Canada. Your Honour may share my view that we are being led down the garden path in international affairs and down the drain at home.

In conclusion may I say that the very medieval size of the printed bill as tabled makes one mindful of the Domesday Book. Certainly, it is too long, and those who deal with it will suffer from indigestion. In the meantime, the tax jungle of the federal government is more impenetrable than ever, with the reactive legislation of the provinces still to follow.

Mr. Randolph Harding (Kootenay West): Mr. Speaker, debate has been interrupted on several occasions since the House resumed sitting on September 7 and began its consideration of the measure before us, Bill C-259, which constitutes the Liberal government's response to the demand for tax reform in Canada.

I have listened with great interest to speeches made not only today but on earlier occasions when various members of all parties represented in this House took part in the debate. It seems to me the type of basic tax reform which was recommended in the Carter report five or six years ago finds no expression in the bill before us and that no attempt has been made to set up a tax framework which most Canadians hoped would bring justice, equity and economic growth. The government appears completely dominated by big business interests. If these proposals pass without major amendment, it is obvious that the present tax system with its many anomalies and injustices will remain basically unchanged. This was not the desire of the Carter Commission or of most of the economists who had hoped the bill before us would contain major improvements.

• (4:30 p.m.)

The Carter royal commission on taxation was set up by the Conservative government to look into the tax framework of Canada and to report on the distribution of the burdens among taxpayers resulting from existing rates, exemptions, relief and allowances provided by the personal and corporation income tax laws. It was also to look into the effects of the tax system on employment, living standards, savings and investments, industrial productivity, economic stability and growth.

The Carter royal commission started out its investigation feeling that Canada's tax system was a good one, and reasonably just. Several years later, after an exhaustive study which cost $3.5 million, the commission found that Canada had an unfair tax system. It found that billions of dollars of income were escaping tax altogether or enjoying tax privileges which lightened the tax burden. It made a large number of recommendations which would have brought about a far more equitable system of taxation in our country. Unfortunately, in the tax bill before us most of these recommendations have been ignored by the present Liberal government.

In the last election the slogan of this government was "the just society". To date we are farther from that goal than when this government was elected in June, 1968. Many of the major economic problems facing Canadians have been compounded by the foolish and weak economic policies of this government. One of the prime examples is that of the terrible unemployment situation which faces

the nation today. Unemployment was deliberately encouraged by this government last year in an effort to fight inflation and it has taken its toll of Canadian society in the misery and hopelessness which it has created among Canadians, both young and old.

Just as the government failed to deal adequately with unemployment, we find in the tax measures before us another example of its failure to meet the challenge of setting up a just and equitable tax structure in Canada. If we are ever to reach the goal of the just society, it must certainly be based on a system of taxation which is just and equitable. The legislation before us proposes some needed changes, but cannot possibly be classed as a tax reform measure. It can never be the foundation upon which a just society can be based.

The Carter report dealt in detail with the privileged resource industries, and showed how they were avoiding paying their just share of the tax load in Canada. The report called for a redistribution of the tax burden so that wealthy individuals and corporations would pay their fair share. The result would have been that in 1966, $523 million more in corporation taxes would have been paid to the federal government, and $271 million of this would have come from foreign investors.

It was not only Carter who drew to the attention of the government the inequities in our Canadian tax system. This was also done in an excellent speech by the hon. member for Duvernay (Mr. Kierans) to the Canadian Economics Association last June. He was a Liberal cabinet minister in this administration until he resigned his portfolio just over four months ago, apparently because the government had no intention of changing either its economic policies or its taxation policies as announced in the recent budget last June. An examination of some of the tables which the hon. member for Duvernay used in his speech will give a very clear indication of the unjust system of taxation which currently exists in Canada. This should be a clear warning to Canadians that present government policies have been designed to benefit big business and that measures must be adopted to rectify this situation. We do not find these changes in the legislation currently before us.

The following figures come from a comparison of "book profits" before taxes and taxable income, and the hon. member for Duvernay indicates that it is aggregated for the 1965 to 1968 period. We find that over this period those industries in the mineral-fuels business showed book profits of $795 million. But of this total amount only $45 million was classed as taxable income. This means that taxes were levied on only 5.7 per cent of the total book profits of those companies engaged in the mineral-fuels industry, which includes, of course, our gas and oil resources.

In the metal mining industry we find that the book profits amounted to $1,707 million. Of this amount only $222 million was classed as taxable income. Again this shows that only 13 per cent of the total book profit were taxable, and in this particular case $1,485 million of book profits were tax free. I must point out in passing that over two-thirds of the metal mining industry and the mineral-fuels industry, is foreign-owned and controlled.

[Mr. Harding.]

In other types of mining the table shows there were book profits of $374 million. Of this amount some $120 million was classed as taxable income, amounting to 32 per cent of the total book profits shown.

In the manufacturing industry there was some $12,745 million in book profits. Of this amount some $8,052 million was classed as taxable income. Here we find 63 per cent of the total book profits being taxed by the government.

In the construction industry there was some $993 million of book profits, and of this total some $643 million was classed as taxable income. This works out to 65 per cent of the total book profits shown by the construction industry.

In the wholesale trade there was some $2,066 million of book profits. Here we find that the taxable income amounted to $1,082 million. This means that 87 per cent of the book profits listed in the wholesale trade industry was taxable.

In the retail trade there was $1,620 million of book profits. Here the taxable income amounted to $1,445 million, which was 90 per cent of the total. It is interesting to note that in the retail trade most of the business belongs to Canadians.

We have every right to question this government's taxation policies when the major inequities which I have just outlined exist in our tax structure. It is ridiculous for the retail trade to be paying on 90 per cent of their book profits when the mineral-fuels industry, which is dominated almost completely by foreign interests, pays on only 5.7 per cent of its book profits. I should like to quote a paragraph of the speech by the hon. member for Duvernay which sums up the situation very concisely:

• (4:40 p.m.)

> If foreign ownership dominates the mining and petroleum industries, our tax system has clearly invited this concentration. We have not only extended a warm invitation to foreign capital—but we have told it where to go. If you invest in the service industries, we say, you will have to pay taxes on 87 per cent or 90 per cent of your profits. On the other hand, in metal mining you will only have to pay on 13 per cent and in petroleum on 5.7 per cent of your profits. The invitation says in effect—"Come and gut us".

There was another interesting section of the speech by the hon. member for Duvernay last June which I intend to read. It deals with investment incentives. Again, I intend to quote from the speech so there will be no misunderstanding. The part I wish to quote will be found at page 11:

> Investment incentives (depreciation, depletion, 3 year exempt mining income) apply precisely in those industries where foreign ownership is most concentrated, i.e. mining, petroleum and manufacturing. The sources of funds for American subsidiaries in Canada in 1968 amounted to $2,611 million (U.S. Survey of Current Business). Funds from the United States amounted to $127 million or less than 5 per cent. Within Canada was provided $1,027 million in net income, $864 million in depreciation and $539 million from Canadian financial institutions. Legislation to inhibit further inflows would be useless. Our tax laws are such that increasing ownership, takeovers and control of Canadian firms can be entirely financed from within our own economy.

There was another interesting table used by the hon. member for Duvernay last June which I feel bears repetition. In this particular table he was dealing with book

profits and taxable income by the size of the corporation. It is for the year 1968 and gives the total in millions of dollars for all industries in certain classes. In those industries where the book profit is less than one million dollars per year, we find that taxes were levied on 76 per cent of the total book profit. In those industries where the book profits ranged from one million dollars to $5 million per year, taxes were levied on 70 per cent of their book profits. In the class where book profits ranged from $5 million to $25 million per year, we find taxes were levied on 64 per cent of their total book profits. When we get into the class over $25 million of book profits per year, we find that taxes were levied on only 47 per cent of the total book profits. It is quite obvious that our tax legislation is heavily weighted in favour of the larger corporation. The larger the corporation, the more exemption it gets and the less tax it pays.

I am quite certain that the majority of Canadians object to this discriminatory type of taxation which exists, and this is the reason Carter called for major tax reform. This is the reason the NDP is calling for major tax reform. We are not getting it in the bill which is currently before us, and it is time that Canadians insisted that major changes be made. I am convinced, however, that as long as the present administration is in power there is little hope for any adjustment being made.

A number of members have spoken about foreign ownership and the need for the processing of more of our own resources within Canadian borders, but precious little has been done about it by this administration. There is really no incentive in the tax measure currently before the House to bring this about. What has been the result? A short time ago the United States government put a 10 per cent surcharge on manufactured goods which come from our nation. It is very anxious to get the raw material which Canada can supply the basic industries established in that country. There is no doubt about it, the drive is to make Canada a supplier of raw materials for all time and at the same time have Canada as a huge market for manufactured goods to be produced south of the border. I as a Canadian protest very strongly this type of economic policy.

The reason we are in this bind today is the result of economic policies of not only this but past governments, governments of the same make and structure, which for years and years have not come out with policies which stress more fabricating of our raw materials within the confines of our borders. This would give jobs to Canadian young people. This is one of the reasons that over a period of years we have had increasing unemployment. I suggest it is high time we as a nation, and particularly the government, sat down and took into consideration the problems facing our economy, due particularly to this aspect. We should certainly be doing something about it.

Mr. Faulkner: That is exactly what we are doing.

Mr. Harding: That is not exactly what you are doing.

Mr. Faulkner: That is exactly what we are doing.

Mr. Harding: I could quote many instances of raw materials leaving this country in ever-increasing quantities, and no appreciable steps have been taken by this government to change that situation. I do not think they will ever take any steps to remedy the situation.

Mr. Faulkner: Which ones should we not be exporting?

Mr. Harding: I can mention one of our raw materials which should be manufactured in Canada, since my friend asks me. I come from the province of British Columbia where we produce hundreds of thousands of pounds of copper concentrates, and every pound is being shipped out of the province to Japan and the United States. We could have thousands of additional jobs if the provincial and federal governments had enough gumption to insist that a lot of these products be at least partially manufactured in the country of origin. That is one example, and I could name plenty more. I think this is a field to which the federal government should give encouragement in respect of manufacturing within the confines of a province and within the borders of Canada.

• (4:50 p.m.)

If I may I should now like to deal briefly with some other provisions in the tax bill. As I mentioned earlier, there are to be some increased exemptions for individuals. These certainly are welcome, but it seems to me that those in the lower income groups, including old age pensioners, veterans and so on, will not benefit too much from this legislation. There is no doubt there will be some tax relief, but every year that goes by—and this year is no different from other years—we see a 5 per cent increase in inflation which further erodes the purchasing power of the dollar and harms immensely those individuals on fixed incomes. It would seem that governments in this day and age should logically set standards of income which would reflect the minimum requirements of our citizens. These minimum requirements should be tax exempt.

If an individual requires $2,000 or $2,500 in order to get along in a year—and this is the minimum requirement set by those who understand the needs of these people and who have studied the situation—then it is idiocy to have income tax charged on any amount below that level. We suggest, for example, that the exemptions in this bill, welcome as they are, do not go nearly far enough. Single people should be exempt in the sum of at least $2,500 and married people should be exempt in an amount double that, or $5,000. It is bad enough to have inflation erode the spending power of these people on fixed incomes without asking them to pay taxes on income which they desperately need in order to sustain life or to at least have a little comfort in their old age.

In the bill before us, we also run into a number of other problems. I shall not deal with these at length this afternoon because I am sure that when this bill is discussed in the committee some major amendments will be moved in respect of one or two points which I shall mention now. These deal with the co-operatives and credit unions. We have received numerous briefs and letters from co-operative movements all across this nation, and from credit union organizations, because they would be adversely affected by this legislation. There is no doubt that in some instances credit unions and co-operatives will be affected so adversely that they will probably have to go out of business. If there has ever been a movement in Canada which has been good for the little people—the little

farmer, the little individual and the humble wage earner—it has been the credit union and co-operative movement. Does the government now intend to get out the knife?

The government has already given concessions to big business. The Liberal party is a big business party; it always has been and always will be. Now, I wonder whether the government has the knife out in an attempt to eliminate these co-operative organizations and credit union organizations which have done so much to build up many of our towns, our businesses and our individuals in centres from one end of the country to the other. I suggest that this aspect of the bill be examined very closely by members in all parties, and that major amendments be offered in this regard. We cannot allow the credit union movement or co-operative movement to go down the drain because some individuals on the cabinet benches are blind to the needs of the co-operatives and credit unions in Canada.

Mr. Prud'homme: We agree with you.

Mr. Harding: Good; I am very pleased to hear it. The time is very close to five o'clock and I shall again be speaking on several aspects of the bill when it comes back to the House, so I shall not go into further detail at this time. However, I trust that in this debate other aspects of the legislation will be discussed thoroughly by members of this House.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, since it is now 4:58 p.m., I wonder if I could call it five o'clock considering we should now proceed to private members' business as listed in the order paper, and continue my comments at eight o'clock. In fact, if I speak now, I will use the two last minutes, because I intend to talk about the amendment.

The Acting Speaker (Mr. Laniel): Hon. members have heard the suggestion of the hon. member for Joliette. Is it the pleasure of the House to call it five o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Laniel): Agreed.

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Simcoe-North (Mr. Rynard)—Health—Canadian Medical Association request for expansion of facilities to train doctors—Government action; the hon. member for Fraser Valley-West (Mr. Rose)—Fruit—Request by British Columbia growers for export assistance—Legislation to protect against dumping of agricultural products; the hon. member for Dartmouth-Halifax East (Mr. Forrestall)—Natural Resources—Offshore mineral rights—federal position respecting Sable Island.

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[*Translation*]

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Laniel): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-2, to incorporate United Bank of Canada, to which the concurrence of this House is desired.

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

• (5:00 p.m.)

PRIVATE MEMBERS' MOTIONS FOR PAPERS

MANPOWER

REQUEST FOR COPY OF REPORT RECOMMENDING 52-WEEK LIMIT ON RETRAINING PROGRAMS

Mr. David Orlikow (Winnipeg North) moved:

That an order of the House do issue for a copy of the report by the task force in the Department of Manpower and Immigration which recommended a 52-week limit for all federal government manpower retraining programs.

He said: I do not suppose that in the history of the Canadian government there has been a department established which has grown in scope as quickly as the Department of Manpower and Immigration. The number of people working for the department and the amount of money spent have shown a spectacular increase in every year since the department has been established. In answer to a question put on the order paper some time ago—an answer which was tabled about a week ago—we were told that the number of people who are finding jobs as a result of being referred to the jobs by the department has been dropping each year since the department has been established. We were also told that the number of people who found jobs last year as a result of being referred to the employer by the Department of Manpower and Immigration was substantially smaller than the number of people who were able to find jobs in the last year in which the old national employment service was acting as a job placement agency.

At the same time, the number of people who are working for the department has increased in almost geometric progression. The figures given in answer to my question, which of course I do not have with me today, indicate that the cost of placing a person in a job under the old national employment service came to about $26 per person. The cost last year for the Department of Manpower and Immigration, if one only uses the number of people who are employed by the department in the placement field and the salary which they receive, has increased more than

tenfold. It cost in the neighbourhood of $26 per job placement under the national employment service and now it costs something in the neighbourhood of $270 to $280.

I will not discuss today whether the department is doing a better job than did the national employment service or whether they are doing a good job, although I would say to members of the government and to whoever is replying for the minister that it is a disturbing thing to me to see the proliferation of private employment agencies, each one of which, quite legitimately in our free enterprise system, receives a pretty substantial fee either from the employer who is looking for an employee or from the employee who gets the job for fitting the person looking for a job to the job vacancy. It seems to me that there is something wrong, that the Department of Manpower and Immigration which has been charged by the government with finding jobs or helping people who are out of work to find jobs, is not doing the job which it should do. If it did, these private employment agencies would not be proliferating in every city in Canada.

However, the subject of my motion today is not the employment side of the Department of Manpower and Immigration but rather the training side. We embarked, as of 1966, on a very elaborate and very expensive program of manpower training. We were certainly advised to do so by labour, by industry and by the Economic Council of Canada. Hon. members will remember that the first two or three reports of the Economic Council came down very heavily on the side of a comprehensive manpower training policy to upgrade the skills and the education of the Canadian workforce. Hon. members will note that in many parts of Canada, particularly in rural areas, in the 1940's and 1950's a large number of people left school at grades five, six or seven, and it is very difficult for people with that kind of education to get jobs because most jobs which are available increasingly require the kind of skills which these people do not possess.

However, the last report of the Economic Council, which came out just a couple of weeks ago, made a very interesting point, namely, that in no country in the world is as much job training done in special institutions as it is in Canada as compared to training on the job, as it is in Sweden and many other countries. So, we have embarked on a very comprehensive program of job training but one which is also very expensive. It is not my intention today to discuss the details of whether or not our job training program is a success. That I think we can do best when the estimates of the department are before the appropriate parliamentary committee. But there are some very interesting questions which need to be asked.

If the government has decided, and Members of Parliament from all parties have agreed, that a substantial part of job training and skill upgrading shall be done under government auspices and in training institutions financed if not actually operated by the Department of Manpower and Immigration, then we have a right to study whether it is being done in the best way possible. We have a right to study whether the courses which are given are designed to fit the needs of the 1970's or 1980's or whether in fact, as so many people have complained, they have been designed to fit the needs of the 1950's and 1960's which no longer exist. As a result, many people take a manpower training course, complete it, cannot get a job, go back and take another training course. The department should look into the question of whether there is in fact a substantial number of people who have not had just one training course but three or four opportunities for job training. Some of the courses offered by the department in some of the institutions in Canada take longer than a year.

I remember one of my constituents speaking to me at considerable length and in great detail. He was a man with a number of years of experience in a business in which he has been fairly successful, but the nature of our economy and the fact that we are permitting a large importation of clothing from such places as Taiwan, Hong Kong, Japan and Mainland China have had a drastic effect on the clothing industry. This constituent of mine decided, therefore, to enter another field of endeavour. He chose a hotel management course in the community college at Winnipeg. The course offered by that institution is a two-year course, and yet under either the act or the regulations there is a limit on the time for which the department will pay retraining allowances to people taking courses under the manpower retraining program. That limit is 52 weeks. This problem was raised when the act was originally being discussed in the House. It was also raised in committee. There have been a number of changes in that ministry since then, but I believe it was the present President of the Privy Council (Mr. MacEachen), when he was in charge of that department, who told me that the government was studying the question of whether the 52 week limit should be continued. It has also been brought to our attention that the department assigned a task force to study the question.

• (5:10 p.m.)

If the government has information which can help Members of Parliament, representatives of the press, radio and T.V. media, as well as the general public to understand the reasons the government has adopted a policy, the government should do everything possible to make that information available. I happen to think that it is a mistake to limit these allowances to a 52-week period. I am the first to admit that I am not an expert in this field but I believe it would be much more sensible if the government had a flexible policy. If a course lasts six weeks a person should get the allowance for six weeks; if it lasts six months he should get the allowance for six months; if it lasts one year he should get the allowance for a year, and if it last 18 months he should get the allowance for 18 months.

The whole point of manpower retraining is that a person should get the training required to do a job. If a person wants to take a course which lasts two years, what sense is there in permitting him to start it if, at the end of the first year, the government says it will not continue his training allowances? In all probability he will have to stop taking the course, and he will not be qualified to hold a job in that field. The department has a responsibility in this connection because before a person starts a course it must determine if there is a reasonable chance that he will get a job when he completes the course. There are very few people taking manpower training programs who do not need the allowances.

Let me assure whoever replies on behalf of the government that if the report of the task force were made availa-

ble to me and my colleagues, and we found it to be well researched and the argument for limiting allowances to 52 weeks to be substantiated, then we would no longer raise this question. I find it incomprehensible that the government should refuse to make this document public. I know it will be said that it is an interdepartmental document. But, Mr. Speaker, this is a government which has often talked about participatory democracy. It should live up to that slogan.

We have established Information Canada, which is spending I do not know how many millions of dollars to tell the people of Canada the things that they want to know. I urge the government to adopt a policy under which virtually every government document and study, except those dealing with personnel matters and security, is made available, not just to Members of Parliament but also to the media representatives and to the ordinary citizens.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, perhaps I should first deal with the request of the honorable member for the production of a report. The department informs me that there is not a precise and definite document on the subject in which the hon. member is interested. It has a series of memoranda and notes that were prepared by individuals in the department who were brought together to study a number of aspects related to the adult education and occupational training program, including the question of the 52-weeks limitation. Therefore, if a document is not produced it is because the departmental officials are not able to find a definite document, the document to which the hon. member refers.

We are grateful to the hon. member for raising this subject. We know that his interest in and knowledge of it extends over some years. When discussing the departmental estimates in April, 1970, the hon. member raised this question and drew attention to the weaknesses that he saw in this type of limitation. The hon. member is quite right in saying that the 52-weeks limitation is spelled out in the act. This is an act which was passed in 1967. I have not been able to find in the records of the votes taken on second or third reading of that bill, any vote recorded in opposition to it. At that time the hon. member for Winnipeg North (Mr. Orlikow) was a member of this House of Commons. Probably this clause escaped his attention but that does not mean he should not now question the validity of it, having experienced a number of incidents several times at each level.

• (5:20 p.m.)

The requirements of this provision ought to be put on record again, as this might help to clarify the restrictions that are presently imposed. First, it has to be said that no course may exceed 52 weeks in duration; that is fact. Second, it has to be remembered that successive periods of basic training for skill development courses may not exceed 52 weeks in total. Third, successive skill courses may not exceed 52 weeks in total. Finally, basic training for skill development and subsequent skill training may not exceed 104 weeks in total. This means that a potential trainee could enter training for a maximum of 52 weeks and, having completed this training, he could enter the skill training for another maximum of 52 weeks for a total of 104 weeks.

[Mr. Orlikow.]

Certainly a year ago these limitations might have caused some hardship to potential trainees. Even within the 52-week period, the person with limited education might not find it possible to develop his educational level from say Grade I to Grade VIII or whatever is required for the subsequent training. At the same time, a limitation of this kind has advantages because it puts pressure on the federal government to have a close look at the existing methodology of training adults. In other words, it promotes the incentive to find methods for achieving greater results within the 52-week limitation. Over the years, as the hon. member is aware, the department has taken several steps.

First of all, it has endeavoured to improve methods of training adults. Here we are dealing with mature people unaccustomed to the school environment, and there is a need to develop a new methodology to permit upgrading in a shorter time. The department also provided the incentive for experimentation with new methods. In this respect, the work of some of the New Start agencies has been extremely helpful as they have pioneered in the area of adult training with techniques and methods hitherto unknown which have permitted those interested in manpower training to evaluate the results of the experiments and make the new techniques available.

Having improved the methodology and experimented with new techniques and their application, one can perhaps still criticize the department. This, of course, would be fair except for the fact that there is a limitation on how the department may spend its allocation of funds for training. Ninety per cent of what was allocated in previous years to provincial institutions for the training of adults has to be made available in the subsequent year. This leaves a very limited amount available for experimentation, but nevertheless it is being done. A few weeks ago the Minister of Manpower and Immigration (Mr. Lang) attended the inauguration of a teacher training course in Prince Albert made possible as a result of New Start endeavours, and which will introduce new techniques for the teaching of adults. This is a classic example of a visible effort on the part of the department within the restrictions imposed by the government and approved by this Parliament to achieve greater results in a shorter time.

Surely, anyone in this chamber tonight knows, Mr. Speaker, that while the educational system for youngsters is structured according to certain traditional lines, it is quite a different thing when it comes to the training of adults. Surely, there is no human element which should hamper the acceleration of training techniques and methods which would raise people with limited education to higher levels in a short time. We must keep in mind of course that there are economic considerations. If no restrictions are imposed, it could mean that at the end of any fiscal year fewer people would be trained for the same amount of money. Some people could be left out because some others were receiving training for three or four years as the hon. member is suggesting should be done.

This does not mean there is no merit in his submission. He referred to a hotel management course in Winnipeg which required two years to complete in which potential trainees could not enroll because of this limitation. I suggest that this is the exception rather than the rule, Mr.

Speaker. Since its inception the main effort of the Department of Manpower and Immigration has been directed toward the upgrading of large numbers of individuals with a low level of education who needed a fast educational push in order to qualify for skill training which would place them in the various openings in various regions.

It is not out of the question that in years to come, having completed this phase of general upgrading and movement of some segment of the labour force from the non-skilled or semi-skilled into the skilled, that we would see the desirability of adopting some of the hon. member's suggestions such as providing for longer term training. It must be kept in mind of course that there has to be an occupational tie-in. The program was meant for the purpose of training people so that they could find employment and not just for the purpose of providing a general education.

• (5:30 p.m.)

At has already been stated before the Standing Committee on Labour, Manpower and Immigration, the average type of skilled development training is far shorter than 52 weeks. Once the training is completed, the trainee is permitted to move on, if approved by the counsellor, to the type of skilled training that will bring him closer to the kind of employment or occupation for which he is looking.

The hon. member made a number of other remarks that deserve attention. He quite rightly criticized the proliferation of private employment agencies, a criticism that is not shared by everyone. There has been a proliferation in this area over the years. I remind the hon. member that the matter of private employment agencies is under the jurisdiction of provincial governments. It is for the provincial governments to regulate their operations and even their existence.

Mr. Orlikow: Will the hon. member permit a question?

Mr. Caccia: I will be completing my remarks very shortly. The existence of private agencies tends to indicate that there is in the department a basic general role to be performed in the training and placement of a large majority of Canadians. The private agencies are skimming off the top people with the type of education which means they can be easily placed in another job. Within a short period the agency earns its commission as these people move rapidly from one sector of the work force to another.

All that one can do at this point is bring to the attention of employers who are paying the agency fee that basically they are being taxed twice. They are being taxed once when they provide the funds which permit the opening and retention of 390 Canada Manpower centres across the nation and, second, when they turn to a private agency for a specific placement. Of course, in the kind of free enterprise society in which we live the employer is free to make his choice. This is probably one of the reasons for the proliferation of private employment agencies. It seems to indicate there are certain sectors where the private agency is quicker in its provision of services.

The Acting Speaker (Mr. Boulanger): The hon. member for Winnipeg North (Mr. Orlikow) wishes to ask a question?

Mr. Orlikow: Yes, Mr. Speaker. I thought I made it clear that I was not suggesting any prohibition of private employment agencies. Could the hon. member, who I presume has spoken on behalf of the minister, tell the House whether the department has made any inquiries or conducted any investigation to find out whether the rapid expansion of private employment agencies indicates that the 390 Manpower centres are not doing the job as well as they might. The employers and employees of Canada would like to feel that the department, which uses a great deal of the taxpayers' money, is doing the job which is necessary.

Mr. Caccia: Mr. Speaker, one could reply by saying that the 390 Manpower offices are active in placing the vast majority of Canadians who need their services, people who are unskilled, semi-skilled and skilled. The private agencies reflect only a modest percentage of service to the total labour force.

Mr. Charles Turner (London East): The hon. member for Winnipeg North (Mr. Orlikow) has been making a great many requests for the production of papers, but in his request for a copy of the report of the so-called task force of 1968 under the Department of Manpower and Immigration he is in error when he states that it recommended a 52-week limit for all federal government manpower training programs. I am sure he realizes that the 52-week limit was established by section 2(d) of the Adult Occupational Training Act which provides as follows:

> Occupational training course means a course of occupational training which provides not more than 52 weeks of full-time instruction or 1,820 hours of part-time instruction.

When the proposed legislation was being debated on March 3, 1967, Hon. Jean Marchand, then Minister of Manpower and Immigration, said:

> We want to provide a second chance to people who need it most. These are the men and women who missed the chance to acquire a skill during their youth or whose skill has been made obsolete by technological change. They are the people whose whole lives can be changed, dramatically in many cases, by giving them the occupational training they need.
>
> Occupational training will be provided in course of 12 months or less. The experience of the last six years has shown what can be accomplished in this way. But it has also shown that many mature adults lack the basic arithmetic, scientific and linguistic facility they need to learn a new occupation. The provinces have developed accelerated courses to provide adults with this background material, and the program will pay for any such basic training that is needed for an occupational skill. To put it another way, our concern is with skills, but when people must have basic background to learn the skills, the program will meet both necessary parts of the total cost.
>
> The provinces have built up extensive systems for providing the type of training adults need. We wish to make use of these facilities and we will pay the provinces for training the adults we refer to their courses.

I think, Mr. Speaker, from what I have just read that it is quite evident that the members of the House were kept fully informed of the plans of this government with regard to the occupational training for adults program. During the same debate the hon. member for Winnipeg North said:

> I am sure the broad general principles enunciated by the minister will be welcomed by every member of the House and by every person who has looked at the problem in respect of full employment and manpower training and retraining in our complex socie-

ty. Having said that we greet the general principles warmly, I must say that if one compares what the minister said today with the results of past programs he will realize the tremendous distance we must cover in the next year or two to implement the things about which the minister spoke.

We welcome the announcement of the minister that training allowances will be paid by the government to people taking training and that this will in no way jeopardize unemployment insurance benefit. We also welcome the announcement that one hundred per cent of bills for retraining of students will be paid by the government. This is precisely what I suggested during an earlier debate in relation to tax arrangements, namely that the federal government should accept its responsibilities to help those people who come from or live in "have not" provinces.

• (5:40 p.m.)

I am sure it is evident that we have come a long way since 1967 and that the training program is doing a good job for persons who need occupational training. The so-called task force of October, 1968, was really a meeting of representatives from the field offices with headquarters staff of the programs branch, manpower division, to review their experience with the operation of the Canada Manpower training program and recommend improvements in procedures and regulations. I am sure members realize that it is good business practice to obtain the views of those responsible for delivering services to the public in all parts of the country.

Regional representatives attending the 1968 meeting in Ottawa came from Halifax, Montreal, Toronto, Winnipeg and Vancouver. From this gathering of experienced men we were able to gain much and to improve the program in many ways. The representatives at these meetings were certainly aware of the 52-week limit on training but did not recommend an extension; then simply recognized that the courses were limited to 52 weeks by the legislation. During the fiscal year 1969-70, 300,332 Canadians benefited from the various training courses offered by the program. This would seem to indicate that the 52-week limit does not seriously affect individuals wishing to acquire new skills.

Under the Adult Occupational Training Act the department purchases training services, primarily from provincial schools but also from private training institutions and from industry. It works closely with provincial authorities and educators in developing and putting into effect training courses suited to the needs of the labour market. During 1969-70 the department purchased more than 15 million training days at a cost of $115 million. The total expenditures for training during 1969-70 were nearly $250 million, compared to $190 million during 1968-69 and $105 million during 1967-68.

The types of training offered by the Canada Manpower training program include upgrading courses, the acquisition of new skills, language training for immigrants, apprenticeship and training in industry. To qualify for training, workers must be one year older than the school-leaving age in their province of residence and must not have attended school on a regular basis during the previous 12 months. Full-time trainees who have been members of the labour force for a three-year period, or those who have one or more dependants as described in the adult occupational training regulations, qualify for training allowances.

[Mr. Turner (London East).]

Manpower training is an increasingly important and effective tool of national economic policy. It improves the efficiency of the labour market by providing suitable people to fill vacancies promptly. It provides industry with needed skilled workers and it enables Canadians to adjust to economic change and take advantage of emerging employment opportunities throughout Canada. It spurs economic growth and productivity. In times of heavy unemployment such as we have been experiencing, the program is particularly effective since by training idle workers production is not lost and the training allowances usually replace other forms of transfer payments; workers trained in such slack periods form a pool of skilled workers who serve as an essential base and springboard for the next wave of economic expansion. Because many adults lack the basic preparation for entry to skilled training it is necessary to provide upgrading in key academic subjects such as mathematics, science, reading and communicative skills. However, formal, full academic courses are not purchased under the program.

Some of those who feel the 52-week limit should be increased are of the opinion that the federal government should take over the provincial responsibility for education and provide workers with regular secondary school education. They forget that the Canada Manpower training program is an economic measure designed to meet the needs of the labour market. It was never intended that the program would take over education and provide regular school courses.

Apprentice training is an important part of the training program, providing support for the classroom portion of apprentice training programs operated by the provinces. Language training is provided for immigrants who cannot find employment or make reasonable use of their skills because they cannot communicate in English or French.

As an incentive to industry to establish training programs for their workers, to provide broader, more transferable training and encourage industry to hire unemployed workers, the Canada Manpower training program provides support to training-in-industry programs. All the types of occupational training I have mentioned are limited to a duration of 52 weeks. It is only in the area of basic training for skill development that there seems to be a demand for training of longer duration. This is because people generally want the program to provide regular academic subjects for which, of course, the program is not designed.

It has been the experience in some provinces that by using modern methods of training, a great number of grade levels in mathematics, science and communication skills can be covered in a 52-week period. The majority of skill courses require a grade ten level education for admission and it seems that the vast majority of those who are referred to basic training for skill development are able to reach the required level within the 52-week limit. They then proceed to skill courses where they may receive a further 52 weeks of training.

The time limit on training was, of course, covered in the discussions as were all other aspects of the program. However, the purpose of the meetings was not to make decisions but to make recommendations for the consideration of management. As a result of the meetings a number of suggestions were made and put into effect.

Others required amendments to the regulations, and I am told that the recent amendment to allow a man to claim his common-law wife as a dependant for allowance purposes if the relationship has existed for one year is a direct result of the meeting. I also understand that other recommended changes will be made when the Adult Occupational Training Act is amended.

The papers prepared on the Canada Manpower training program during the meetings of October, 1968, were developed for the internal use of the department in improving the operation of the program. They are considered to be internal working documents and it is for this reason the motion is opposed. It is, as I mentioned earlier, good business practice to make use of the knowledge and experience of staff members. This is particularly true of an extensive program such as the Canada Manpower training program which brings an essential service to the various regions of the country with their differing conditions and needs.

• (5:50 p.m.)

[*Translation*]

Mr. Maurice Dupras (Labelle): Mr. Speaker, Canada is often regarded as a country of manifold opportunities, and in fact this impression proves to be right. There is no need to recall all the elements which gave us this reputation; nevertheless, it is in order to remember some developments.

Mr. Speaker, Canada has a labour force showing the largest increase in size, quality, strength, and I was going to say with much more education and training. All these are essential if our country is to maintain this reputation and go on progressing.

Canadian youth has understood this need; young people today are pursuing their studies beyond the college level.

For instance, in 1965 50 per cent of the workers 45 years of age or over had not finished primary school. On the other hand, 80 per cent of students between 20 and 24 years had completed their education beyond primary school.

[*English*]

It is accepted, then, that the younger age group possess, on the average, higher educational qualifications than, let us say, their parents. While this is all well and good and a tremendous asset to Canada, we must remember that the increase in educational standards may leave the older worker behind.

A second factor in the economic sector which affects the Canadian worker is the rapid level of change and technological improvement occurring in industry. In order to keep abreast of rapid industrial change and the demand for skilled young people, the Canadian worker finds that he must be relatively skilled. Now, if one is a young person without adult family responsibilities, it is a relatively simple task to adequately prepare himself or herself to enter the labour market.

But let us consider the very real dilemma facing the older worker who comes up against this problem. Think for a moment of this situation. An individual has been working for about ten years at a relatively unskilled job and he finds his skills are redundant. Technological advance demands that he must improve his present skills in order to continue in his job. If he is supporting a family, then his position is particularly difficult; he cannot satisfactorily attend a full-time educational course and provide for his dependents as well. The alternatives facing this worker are few. He may attempt to find other employment, perhaps at a much lower salary, or he may apply for training under the auspices of the Canada Manpower training program.

There is where the individual approaches the Canada Manpower centre for assistance and advice. He may, along with more than 1,100,000 others who have benefited from this program, spend up to 52 or 104 weeks—depending on his needs—in vocational studies. If he lacks basic educational skills he may take an upgrading course for a maximum of 52 weeks before proceeding on to a program of occupational training, again for a maximum of 52 weeks. If he supports dependants or has been a member of the labour force for at least three years, the trainee is eligible for a living allowance during the period he attends courses.

A follow-up survey of graduates in the training program by the Department of Manpower and Immigration has shown that individuals who have studied under the Canada Manpower training program are indeed improving their prospects of employment. Trainees completing a full-time training course are surveyed as to the success of their studies in real terms. Preliminary results show that the average trainee earns 15 per cent higher wages within three months of completing the course. This is understating the gain to trainees because many of them were limited in employment prospects before training, and also it does not reflect the full earning potential of the new occupation.

The improvement in employment prospects may be even more significant than the wage increases. Well over half the trainees in the follow-up survey were unemployed when they applied for training. Seventy per cent of these were fully employed three months after completing the training course. Over 90 per cent of those with jobs before taking the training course were back at work within the survey period. According to the follow-up survey, roughly 80 per cent of graduates from skilled and educational upgrading courses found employment after training, while only 40 per cent had jobs previously.

For the benefit of hon. members who are unfamiliar with all aspects of the Canada Manpower training program I will briefly summarize its working structure and major objectives. The Canada Manpower training program was introduced in 1967 to attempt to meet the training needs of adults in the labour force. The program offers upgrading vocational training and retraining courses, it provides for the acquisition of new skills, specialized training and, in the case of upgrading, the basic knowledge necessary to begin occupational training. The program also covers language training for immigrants, apprenticeship and training-in-industry.

In order to qualify for training, applicants must be one year older than the school leaving age in their province of residence and not have attended school for the preceding 12 months. Training allowances for those who attend full-time courses are available if they have been members of the labour force for a three-year period or have one or more dependants.

According to a departmental survey, the program is reaching established members of the labour force who have been working for ten or more years. The average trainee is 27 and is usually married with dependants. A substantial portion of the program continues to serve younger people whose formal training has been insufficient to make them competitive in the labour market.

The aims and objectives of the Canada Manpower training program may be categorized as both long- and short-term. In the area of short-term objectives we can include making the individual more employable through the acquisition of new skills, accelerating growth in traditionally slow growth areas and facilitating manpower mobility. Long-term objectives include ensuring an adequate supply of productive manpower to meet the requirements of the economy and narrow the gap between its potential and actual performance, and maintaining and improving the competitive position of Canada in relation to other countries.

The success of the program may be gauged in financial terms. Preliminary estimates of a cost-benefit study of the over-all effectiveness of the program confirm a ratio of benefits to costs of approximately $2 to $3 for every $1 of real investment in the program. I think it may be stated that from modest beginnings four years ago when it was introduced to meet a developing need in the economy, the Canada Manpower training program has become a major instrument in adapting to new technology, overcoming regional disparity and providing new income for the disadvantaged.

• (6:00 p.m.)

[*Translation*]

The Acting Speaker (Mr. Boulanger): Order. The time allotted to private members' business having expired, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Mr. Roch La Salle (Joliette): I think I am just on time, Mr. Speaker.

I would like to discuss Bill C-259 and the amendment dealing with unemployment, inflation and industrial development. This bill is nevertheless of prime importance in Canadian life.

The white paper which was tabled a year ago, discussed and attacked by some people is nevertheless valuable. Tabling such a white paper was a good idea indeed. This allowed groups and associations to discuss it and submit the necessary amendments.

Later on, many representations were made, and the government studied the required changes in depth. Those were also interpreted variously by the members. Some briefs accused the government of having backtracked, but the white paper allowed organizations to make representations. This procedure should be followed again in the future: it gives the opportunity of suggesting ideas as well as improvements.

Bill C-259 differs widely from the white paper. This proves that the government tried to offer the public a policy to be discussed. The changes in Bill C-259 prove that the government was willing to take into consideration quite a number of the representations made, which is all to its credit. We have before us an amendment dealing with the problems of inflation and unemployment. It definitely has some merit. It cannot be said that all policies introduced by the government over the past three years have had the results anticipated. Nevertheless, it is inaccurate to blame it all on the government. In all honesty, I repeat that because of the difficult economic situation the government failed to achieve the desired results.

Must I repeat here that if the Canadian government bears sole responsibility for our economic problems heads of state throughout the world have not fared better with administration, since the economic difficulties are world wide.

• (8:10 p.m.)

We have every reason in the world to make, in this House, as many constructive suggestions as possible, not in order to embarrass the government, as some take pleasure in doing, but to help it. Such is the role of every member in this House. If we performed the task assigned to us by our constituents, we would achieve much more concrete and beneficial results for society.

Bill C-259 contains good solutions. For instance, the personal exemption which has been increased from $1,000 to $1,500 for single taxpayers, and from $2,000 to $2,850 for married people. Need I point out to the ministers that, with the high cost of living, I would have wished, of course, like many others, that these exemptions be increased at least to $5,000 in the case of married people. We all recognize, Mr. Speaker, that a salary of $100 a week is not unduly high nowadays, considering the cost of living.

I must also give recognition to the government's efforts. Judging by the statement made by the Minister of Finance (Mr. Benson) a few months ago, this bill is supposed to be of great value. I feel that the good will shown by the government is significant. Of course, we must continue to ask for more and to do better. I do not want to limit myself to criticism nor to discuss every clause of this bill. It has not lacked publicity and most hon. members are well aware of its effects.

Some amendments are very beneficial to Canadians, considering that some 800,000 of them will not have to pay any taxes and that close to 3 million taxpayers as well as industrialists will be granted great benefits.

This amendment does not give much consideration to the concrete results that will follow from the standpoint of unemployment and inflation. I would like to take this opportunity, Mr. Speaker, to remind the government that there are, nevertheless, excellent suggestions which may be made by hon. members and which take into account the interests and needs of each riding.

I had the privilege and, I might say, the good idea of organizing an information meeting in my riding not too long ago. That has enabled me to get better acquainted with the interests and needs of my constituents who in turn had the responsibility, in the various workshops, of making suggestions that I was to submit to the government.

These resolutions take into account the needs of all Canadians, and I would like to tell the House about them.

The government should pay particular attention to these resolutions which, I think, could eliminate unemployment to which the amendment refers. I think I remain within the purport of the amendment in making these comments for the government's particular consideration.

I will take agriculture as an example. Several persons of influence in my riding have asked me to make representations to the government urging them to establish a social climate which would improve the position of Canadians.

Farmers did not hesitate in asking me—and this is very sensible—to demand of the Minister of Agriculture (Mr. Olson) a policy which could be established jointly with the provinces and which would guarantee free assistance to schools and hostels.

If the government is responsible for the health of Canadians, I am convinced that such a step would be of benefit to child health as well as to dairy producers who, last year, met with great difficulties.

I know that the Minister of Agriculture has often agreed to the demands of the milk producers, and I know also that the experiment launched three years ago in the United States to provide free milk in schools and hostels has been a great success. They have doubled the budget for that measure. Indeed thus we protect the health of the children and encourage consumption, which is really important for milk producers.

We know very well that because of the reduction of quotas quite a number of milk producers had to leave their farms. The government ought to take measures in order to ensure the survival of family farms. This is a way to make sure that milk producers get a higher income and at the same time to grant essential guarantees for the health of children.

As for the housing field, a resolution has been unanimously endorsed and I know that the removal of the 11 per cent tax on building materials has been widely discussed.

Needless to say, Mr. Speaker, my constituents are not indifferent to the results of that policy. Bill C-259 includes some important amendments which have been suggested, but it is also important to consider the possibility of removing the 11 per cent tax. If we sincerely wish to give a new impetus to construction, it is quite advisable to consider the removal of the tax. Several members have already raised the matter. I had the opportunity of discussing it and asking the government to grant special consideration to that policy. We have reached the point where we must seriously consider the removal of that tax, according to various unions and organizations of employers. It would be a way to spur the economy by enabling future owners to take advantage of reduced prices.

I repeat my request and ask the government to give special consideration to that policy.

• (8:20 p.m.)

It seems that the government is seeking various solutions, but it seems to me very simple and much more beneficial to take certain steps about housing. That would be a ready means to get people to become homeowners, and the repeal of the 11 per cent sales tax would also increase sales of building materials.

It is important for the government to convene as soon as possible all unions and builders in order to initiate a program to bring about an agreement with unions, employers, building materials dealers, and builders as well. In my opinion, if Parliament were to convene such a meeting which would go by the name of "New start in housing", it would allow the government to set up criteria and I think that it would be useful if they invited all parties concerned in housing to draw a comprehensive program for the next two or three years.

The government could on the one hand offer almost unlimited credit opportunities and would be entitled on the other hand to request particularly from labour unions some undertakings of their own such as a salary freeze.

Discontinuance of the right to strike could also be discussed together with a price freeze on building materials in order that future owners could really benefit from the removal of this 11 per cent tax.

I am sure that should the government hold such a meeting and offer unlimited credit opportunities, it would be very difficult for unions as well as for building contractors to oppose such a measure once a new start in housing is being considered.

I believe that this meeting should take place as soon as possible and I am convinced that it would enable many citizens to buy their own house at reduced interest rates. These unlimited credit opportunities would furthermore entitle us to demand from unions and building contractors that they make certain concessions to reciprocate the government's good faith.

I would like to take this opportunity to draw the government's attention on public projects in which municipalities are interested. We know quite well that the winter works program was dropped a little over a year ago. It no doubt gave way to abuse. However, we clearly recognize that the municipalities are facing financial problems. The government would be taking proper action in setting up at the earliest possible moment a policy to make a better selection of utility projects as far as the municipalities are concerned.

As to pollution, Mr. Speaker, the government should without hesitation set up a policy that would allow any

municipality that wanted to equip itself with a water treatment plant to do so. When talking of pollution, one has to start at the beginning. If a municipality wants to equip itself with a water treatment plant the government should not, in view of the fact that the problem of pollution is after all a national one, hesitate to vote supplies allowing that municipality to acquire such a plant. This could be done through grants, and I do not think there is any other way of going about it.

I think the government should seriously consider granting supplies at reasonable interest rates not only for public utilities but also to municipalities.

In some cases, municipalities probably face financial difficulties. We know that only the payment of interest represents for certain municipalities more than 30 per cent of their budget. It is therefore easy to show the need for such legislation and I believe the government should consider more and more the advisability of certain recreational facilities for instance. Governments have undoubtedly tried to help municipalities in recreational matters. I wonder whether a really practical solution was found. I think a basis must be established at this time when recreation is becoming increasingly important and working hours are reduced. We must seriously consider the possibility of providing more recreational facilities to our citizens and I wonder whether the government should not consider establishing at the earliest possible date a policy of grants for some recreational facilities.

If we consider subsidizing the purchase of equipment, the building of arenas, the development of baseball parks or any other project, each municipality will be able to organize itself in a better way in so far as it is able to purchase equipment. The federal government should soon discuss with the provinces the granting of moneys for these projects.

This has not always been government policy but since people require more and more recreational facilities it is urgent to work out a policy enabling the large municipalities to provide for recreational centres and to organize recreational facilities which are as essential to grown-ups as they are to younger people.

I would like to urge the government very strongly to continue the Opportunities for Youth program. Resort as it might to measures consistent with bill C-259, for lower taxation or other benefits, though I am surely in favour of this bill, since it shows the government's willingness to do more and better, I feel that the government nonetheless is experiencing some difficulties while looking for simple solutions. Considering the tremendous insight I gained in my constituency last summer, I feel I am entitled to request from the government the resumption of opportunities for Youth program as soon as possible.

This is part of a resolution which was prepared at the local meeting in my constituency to which I referred a moment ago. The young participants at that meeting were very happy with its results and asked me to apply pressure on the government to have it announce as soon as possible the resumption of the program tough it should take care to make a better choice of projects, and to allow the necessary time to prepare them.

I hope that the minister will before long make such an announcement, so that more young people might participate in the projects next year, since the Opportunities for Youth program allowed several municipalities to increase the number of their instructors according to their needs.

[Mr. Salle.]

Also, I wish to say a few words in favour of the co-operatives and the caisses populaires. We know very well that Bill C-259 seems to enormously inconvenience the caisses populaires and the co-operatives.

• (8:30 p.m.)

I will refrain from tabling or mentioning all the recommendations I have received from the co-operatives and the caisses populaires. I know that others before me have dealt with the matter. I also know that the government has received many recommendations asking the Minister of Finance to give special consideration to the situation of these co-operatives and caisses populaires.

I hope the government will pay special attention to the situation of co-operatives. I cannot help but mention the importance taken, especially in the province of Quebec, by the Caisses populaires Desjardins, and I venture to think that Quebec members will not hesitate to give them their support. I am pleased to say in this House that the Caisses populaires Desjardins movement in the province of Quebec is important. I will give other members the opportunity to defend the caisses populaires or the credit unions. Quebecers can be proud of owning a movement crowned with success in the field of economy.

I trust that hon. members from Quebec, regardless of their political affiliations, will make it a point to ask the Minister of Finance to study carefully the representations of the Caisses Populaires Desjardins, which were successful in our province and should continue to enjoy advantages enabling them to continue to grow. In short, the movement is at the service of a community in need of it in the present economic context.

I especially appeal to all hon. members from Quebec, who are better acquainted with the Caisses populaires Desjardins, in order that the Minister of Finance will acknowledge in all fairness the importance of such a movement for the French-speaking people in the province of Quebec. This will certainly not prevent our backing similar pleas from other hon. members in favour of comparable movements outside Quebec and which are essentially making similar representations.

I do hope that all these representations and all these requests will sufficiently stir the minister and make him understand that co-operative movements, particularly the Caisses populaires Desjardins, really need the privileges they were enjoying before the introduction of Bill C-259 in order to answer the needs of their members who, finally, pursue an objective and an ideal worthy of encouragement.

I would not like to hold the House too long, so I shall not add to the comments I made because I am very interested both in the bill and in the representations from some associations.

Personally, I think the amendment deserved special attention, because of its importance, to remedy unemployment and inflation. But I also think that as it is the bill contains enough good provisions to deserve support. As an independent member, I shall be glad and honored to support the bill. However, I should point out that I did not

miss the opportunity to require of the government that it pay special attention to various suggestions coming not only from me, but also from resolutions passed at a meeting that represented the opinion of thousands of Canadians.

I venture to believe that the government will give consideration to the suggestions I have tried to bring forward in the House. I support this fiscal reform which, viewed as inadequate by some hon. members, is still a step toward a society with a little more justice. Who could refuse support to legislation aiming for a more just society some of it involving an improvement within the present economic context?

[*English*]

Mr. Robert P. Kaplan (Don Valley): Mr. Speaker, Canada has had a brief romance with the concept of a neutral income tax system. This proposal was the recommendation of the Carter commission, a system in which a buck would be a buck to the tax gatherer and special treatment and special incentives would be removed. Such a system assumes that the best allocater of resources is the free market and that any cushioning of its effects by the tax system wrongly distorts economic decision-making. Carter acknowledged a place for subsidies and stimulative grants but he felt the tax system should not be used for that purpose.

That neutral concept of taxation has been abandoned in the bill before us. It has been abandoned in favour of a non-neutral system, a system which will stimulate growth, stimulate savings and capital formation, stimulate construction and plant expansion, stimulate regional development and stimulate Canadian ownership of our economy.

But, Mr. Speaker, this bill was conceived and designed on certain assumptions about the Canadian economy. I suggest that one of the most fundamental was our economic relationship with the United States, a relationship on which a substantial capital flow and an even more important commodity exchange is based. If this fundamental relationship of Canada and the United States were changed and we had a neutral tax system, that would be one thing and we could perhaps ignore the Canada-U.S. relationship. But with a non-neutral system, with biases reinforcing certain of our traditional relationships with the United States, we would have to reassess the whole tax system to see how these built-in biases are affected by the changes in the fundamental assumptions. These are the problems I would like to discuss tonight.

Canada-U.S. relationships fit into a pattern—a big, powerful country coexisting with a small one. History is full of cases of great powers coexisting with small neighbours, and there are other such cases in the world today. I think what is unique about Canada's relationship with the United States in this type of context has been the historic, fundamental decency of American policy toward us, which has meant for Canada absolute, if sometimes grudging, autonomy. Our independent view of international affairs is shown as we trade with Cuba, exchange ambassadors with China, condemn atomic testing and the war in Viet Nam and harbour American deserters and draft-dodgers. Contrast this kind of relationship with how China would react if its military deserters were welcomed in Afghanistan, or with how the Soviet Union would regard an application by Sweden to enter NATO.

In the economic sphere as well, our independence is visible. The American policy has not impeded Canadians in their aspirations to develop a high standard of living and an urban life style. The American investment in Canada by manufacturing companies and access to the American market for Canadian manufactures, have brought us real economic benefits. This attitude of partnership of a great power to its small neighbour has also benefited the United States. It has been proved that there is more to gain for its own people from the prosperity of its neighbours than from the bleeding process of empires past. In our secure and comfortable relationship, Canada has abandoned its traditional policy of fostering local industries behind tariff protection and has challenged Canadians to meet world competition in our own domestic markets. In this pursuit we have become America's best customer by far.

But the surcharge of August 15 and the prospect of far ranging U.S. tax subsidies to manufactured exports force Canadians to reconsider our relations with the United States. For this purpose it is immaterial whether the unilateral American act implies a new era, so far as the Americans are concerned, in their relations with Canada as such, or whether the Americans merely regard Canada's industrial prosperity as a pawn in their negotiations with third countries. In either case, our economic future is in peril.

• (8:40 p.m.)

I believe that the United States seems to have taken a narrow view of world trade. It seems to be labouring under an extremely static concept. For example, Secretary Connally has called for a shift of certain volumes of trade, measured in billions of dollars, from each of the countries with whom the United States does business, back to American production. This demonstrates a belief, I submit, that world trade is something like the children's game of trading marbles. Each child brings so many marbles to the table, and after the game some have more and some have less. The total number, however, does not change.

Mr. Speaker, world trade is not like a game of marbles; it is a dynamic, not a static thing. Total volumes are not fixed or predetermined. At the end of a successful round of world trade there is more in the aggregate than there was at the beginning. The process is creative; it generates expansion and wealth and can increase every player's prosperity. Everyone can win in trade. That does not happen in a game of marbles.

This is the dynamic approach the world had going for it in the Kennedy round. The United States should surely see, if it is seeking to use its economic power to take some or all of our marbles away, that it faces the risk, if Canada submits to such a policy, that the Canadian player who has contributed so much to the total process will be weakened or driven out of the game. Who would gain in such a process? Our first mission, therefore, is to clarify the United States concept of world trade and Canada's first place in it. What is the American concept? At the moment I believe their view of world trade is uncrystallized. I do not think there is a clear American consensus of what it

means and where it will be. As a country which is vitally interested in this concept, I submit that Canada and Canadians should seek to play a part in the American policy formative process.

We all know that representations have been made by our government to that of the United States. But there are other initiatives which should be followed. Two weeks ago, for example, some distinguished American Congressmen, members of the Mills committee on ways and means, visited Canada with the NATO delegation. They expressed interest in exchanging views on these issues with our House of Commons Standing Committee on Finance, Trade and Economic Affairs. This American initiative should be welcomed and followed up by our committee as rapidly as possible.

I submit there is a special role for United States subsidiaries which carry on business in Canada. To develop this point I should like to say a word about the implications of American ownership of so much of our economy. Many Canadians see our present problems and the American influence over us as deriving from American ownership. I have given considerable thought to the issue of economic sovereignty, as have all hon. members. I agree it is an issue which deserves high priority. However, I see it mainly as a political issue, one of identity or of psychology but not economic.

The fact of foreign ownership as such plays no part in our economic problems, in our problems of unemployment, economic growth, inflation, regional disparity, poverty, monetary stability or any other of our economic problems. Such corporations are generally just as good and valuable citizens as are Canadian firms. I have yet to hear an argument which says that foreign ownership harms our economy, putting aside the non-economic aspect, which of course could be the subject of another speech.

The great American influence over us, I submit, is not in their ownership of our resources and factories but in the fact that they are our biggest customer and, like any customer, they always have the right to shop elsewhere or manufacture at home the goods we export. In this respect Canada's position is like that of Japan and West Germany vis-à-vis the United States. Japan and West Germany are two great economies. No one could claim that they are in any sense owned by the United States; nevertheless, they have been dramatically affected by President Nixon's unilateral initiative.

In Japan for example, the value of stocks trading on the Japanese stock market has declined 20 per cent since August 15. During the same period in Canada the stock market has been virtually unaffected. The Japanese have also been forced to revalue the yen, moving it upward by 6 per cent. Japanese businessmen, like those in Canada, must be going to the government saying, "We want our currency devalued vis-à-vis the United States". But the Japanese government is in no better position to respond positively than is our own. And ownership has nothing to do with it. However great and independent these world traders are, the fact remains that the United States is their best customer too, because the United States is everybody's best customer due to its huge consumption. None the less, as a country with the greatest trade contact with the United States there is no doubt that Canada has been the most affected.

[Mr. Kaplan.]

Yet, although the American ownership of our economy is more a political than an economic concern, it has an economic dimension. That economic dimension has only become apparent, at any rate to me, since August 15. That is this: most of the American firms operating here also operate in the United States, often integrated on a continental basis. On the other hand, most Canadian firms do not operate in the United States and have no plant or equipment there. This is simply because the United States has a more mature economy.

The implication of this difference is that when incentives appear in the United States, like the DISC program, the Buy American program and the surcharge—which are all incentives to transfer manufacturing operations to the United States—United States subsidiaries in Canada are in a much more flexible position to take advantage of them. They are free to go where they will make the most money. Of course, Canadian firms are free to move to the United States and seek the benefit of these incentives. However, with Canadian firms there is the inertia factor deriving from the fact that moving to the United States requires a new kind of internal policy.

Let me, therefore, toss the question in the air: What are the Americans and other foreign firms in Canada doing to preserve their Canadian manufacturing operations? We all know one thing they are doing—they are coming to Ottawa for grants under the employment support bill designed to maintain employment against measures like the surcharge. They should be entitled to these grants on the same basis as other businesses. But what are these firms doing and saying in Washington? They are, after all, in a unique position to advocate free trade there. These huge international U.S. firms are the inventors of the concept that international movement of trade is a dynamic force increasing world prosperity.

Are these firms speaking for free trade in Washington as other good Canadian corporate citizens would if they had the chance? Are they pressing their case, or are they moving back home? Are they converting or preparing to convert their Canadian factories to distribution centres and warehouses for American-made goods? I do not know the answer, Mr. Speaker, but I would like to know it.

If we learn that the United States does intend a new economic relationship with Canada, with protectionist tax subsidies both for domestic production like the measure passed in the House of Representatives this afternoon, and for exports like the DISC program which passed the House of Representatives last Tuesday, if their plans are to return industry to the United States and gear our economy by market pressures, to the extent that we permit, into a conduit of raw material to United States population centres, it is very clear to me that the tax bill before us will need revision. We will need measures modelled on the American method.

• (8:50 p.m.)

Canada has its own industrial prosperity to protect. If the Americans want to reduce world trade to a game of marbles, in so far as possible Canada must adjust. Our tax act will have to be used to stimulate manufacturing, employment and exports in a way which has never before

been necessary or, for that matter, which has never before been desirable. We will need a Buy Canada policy both at government level and in the private sector. These are the challenges we will have to face if our investigation proves that American intentions are what they appear to be.

Another proposal which has been made in this House is that we retaliate against the American measures by imposing an export tax on all of the resources which are exported to the United States. This measure is proposed on a false premise. I refer to the remark which the hon. member for York South (Mr. Lewis) made a few days ago. He said we should have an export tax; we should go to Washington, not on our knees, and say to the Americans that they desperately need our oil, natural gas and other resources of which they are short. It is true that the United States has a considerable reliance on Canadian resources, but I submit there is no such dependence. There is a big difference between dependence and reliance.

Some hon. Members: Hear, hear!

Mr. Kaplan: I wish to refer to some of these resources. Pulp and paper are referred to as commodities which the United States desperately need from us. The fact is that American pulp and paper are substantially cheaper than the Canadian product. I suppose the reason for this is our climate. The fact remains that Americans are into Canadian pulp and paper, probably because of union problems.

Second, people say that Americans desperately need our oil. How true is that? The fact is that oil from the Middle East comes to the United States at times at $1.50 a barrel less than Canadian oil exported to that country.

Why do the Americans buy our oil at $1.50 a barrel more than they pay for oil from the Middle East? They buy it because it is important for them to maintain what they call an uninterruptable supply. If by our policies we indicate that our export of oil depends on their good behaviour, on our terms, I do not think we will have that protected market for very long. I do not think we will have that subsidy for very long. In any event, production of oil in the United States itself is only a matter of cost. At $3 or $3.10 a barrel they could be converting shale and tar sands to oil. They have no enormous dependence on Canadian oil: they have a reliance but not a dependence. What about natural gas? There is one thing you cannot get from the Middle East.

An hon. Member: Get it from the NDP.

Mr. Kaplan: In my house I use natural gas for heating. I am delighted to do that. However, if I could save a cent per unit I would transfer to oil. There is no major business in the country that is not equipped to use either oil or natural gas as fuel. They make their decision entirely on the basis of cost. Of course, if we were to cut off the United States supply of natural gas on Christmas eve or something like that, we might really be able to get them—but to argue that natural gas is a resource which is absolutely required and comes only from Canada is ridiculous.

The last resource I will itemize is nickel. I think I have covered all the main categories. It has been suggested that we could cut off the whole supply of nickel to the United States. That used to be true, but a lot of nickel is now being produced in other parts of the world. Another thing the advocates of an export tax do not realize is that our nickel production depends on the volume we sell. If we do not have big customers abroad for Canadian nickel, we cannot be in the nickel business. To withhold our nickel would contribute to cutting our economic throat.

I sincerely hope the government will not be sucked in by arguments, however politically attractive they might be, that we should retaliate with an export tax. We have to assess what the Americans intend to do with regard to us and our power of coping with the situation. We should direct ourselves accordingly.

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, the hon. member for Don Valley (Mr. Kaplan) opened his speech by referring to a romance that our country has apparently had with other countries of the world, particularly our friendly neighbour to the south. After listening to many of the debates concerning Bill C-259 and the amendment before us, I am reminded that the Canadian people have had a rather short-lived romance with the Liberal party. We have spent some years listening to the Prime Minister (Mr. Trudeau) promising us that the just society was just around the corner. We have spent some years listening to the Prime Minister, the leader of the Liberal party, telling us that the just society is here.

Mr. Faulkner: He never said that.

Mr. Gundlock: I will say something about that later. The debates that I have heard in this House have not suggested in any way, shape or form that the just society has arrived. As a matter of fact, it is probably the other way around: it is going around the corner at a very rapid pace in a way that is discouraging to the economy of this country and to the people of Canada. The hon. member for Peterborough (Mr. Faulkner) said earlier in this debate that opposition members never have anything important to suggest.

Mr. Faulkner: Hear, hear!

Mr. Gundlock: I am glad to hear the member saying "Hear, hear". I point out to this House and the Canadian people that the strong suggestions and feelings that have been voiced here, particularly since last September, have not come from members of the opposition alone. In fact, some of the strongest pleas have come from the government benches.

Mr. Mahoney: That is true; most of the strong voices come from here.

Mr. Gundlock: This is in spite of the fact that certain members, including the Prime Minister, think opposition members do not suggest very much. They say our suggestions are not worth much. I remind this House and the Canadian people that when we reach such unanimity these suggestions must be listened to.

• (9:00 p.m.)

I see no better measure to try to improve the economic affairs of the country, particularly since the action of the United States, than a tax bill, especially one which is supposed to be so far reaching. I fail to see any change in this measure at a time in Canadian history when changes

are so badly needed. One would expect some visible effort on the part of the government to improve the economy. Time and time again hon. members have drawn attention to the kind of provisions which are needed, but so far I find no indication that the Minister of Finance (Mr. Benson) is even listening.

The Prime Minister (Mr. Trudeau) is reported in today's Ottawa *Journal* as having something in mind to improve the employment situation. I point out that it has been suggested in this House over and over again, not only by members of the opposition but by members of all parties, that this type of action is badly needed. It is comforting to learn that after all these years of great suffering by millions of people, the Prime Minister at last has something up his sleeve which might create jobs. I was glad to note this, with its indication that after years of listening to talk about an improved society and the just society, the government is at last beginning to think about it.

As a member of the opposition, I suppose if I were very selfish I would say I am glad I have had a small share in bringing this matter to the attention of the Prime Minister and that he in turn has thought sufficient of it to bring it to the attention of the press. So we have some hope, at least, of a new society—one, perhaps, where people can work and save and enjoy a decent standard of living.

The amendment should be supported. My purpose in rising is to do just that and, as I said earlier, to call the attention of the Canadian people to the fact that there have been strong pleas—again, I emphasize, from all sides of the House—that the Minister of Finance reconsider certain provisions in the bill before us if not the bill in its entirety.

It should be borne in mind that our relationship with the United States has changed since this bill first saw the light of day. In this new situation I believe the minister should revise his thinking or at least withdraw the bill for a time so he may take a second look at it. This would also enable him to pay more attention to what has been said in this House on the subject.

Many hon. members have called for the establishment of certain priorities. In light of the changed conditions which are now apparent, priorities should be fixed which would offer a solid economic course for this country to take. Most business people, most of us here in the Commons as representatives of the people, and nearly all our leading economists have advised the government and the people in general that our economic course is simply one of opportunism, of drifting aimlessly about. It must come to a halt. This type of drifting is getting the country into a terrible situation.

Here we are, a beautiful country—as someone said the other day—and certainly a rich one, abundant in both natural and human resources. There is no country in the world which is any richer, and certainly we possess the knowledge required to govern us on an even, economic course. Yet what has happened to us? The government says, and quite rightly so, that it has a mandate from the people. However, I am not sure that Canadians would be proud of those who have their mandate if they had heard some of the debate on this tax bill.

One of my purposes in speaking tonight is to call attention to what others in the House have been saying. The intentions of members taking part in these discussions have been good. My hon. friend from Malpeque (Mr. MacLean) spoke on this subject the other day. He drew attention to what President Nixon had to say. There is no question that President Nixon is a world leader and is a popular leader of perhaps the richest country in the world. As reported at page 8355 of *Hansard*, the President of the United States, whose words were quoted by the hon. member for Malpeque, in his address to the U.S. Congress said:

• (9:10 p.m.)

> I ordered a $4.7 billion cut in federal spending, to allow for tax cuts to create new jobs.

That is a forthright statement to the country, and judging from what has happened since then I presume his country accepted it. That statement was made on September 9. We often hear it said that our economy is so closely tied to that of the United States that we cannot control our economy. I do not agree with that premise in any way, shape or form. In the first place, I do not think we need to be tied so closely to the United States economy, particularly in view of the richness and vastness of Canada and its resources. This is why to my mind the amendment moved by my colleague from Edmonton West (Mr. Lambert) to Bill C-259 should receive the support of all of us.

The President of the United States continued:

> I ask the Congress to consider as its first priority, before all other business, the enactment of three tax proposals that are essential to the new prosperity. These three measures will create 500,000 new jobs in the coming year.
>
> First, I urge the Congress to remove the 7 per cent excise tax on automobiles, so that the more than eight million people in this country who will buy new American-built cars in the next year will save an average of $200 each. This is a sales tax, paid by the consumer. Its removal will stimulate sales, and every 100,000 additional automobiles sold will mean 25,000 additional jobs for America's workers.

The President speaks very plainly. The tax bill that we are discussing is, for all practical purposes, several years old. Since last August we are in a completely new economic ball game, yet we are being asked to consider legislation that is behind the times. The Minister of Finance is doing nothing to meet the new situation. I am aware of no change in or amendment to the bill, and no suggestion has been made by the Minister of Finance or the Prime Minister that the bill will be changed in any way, shape or form. Quite frankly, I think we are in danger of getting ourselves into a worse position, though it is bad enough now.

The Prime Minister has said in this House on many occasions that Members of Parliament are not worth a hill of beans. Each member of this House represents anywhere from 25,000 to 125,000 people, and when he rises to his feet and almost begs and pleads with the government to do something to alleviate the economic situation, you cannot tell me that MPs do not amount to anything. Some of the members of this House are the hardest working bunch of people I have ever met.

I have made reference to some remarks of the hon. member for Malpeque. The hon. member for Vancouver-Kingsway (Mrs. MacInnis) also had something to say about the economic situation in Canada. She outlined who were the people who will be affected by this measure and she made a good, honest speech on behalf of the people

she represented. She said, as reported at page 8356 of *Hansard:*

The result is that this tax bill continues to widen the gap between the "haves" and "have nots" in this country. It increases the comfortable insulation of the top 20 per cent of our population who enjoy 40 per cent of the good things of this world, and of Canada in particular, and makes more acute the humiliating poverty of the lowest 20 per cent who try hard to cling to their portion of only 7 per cent of the national income. Their position has not changed very much or, if at all, only for the worse.

I heartily concur with that.

Somewhere in between are the middle 60 per cent who are trying to climb the slippery slope to security while those at the bottom of the slope are sliding to the ragged edge of poverty.

That is part of what the hon. member for Vancouver-Kingsway had to say, and I agree with her. She then went on to explain how the elderly people would be affected by the provisions of this bill and asked what would be done for them. I wish the Minister of Finance were in his seat so he could answer that question.

• (9:20 p.m.)

What is being done under this tax bill to help the unemployed? What is being done to help those on fixed incomes? What is happening to those who have been on fixed incomes for the past five or six years? Last February a situation was brought to my attention. It involved a lady 82 years of age. She is a widow of a former captain in the Ottawa fire department. He retired after 42 years' service and went on pension. When he died, this elderly lady was left with only $133.61 per month because his pension lapsed. Her rent was $117.50 per month. This left her with $16.11 per month for food and clothing. What will this tax bill do for people like her? I was glad to learn recently that as a result of efforts of the Ontario finance corporation she is now living in a new apartment and paying rent of only $37.70 per month.

I cannot see anything in this tax bill that will offer any relief to people of this kind. We must have tax incentives. Members on all sides of the House have advocated the removal of the 11 per cent sales tax on building materials. This may be a small item but it would relieve situations such as the one to which I have referred. Even members of the Prime Minister's party have supported this suggestion. But this will not be done through Bill C-259. That is why I support our amendment.

This tax reform measure first came to our attention in the form of a government white paper. I suggest it was not worth the paper it was printed on. That is the situation with which we are now faced. Many things have happened since the introduction of that white paper. We have higher unemployment, higher prices, lower seasonally adjusted manufacturing shipments, lower seasonally adjusted new orders, additional seasonally adjusted unfilled orders and higher seasonally adjusted inventories. That is what has happened in our industries—and it is not the result of the recently imposed surtax on U.S. imports. As a result of that surtax I am sure we can expect more readjustments. Canadian people, such as members of this House, are aware that the government has sent a number of people to Washington to negotiate in respect of this surcharge. I do not suppose they have accomplished anything. They might just as well have stayed at home.

Division

Mr. Alexander: They should have picked up the telephone.

Mr. Gundlock: They should have picked up the telephone, for all the good they did. The lack of action by the government is very discouraging. We had to wait for the hon. member for Edmonton West to bring forth an amendment to this bill in order to do something constructive.

The support the Minister of Finance thinks he has for this bill is not really support: his supporters are simply saying that there should be reform which will be of benefit to the people of this country, without suggesting any specific reforms.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on the amendment of the hon. member for Edmonton West (Mr. Lambert) to the main motion of the Minister of Finance (Mr. Benson). All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the amendment (Mr. Lambert, Edmonton West) which was negatived on the following division:

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Baldwin
Bell
Benjamin
Burton
Code
Crouse
Dionne
Douglas
Downey
Fairweather
Forrestall
Fortin
Gauthier
Gilbert
Gleave
Godin
Harding
Horner
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Edmonton West)
Lewis
Lundrigan
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
Macquarrie
McCutcheon
McGrath
McKinley
McQuaid
Mazankowski
Monteith
Murta
Nesbitt
Nowlan
Nystrom
Paproski
Peddle
Ritchie
Rodrigue
Rondeau
Rose
Rowland
Ryan
Rynard
Saltsman
Skoberg
Skoreyko
Stanfield

Division

Messrs:

Thomas (Moncton)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Yewchuk—56.

NAYS

Messrs:

Allmand
Andras
Badanai
Barrett
Béchard
Benson
Blair
Borrie
Boulanger
Breau
Caccia
Cafik
Clermont
Comtois
Corbin
Corriveau
Côté (Richelieu)
Cullen
Danson
Deachman
Deakon
De Bané
Drury
Dubé
Dupras
Faulkner
Forget
Foster
Francis
Gendron
Gibson
Goyer
Guay (St. Boniface)
Guilbault
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Jerome
Kaplan
Lachance
Lajoie
Langlois
Laniel
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
MacEachen
MacGuigan
Mackasey
McNulty
Mahoney
Major
Marceau
Marchand (Kamloops-Cariboo)
Murphy
O'Connell
Olson
Osler
Otto
Portelance
Pringle
Prud'homme
Reid
Richard
Richardson
Robinson
Rochon
Roy (Laval)
Serré
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stewart (Okanagan-Kootenay)
St. Pierre
Thomas (Maisonneuve-Rosemont)
Trudel
Turner (London East)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting
Yanakis—92.

• (9:50 p.m.)

Mr. Deputy Speaker: I declare the amendment lost. Is the House ready for the question on the main motion?

Mr. McQuaid: Mr. Speaker, may I call it ten o'clock?

[Mr. Speaker.]

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

HEALTH—CANADIAN MEDICAL ASSOCIATION REQUEST FOR EXPANSION OF FACILITIES TO TRAIN DOCTORS—GOVERNMENT ACTION

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, yesterday during the question period I raised the question of medical manpower—

Mr. Deputy Speaker: Order, please. The Chair has difficulty hearing the hon. member for Simcoe North (Mr. Rynard). Would hon. members please keep their conversations quiet or conduct them behind the curtains in order that we may proceed with the "late show."

Mr. Rynard: Mr. Speaker, yesterday when I raised the question of medical manpower there was not sufficient time to deal with it adequately. First there is the shortage of established doctors, second the complete inadequacy of new doctors and, third, the moral issue.

• (10:00 p.m.)

Medicare was set up by a Liberal government and became the law of the land. It then became the responsibility of Parliament to see that the necessary doctors were provided. To put it mildly, there has been no real attempt to carry out these provisions. The profession is today unable to cope with the increasing medical demand of not only an increasing population but of an aging population, necessitating more chronic care. People are paying for medicare and feel they have a right to medical attention. This has put a very severe strain on the medical profession.

There should have been an increase, as recommended in the Hall commission report, instead of four years later graduating, in 1969, just over 1,000 doctors, importing just over 1,000 from foreign countries and refusing to provide the facilities required to train the necessary doctors needed to keep pace with our growing population and demand. In 1961 there was in Canada one doctor for every 50 persons. That ratio has dropped and we now rank twentieth in the world in doctor-population ratio.

In both rural and urban centres there is an increased shortage of doctors and lack of hospital space. As a joint program with national medicare, money was to be set aside, called the health resources fund. A fund of $500 million dollars was to provide the facilities, build the schools for training doctors and paramedical personnel. About the first thing this government did was to cut the health resources grant. This was patently dishonest and unfair to the Canadian people, cutting the services that they are now getting, and it was unfair to the doctors who are expected to pick up the overtaxed load of patient service. The emergency departments of hospitals are being overtaxed.

Because of the scarcity of doctors and their overload of patients, the sick find difficulty in securing appointments. Many people are forced to go to emergency departments of hospitals that were never meant to treat anything but

emergencies. A large proportion of these cases are routine cases that ordinarily could be seen in the doctor's office if there were sufficient medical manpower. Instead of their serving the purposes they were designed for—to treat real emergencies, accidents and those acutely ill—they are being used to treat routine cases, often at the expense of those who are more seriously injured or sick.

This is a deteriorating situation across Canada today. To blame the doctor or the public for this situation is grossly unfair. People today move freely from place to place; they find themselves in a new city, needing a doctor. But most doctors are taking no further patients. Their only recourse is the emergency department of a hospital. I do not want to indicate that there is no blame attached to the medical profession or the general public, but the crux of the problem rests squarely on the shoulders of the government. There will be complete deterioration in medicare if a solution to the problem is not discovered.

The basic problem is one of the production of doctors. To say they are in short supply is an understatement. I do not believe that the government understands the situation, in view of statements made by responsible ministers such as, "The so-called doctor shortage is a myth". To say that the creation of an effective assistant and the production of allied health workers will solve the problem is not a statement of fact. We need about 2,000 physicians per year to maintain our current level of physicians to population. This would just cover doctors who retire, die or emigrate: we do nothing about those who go into administration, research or education.

Canadians are today losing their lives because of the shortage of medical manpower. They are unable to receive the necessary service in the required time. This brings me to the moral issue of the importation of foreign doctors. In 1967 we guaduated 923 and we imported 1,212. In 1968 we graduated 1,016 and we imported 1,277. In 1969 we graduated 1,017 and we imported 1,347. Last year we graduated 1,152 and we imported 1,113. Many of those imported come from foreign countries whose poverty is extreme, who have a doctor-population ratio of one to 5,000 or more and who badly need trained personnel in their own country. Furthermore, the majority of them do not have the high standards of education that we have in Canada.

Over 600 Canadian students last year had the basic qualifications to get into medical school and were rejected because there was no place for them. At the same time there were students accepted for medical school in other parts of the world, many of whom were not as well qualified as the 600 we rejected, and in a few years they will be emigrating to Canada to fill physicians' shoes which should have been filled by Canadian men and women whom were unable to train. Many other students wanted to enter medical school, but were rejected because they were not grade A or grade B students.

I think surveys that have been made in Canada and the United States show that grades obtained in high school have little relevance to the doctor who is turned out some years later. Indeed, many of those with lower grades have shown that they are better clinical men when they get out in practice.

[*Translation*]

The Acting Speaker (Mr. Boulanger): Order. I regret to interrupt the hon. member, but the time allotted to him is up.

[*English*]

Mr. Rynard: Mr. Speaker, I do not think my time elapsed. I was held up at the start.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Boulanger): The hon. member is quite right. If the House agrees, we should give him a minute or so more. Is it agreed?

Some hon. Members: Agreed.

Mr. Rynard: Dr. J. F. McCreary, Dean of Medicine at the University of British Columbia, deplored the waste of time and energy employed in selecting 60 students from 540 applicants and asks the very pertinent question: Is the ability to pass an examination any measure whatsoever whether or not a student will become a good physician? In fact, it has little or no bearing.

Therefore, I again come back to the moral issue: Is it right to take doctors from other countries? They are accusing us of doing it—see the article in the Ottawa *Citizen* of Tuesday, September 14, 1971, entitled, "Canada is stealing too many doctors". Dr. Matthew A. C. Beaubrun, of Jamaica, put the finger on Canada as the No 1 cause of their area's medical shortcomings.

We are in a crisis. The federal government is entirely responsible for the production of doctors. We brought in national medicare to enlarge the funds and put the facilities in gear for faster training, with more medical schools and enrolment of enough Canadian boys and girls to meet our medical requirements in the future. This must be done. I suggest to this government that they are derelict in their duty in this regard and that this matter should be referred at once to the Standing Committee on Health, Welfare and Social Services.

• (10:10 p.m.)

[*Translation*]

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I would like to point out in the first place your recent promotion to the chair and to congratulate you for that honour which reflects on you and your constituents. I wish you a long term of office and the best luck for the years to come.

Some hon. Members: Hear, hear!

Mr. Ouellet: In reply to the hon. member, I wish to say that the Minister of National Health and Welfare (Mr. Munro) has already stated that in Canada the ratio of physicians to the number of inhabitants is one of the highest in the world. This ratio is even higher than that in developed countries such as Sweden, France, New Zealand, Great Britain and Japan.

[*English*]

Mr. Rynard: That is incorrect.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I think that the hon. member has been allowed even more than his allotted time, and I

hope he will leave me at least the few minutes at my disposal to answer him.

The Royal Commission on Health Services has recommanded a ratio of one doctor for about 650 people. In 1968, there was one doctor for 740 people, and now there is one for 683. I hope that the hon. member will note the continuing improvement in that field. The increasing number of graduates in medicine together with the immigrant doctors will surely contribute to improve the situation, and the ratio recommended by the Commission will soon be reached.

In conclusion I would like to say that the efforts of the government are designed not only to alleviate the alleged lack of doctors, but also to improve medical services so that all Canadians receive good care. Indeed, since 1966, the government has already spent $216,000,000 to meet all those needs.

The Acting Speaker (Mr. Boulanger): Order, please. I regret to interrupt the Parliamentary Secretary, but his time has ended.

[*English*]

FRUIT—REQUEST BY BRITISH COLUMBIA GROWERS FOR EXPORT ASSISTANCE—LEGISLATION TO PROTECT AGAINST DUMPING OF AGRICULTURAL PRODUCTS

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, in contrast to the serious national problem posed by the hon. member for Simcoe North (Mr. Rynard) concerning the shortage of doctors in Canada and the effect of this shortage on the nation's health, my intervention tonight, dealing with the problems of the Okanagan apple industry and the strawberry industry in the Fraser Valley, may seem minuscule. However, I put forward my representations to the government on the basis of the old adage that an apple a day keeps the doctor away.

Some hon. Members: Oh, oh!

Mr. Rose: My intervention tonight comes hard on the heels of the rejection by this House of an amendment put forward by my party designed to include Canadian agricultural exports within the scope of Bill C-262. I know that members of the Official Opposition who are constantly concerned about the problems of Canadian agriculture, and who provide a great deal of flak in connection with this matter, voted against this amendment to include agriculture within the scope of the bill. This is known as a parenthetical aside. Other speakers have spoken on the pre-eminence of agriculture in the total area of Canadian exports. Indeed, the hon. member for Regina East (Mr. Burton) pointed out that United States imports from Canada amounted to 15 per cent of the total not covered by the particular bill we were discussing, which was concerned with aid to industrial production in Canada because of the United States surcharge. That measure was Bill C-262.

It can be pointed out that processed agricultural products could be assisted by Bill C-262. It seems to me we need to assist certain raw products such as wheat and rye as much as certain processed products such as Wheaties and rye whisky.

[Mr. Ouellet.]

My remarks tonight stem specifically from a question I put to the Minister of Industry, Trade and Commerce (Mr. Pepin) on September 17. As reported in *Hansard* at page 7948, I asked the minister the following question:

In view of the difficulties faced by the Canadian apple industry as a result of the U.S. surcharge and also a poor apple crop this year, has the government yet made a decision on the request by the British Columbia Tree Fruit Growers for $64,000 in export assistance similar to that contemplated for industries in Bill C-262?

I received a reply from the minister which is known as a "nuthin'" answer—spelled "in'", not "ing"—to the effect that he would look into it. This was a month ago and I have not heard the result of his looking into it. I asked, further, whether, since Canadian agricultural products—not only apples and strawberries but vegetables as well—were constantly being threatened by dumped imports or foreign offers at distress prices, the government was preparing legislation that could be applied instantly to protect Canadian producers of agricultural products. The minister replied, rather self-righteously—as I think he had to—that when this was done by other countries it was difficult for Canadians to do the same thing because we have, of course, opted for fewer trade barriers as a method of increasing general trade in the world.

I have no quarrel with that, but I would point out that my party also favours a general lowering of artificial trade barriers erected between countries. Competition is fine, provided the competitors are evenly matched. I think we would all agree that when Montreal plays Toronto, the fight is even. But when the fight is between the Chicago Black Hawks of the NHL, with all their resources and capital, and the Kelowna Packers, in the Allan Cup it is obvious the strength is not evenly matched. This uneven competition exists in the agricultural field today, not only seasonally but in terms of production.

May I take a moment or two to give some of the background to the question I have raised. In the Okanagan we have experienced two years of low returns. The apple crops are poor this year. Banks are tightening credit. Fresh apples exported to the United States have been affected by the surcharge to the tune of an extra $66,000. We probably exchange about a million boxes each a year. There has been a large crop of pears in California, and as a result of this large crop, distress offers have lowered prices of these products. The price in the Okanagan is about $1.50 a box.

United States prunes are offered at 2 cents a pound, which does not even cover the picking cost. When we come to apple pies—and what can be more American, or shall I say North American, than apple pie—most of the apples in the pies in British Columbia come from China and Japan. Even our own public institutions, such as Woodlands School for the Retarded, import United States apples constantly, though the Premier himself comes from the centre of the apple growing area, Kelowna.

The United States has always maintained, despite the GATT agreement, the two cents surcharge or tariff against Canadian apples, while we have ceased to do the same. I think we need instant machinery to deal with threats like this to our agricultural stability. We have been talking for the past month, about certain measures to protect wheat and various grains, but I know of no similar measures to protect potatoes.

I see Your Honour is anxiously looking at me, but I would invite you to take a rest since I did not commence so soon as the previous speaker. However, I promise I will end my remarks almost immediately. I therefore ask the government to consider measures to remedy the instability of Canadian agricultural markets. Apple concentrates are being imported from Europe. The Department of Agriculture is making a study of the situation, but this has not been completed. Let us give an optimistic report to those engaged in the agricultural industry of British Columbia.

[*Translation*]

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I see that my hon. colleague for Calgary South (Mr. Mahoney) would have liked to reply to the hon. member for Fraser Valley West (Mr. Rose), because I think that, coming from that part of the country, he might have been in a position to specify certain points. But since the hon. member has said at the beginning of his remarks that if every Canadian—and I think he was right—ate one apple a day, the services of those among our good colleagues who are doctors would perhaps not be required. On this, I perfectly agree with the hon. member, because this would mean an average annual consumption of 8 billion apples.

• (10:20 p.m.)

[*English*]

The hon. member for Fraser Valley West (Mr. Rose) has raised the question of assistance to agricultural producer groups and others on unprocessed agricultural products, similar to the assistance provided under the employment support bill. Members will appreciate that handlers of processed agricultural products, like others, have available to them the provisions of the employment support bill.

As the minister announced in this House last week, similar assistance will be available in respect of unprocessed agricultural products under the provisions of the Agricultural Stabilization Act. The Agricultural Stabilization Board has been authorized to develop programs on a commodity-by-commodity basis and the minister has solicited applications from producer and agricultural products distributor groups for assistance under the program.

The hon. member has raised the question of the apple industry. Departmental officials have met with officers of the Horticultural Council and plans are under way for a wider meeting with apple industry representatives to consider possible programs that will mitigate the effect of the surtax. I should also add that apples represent one of the items in respect of which the United States has announced that the tariff would be reduced to zero on January 1, 1972. If the planned Kennedy round reduction proceeds, the surtax should also be removed at that time since, the surtax is not designed to apply to items for which there is no tariff.

NATURAL RESOURCES—OFFSHORE MINERAL RIGHTS—FEDERAL POSITION RESPECTING SABLE ISLAND

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I do not want to disappoint the parliamentary secretary by saying I hope he does not talk about apples, because I shall be talking about oil, a commodity a little closer to his soul. I am talking about the essential rights of Nova Scotians. I am very much aware that the question of jurisdiction over Sable Island and its offshore mineral rights are inseparable. I do not seek to debate the whole situation but only the first aspect of the question dealing with the jurisdiction of Sable Island.

The Prime Minister's decision not to discuss the rights of the province of Nova Scotia to the territory of Sable Island, I suggest to the parliamentary secretary and to the House, is obviously a political one, made in a political context as the result of a recent Supreme Court decision. But I feel strongly that the people of Nova Scotia have a right to be heard in this House and by the government on the question of jurisdiction. On that basis alone a political decision has been taken by this government.

The Supreme Court decision of 1967, based on an historical analysis of offshore rights, which ruled that British Columbia should have control only of the lands with which it entered confederation, makes a good case for the federal government concerning mineral rights off the shores of Nova Scotia. That is not disputed in any arguments we are raising. Indeed, one knows very well that if the controversy again comes before the Supreme Court, that court must be guided by the precedent which has been established.

However, it is a rather narrow attitude to apply this legal precedent directly without listening to the special case of Sable Island and the people of Nova Scotia. It is true that the BNA Act lists Sable Island as property of the federal government in connection with lighthouses, piers and beacons—but only in that connection. Could the BNA Act provision be construed in the sense that the federal government owns only Sable Island's lighthouses, piers, and so on, and not the land itself? On the other hand, if it is the case that all of Sable Island is under federal authority, why did this authority not form a council to administer the island, as is the case in the Northwest Territories, rather than leave it to work things out for itself? I suggest to the parliamentary secretary that he not take that suggestion too lightly, although I do not expect him to deal with it tonight.

Furthermore, Nova Scotia and New Brunswick entered confederation under the terms that they would each maintain their boundary limits. I think this is clear. I believe that jurisdictionally it takes precedence over the other subsection, and this is a point of argument which will be raised. So far as Nova Scotia is concerned, this includes Sable Island. Indeed, by the Treaty of Utrecht of 1713, Sable Island was ceded to Acadia, a territory which includes present-day Nova Scotia.

Prior to confederation there was no doubt that the province of Nova Scotia owned Sable Island, and there should be no doubt today—at least, no political doubt. The province has recognized the rights of the inhabitants of Sable Island by allowing them to vote, for example in the provincial election of just about a year ago, as constituents of a county of the province in which I happen to live. Although I am not absolutely certain, I believe there was an opportunity for the people working on the island to vote by way of proxy as long ago as five years.

The Boundaries Extention Act of 1912 also supports the case of ownership, by the province of Nova Scotia, of Sable Island. Indeed, by this act vast northern areas, as hon. members know, which were well established federal domain since 1869, were turned over to the provinces of Quebec, Ontario and Manitoba without compensation to the people of Canada. The same procedure was applied a few years later in respect of Alberta and Saskatchewan, and more recently Newfoundland. I simply ask the parliamentary secretary, why should Nova Scotia be turned down? As Mr. E. D. Haliburton of that province points out in an article in the *Mail Star:*

> The right of the three provinces of Quebec, Ontario and Manitoba to this northern territory is clearly analogous to the claims of the Atlantic provinces for offshore mineral rights. Our claim comes late because until recently such offshore mineral rights were not known to have value.

In the same vein, Professor Chester Martin maintains that in all former British possessions, Crown property was really the property of the community. In Canada, not only did the British colonial authorities recognize the right of local or colonial responsible governments to exercise full administrative control of these Crown lands and of the public domain, but the BNA Act, section 109, also stipulates that the beneficial control—this is important—of the public domain is vested in the several provinces. In light of such arguments and in view of the aspirations of the people of Nova Scotia, I cannot but reiterate the position taken by the leader of my party last evening in Montreal, when he said:

> The royalties on offshore oil should go to the contiguous provinces. This question should not be settled on a strict point of law. The tradition of equity in this country should govern, and the equitable solution is to make the royalties available to the contiguous province.

There are several questions which remain on this issue, and they will be raised until the problem is resolved.

[*Translation*]

The Acting Speaker (Mr. Boulanger): I regret to interrupt the hon. member, but his time has expired.

[*English*]

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, much has been said about the benefits to the Atlantic provinces of the offshore search for oil. That search will be stimulated and those benefits made more certain by the recent discovery on Sable Island. By the end of this year the petroleum industry will have spent about $130 million in the oil hunt off Canada's east coast. To date, 24 wells have been drilled. Assuming that all the work required to maintain presently outstanding permits is in fact done, the industry will, over a period of years, spend about one and three quarter billion dollars, half of which will be injected directly into the economies of the Atlantic provinces. During the current year, about $60 million will be spent on petroleum exploration off the east coast. Announced and tentative programs indicate at least double that activity next year. The Sable Island discovery may well accelerate these programs.

• (10:30 p.m.)

In this vast context, the question of whether or not Sable Island is part of Nova Scotia which is amenable to decision by the courts really begs the main issue. In late 1968 the federal government made an offer to the provinces which would have settled the division of revenues from offshore mineral rights, including those derived from Sable Island. The Prime Minister (Mr. Trudeau) again discussed this offer with the Premier of Nova Scotia a couple of months ago. It is well known that the question is not yet resolved. We hope that the Sable Island discovery will impart a sense of urgency heretofore absent in so far as some of the provincial governments are concerned.

Motion agreed to and the House adjourned at 10.33 p.m.

HOUSE OF COMMONS

Friday, October 8, 1971

The House met at 11 a.m.

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF PRIME MINISTER OF MALAYSIA

Mr. Speaker: May I bring to the attention of hon. members the presence in the Speaker's gallery of a very distinguished guest of Canada, the Honourable Tun Abdul Razak, Prime Minister of Malaysia.

Some hon. Members: Hear, hear!

Mr. Speaker: Even during his relatively brief tenure of office, the Prime Minister has achieved an enviable reputation as the enlightened leader of a progressive country and of a leading nation in the Commonwealth.

Just a few weeks ago, Mr. Prime Minister, your government and your Parliament hosted the annual meeting of the Commonwealth Parliamentary Association. I am pleased to have this occasion to thank you, your fellow parliamentarians and your government for the generous hospitality which on that occasion you extended to the Canadian members and Senators who represented the Canadian Parliament.

[*Translation*]

On behalf of all my colleagues, I bid you the most cordial welcome.

[*English*]

On behalf of my colleagues in the House of Commons I extend to you, Mr. Prime Minister, the warmest of welcomes.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

CANADIAN CULTURE

ANNOUNCEMENT OF IMPLEMENTATION OF POLICY OF MULTICULTURALISM WITHIN BILINGUAL FRAMEWORK

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am happy this morning to be able to reveal to the House that the government has accepted all those recommendations of the Royal Commission on Bilingualism and Biculturalism which are contained in Volume IV of its reports directed to federal departments and agencies. Hon. members will recall that the subject of this volume is "the contribution by other ethnic groups to the cultural enrichment of Canada and the measures that should be taken to safeguard that contribution".

Volume IV examined the whole question of cultural and ethnic pluralism in this country and the status of our various cultures and languages, an area of study given all too little attention in the past by scholars.

It was the view of the royal commission, shared by the government and, I am sure, by all Canadians, that there cannot be one cultural policy for Canadians of British and French origin, another for the original peoples and yet a third for all others. For although there are two official languages, there is no official culture, nor does any ethnic group take precedence over any other. No citizen or group of citizens is other than Canadian, and all should be treated fairly.

The royal commission was guided by the belief that adherence to one's ethnic group is influenced not so much by one's origin or mother tongue as by one's sense of belonging to the group, and by what the commission calls the group's "collective will to exist". The government shares this belief.

• (11:10 a.m.)

The individual's freedom would be hampered if he were locked for life within a particular cultural compartment by the accident of birth or language. It is vital, therefore, that every Canadian, whatever his ethnic origin, be given a chance to learn at least one of the two languages in which his country conducts its official business and its politics.

A policy of multiculturalism within a bilingual framework commends itself to the government as the most suitable means of assuring the cultural freedom of Canadians. Such a policy should help to break down discriminatory attitudes and cultural jealousies. National unity if it is to mean anything in the deeply personal sense, must be founded on confidence in one's own individual identity; out of this can grow respect for that of others and a willingness to share ideas, attitudes and assumptions. A vigorous policy of multiculturalism will help create this initial confidence. It can form the base of a society which is based on fair play for all.

The government will support and encourage the various cultures and ethnic groups that give structure and vitality to our society. They will be encouraged to share their cultural expression and values with other Canadians and so contribute to a richer life for us all.

In the past, substantial public support has been given largely to the arts and cultural institutions of English-speaking Canada. More recently and largely with the help of the royal commission's earlier recommendations in Volumes I to III, there has been a conscious effort on the government's part to correct any bias against the French language and culture. In the last few months the government has taken steps to provide funds to support cultural educational centres for native people. The policy I am announcing today accepts the contention of the other

cultural communities that they, too, are essential elements in Canada and deserve government assistance in order to contribute to regional and national life in ways that derive from their heritage yet are distinctively Canadian.

In implementing a policy of multiculturalism within a bilingual framework, the government will provide support in four ways.

First, resources permitting, the government will seek to assist all Canadian cultural groups that have demonstrated a desire and effort to continue to develop a capacity to grow and contribute to Canada, and a clear need for assistance, the small and weak groups no less than the strong and highly organized.

Second, the government will assist members of all cultural groups to overcome cultural barriers to full participation in Canadian society.

Third, the government will promote creative encounters and interchange among all Canadian cultural groups in the interest of national unity.

Fourth, the government will continue to assist immigrants to acquire at least one of Canada's official languages in order to become full participants in Canadian society.

[*Translation*]

Mr. Speaker, I stated at the outset that the government has accepted in principle all recommendations addressed to federal departments and agencies. We are also ready and willing to work co-operatively with the provincial governments towards implementing those recommendations that concern matters under provincial or shared responsibility.

Some of the programmes endorsed or recommended by the Commission have been administered for some time by various federal agencies. I might mention the Citizenship Branch, the CRTC and its predecessor the BBG, the National Film Board and the National Museum of Man. These programmes will be revised, broadened and reactivated and they will receive the additional funds that may be required.

Some of the recommendations that concern matters under provincial jurisdiction call for coordinated federal and provincial action. As a first step, I have written to the First Ministers of the provinces informing them of the response of the federal government and seeking their co-operation. Officials will be asked to carry this consultation further.

I wish to table details of the government's response to each of the several recommendations.

It should be noted that some of the programmes require pilot projects or further short-term research before more extensive action can be taken. As soon as these preliminary studies are available, further programmes will be announced and initiated. Additional financial and personnel resources will be provided.

Responsibility for implementing these recommendations has been assigned to the Citizenship Branch of the Department of the Secretary of State, the agency now responsible for matters affecting the social integration of immigrants and the cultural activities of all ethnic groups. An Inter-Agency Committee of all those agencies involved will be established to co-ordinate the federal effort.

[Mr. Trudeau.]

[*English*]

In conclusion, I wish to emphasize the view of the government that a policy of multiculturalism within a bilingual framework is basically the conscious support of individual freedom of choice. We are free to be ourselves. But this cannot be left to chance. It must be fostered and pursued actively. If freedom of choice is in danger for some ethnic groups, it is in danger for all. It is the policy of this government to eliminate any such danger and to "safeguard" this feeedom.

I am tabling this document, Mr. Speaker, but it might be the desire of the House to have it appended to *Hansard* in view of its importance and long-lasting effect.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

[*Editor's Note: For document referred to above, see appendix.*]

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, these are excellent words in the Prime Minister's statement. I am sure this declaration by the government of the principle of preserving and enhancing the many cultural traditions which exist within our country will be most welcome. I think it is about time this government finally admitted that the cultural identity of Canada is a pretty complex thing.

[*Translation*]

I wish to state immediately, Mr. Speaker, that the emphasis we have given to multiculturalism in no way constitutes an attack on the basic duality of our country. What we want is justice for all Canadians, and recognition of the cultural diversity of this country.

[*English*]

It is about time the government finally recognized the validity of what we were trying to say in June of 1969 at the time of the debate on the official languages bill in the amendment we put forward then proposing recognition of the right to speak other languages and the importance of assisting in the development and preservation of these other cultures. The amendment said that we can accept the official duality of the country without denying the rights of other cultural groups. Our amendment was put forward for that purpose. It is pleasing to note that the government this morning is recognizing the importance of the rights of other cultural groups, although at that time our amendment was rejected out of hand. I am pleased the government has seen the light. But I must also say that, although this is all to the good, I regret that this statement was not made much more promptly.

Apart from what members of our party, among others, have been saying, it is a fact that the fourth volume of the B and B report has been available since early 1970, and I say in all sincerity that the failure of the government to endorse these principles earlier has created some suspicion, some doubts, in the minds of the members of these other cultural groups about the importance the government of Canada has attached to them. I must say that if the effectiveness of the government's action in encouraging the cultural self-fulfilment of the native peoples of Canada can be taken as any kind of an indication of what the practice will be in this broader field, apart from the

statement of principles, then there is not a great deal of hope for the various non-French and non-British ethnic groups within Canada. With regard to the native peoples, there have been many statements about high principles but very little in the way of results and there is some doubt, to mention one example, concerning whether the government is doing enough in northeastern Alberta to help the native peoples study their own language.

• (11:20 a.m.)

It is fine to announce a principle, but perhaps the most important thing is what the government is going to do to implement this principle. When the Prime Minister uses a phrase such as "within available funds" we must keep in mind the importance of a balance here. There is no indication whatsoever in the Prime Minister's statement this morning that there will be any substantial implementation. I fully agree that a good deal of money must be expended for the encouragement of the development of bilingualism in this country, but I do not think that members of the other cultural groups with other cultural traditions are at all happy with the relatively pitiful amounts that have been allocated to this other aspect of the diversity about which the Prime Minister spoke this morning, multiculturalism.

The Prime Minister has announced the principles. We expect the Prime Minister and his colleagues to give those principles life and meaning, and we will look forward most anxiously to the implementation of these principles.

Mr. David Lewis (York South): I must say, Mr. Speaker, that it is a pleasure to be able to comment on an important aspect of Canadian life that does not have to do with the economy or with unemployment, and it is equally a pleasure to be able to agree with the statement that the Prime Minister made this morning.

As members of this House know, I have not hesitated to criticize government policy, and no doubt a great deal can be said about tardiness and other aspects of the problem which the Prime Minister has put before us. But I propose this morning merely to express our support and our hopes in order to indicate to the people of Canada that this Parliament is united in its belated determination to recognize the value of the many cultures in our country.

[*Translation*]

Mr. Speaker, it is with a deep appreciation of both aspects of our Canadian cultural life, official bilingualism and multiculturalism, that my party warmly supports the principles set forth this morning by the Prime Minister.

I have often said that one of the most striking wealth of our country is the fact that it has been founded by two distinctive groups having two distinctive languages well known throughout the world. However, another wealth is also important, since we find in Canada some representatives of almost all the cultures in the world. To all Canadians, whatever their ethnic origin, I say that they must be proud of those two enriching aspects of our country.

[*English*]

Every society has its own cultural treasures which it cherishes with pride. It is a fact of man's history that his preoccupations have been too frequently centred on material development and that his spirit has too often been embittered by conflict and by prejudice. The result has been throughout the world—and this is true of Canadians as well—a failure to appreciate the values of diversity, a tendency to resent rather than to welcome enriching differences. For Canada this attitude is particularly destructive. The diversity of cultures across the land is a source of our greatness as a people.

To cite a recent example, when I arrived a couple of months ago in that small but great town of New Glasgow, Nova Scotia, I was greeted in literally ten languages, four or five of which I was able to follow without translation. If *Hansard* permitted, Mr. Speaker, I would have liked to express my pleasure at the Prime Minister's statement of principles in at least two or three other languages in which I could do so without breaking my teeth and in one or two others in which I could do so with some difficulty.

Mr. Knowles (Winnipeg North Centre): Go ahead.

Mr. Lewis: I say that to emphasize the importance of appreciating the cultural diversity of our land as one of the greatnesses of our people.

As a representative from Toronto I could perhaps say that even a serious subject permits of a little lightness. There was a time not so very long ago when there were jokes made all across Canada about spending a month in Toronto last weekend, and other remarks of that sort. But it is a fact that the influx of people of Italian origin, of Greek origin, of West Indian origin, of origins from many other parts of the world, has made Torontonians proud of their city in a way in which they were not before, and makes some of them even suggest that it is now a viable rival to the city of Montreal.

Yet, Mr. Speaker, it is a fact of society that every minority has a problem of survival. It has a problem of assimilation. It has a problem of keeping alive.

An hon. Member: The NDP.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Or the Liberal party in British Columbia.

Mr. Lewis: Mr. Speaker, I must admit that at first I was annoyed by that vapid and rather stupid remark from the other side of the House by the hon. member for New Westminster, but I decided that perhaps the hon. member was trying to be funny and, if he did not succeed, that may not be his fault.

Mr. Hees: He did pretty well.

Mr. Lewis: Mr. Speaker, if I may become serious again, I suggest that the important point that faces us is that in every society a minority has a problem, the problem of survival, the problem of keeping alive its history, its language, its traditions, its songs, its legends, its identity. When the majority in a society is as cruel as majorities have often been, not only are minorities crushed but the spirit of that society, the soul of that society, is destroyed. It is in that spirit, therefore, that on behalf of my party I welcome the Prime Minister's statement without any reservations.

• (11:30 a.m.)

I make only these two short comments in conclusion. I suggest that our failure in this area in the past was not the fault of any one government or any one level of government in Canada. It has been a failure of all our people across this country, a failure of Canadians to appreciate the importance of these things, a failure of Canadians in their neglect of the native peoples of this country. I am not saying this to needle the Prime Minister or the government but I say, because I believe it to be true. The statement of principles will be a mockery and a betrayal of high ideals and objectives unless collectively we provide the funds to make the principles meaningful in the lives of the minorities in Canada, and unless we develop programs in consultation with the minorities, giving them every opportunity to participate in the development of programs rather than imposing such programs on them. Democracy requires this kind of consideration, and with all my heart I hope that the statement of principles will be followed with action which will make us all proud of our country.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, even if I do not always agree with the Prime Minister on various points, I fully agree with the statement he made this morning. Indeed, I have been repeating for 30 years, to those who will hear me, and those who won't, that we have one Canadian nation and not two, three or ten, that we have two official languages, English and French, and that we have a multiplicity of cultures which are the wealth of our country.

Mr. Speaker, my colleagues and myself are happy the Prime Minister made that statement. However, I find this statement somewhat confusing. The Prime Minister has stated and I quote:

> For although there are two official languages, there is no official culture, nor does any ethnic group take precedence over any other. No citizen or group of citizens is other than Canadian . . .

Mr. Speaker, if there is no official culture in Canada, I do not see how we could succeed in really becoming a nation while we would be endowed with only a few cultures unable to get on among themselves or at war with one another. I am positive that we have in Canada a culture peculiar to us. We French Canadians have one that is not at all that of France, just as English-speaking Canadians have a culture which is different from that of Englishmen from England. We have our own Canadian culture. We have our history. Our traditions and customs may differ from one area or ethnic group to another. However, if we cannot change an Englishman into a Frenchman, or vice versa, we can nonetheless make good Canadians out of members of all ethnic groups in Canada.

Ukrainians, Italians and Germans must be able to attain self-fulfilment in Canada.

I am absolutely convinced that Canadians in general share the views expressed this morning by the Prime Minister. So there is no reason to worry. There is trouble in Quebec and elsewhere in Canada. Some say that if things are going wrong, it is the fault of French Canadians or English Canadians, or because we welcome too many immigrants, and so on.

[Mr. Lewis.]

[*English*]

What I said in French was that we do not want to have in Canada a little France, a little England, a little Italy or a little Russia. We want in Canada a great country for all the people of Canada, for all the ethnic groups in our country. Through that channel we will achieve unity and we will reinforce our position in the whole world.

* * *

UNITED NATIONS

ALBANIAN RESOLUTION TO EXPEL TAIWAN—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, under the provisions of Standing Order 43 I seek the unanimous consent of the House to propose a motion dealing with an important aspect of the conduct of this country's foreign policy, namely, the announced intention of the Canadian United Nations delegation to vote for the Albanian resolution calling for the expulsion of a member of the United Nations.

I move, seconded by the hon. member for Halifax-East Hants (Mr. McCleave):

> That, before Canada's vote is cast on this very serious, important and portentous resolution that the question be referred to the Standing Committee on External Affairs and National Defence for full discussion and consideration.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Hillsborough. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the motion cannot be put.

* * *

ADMINISTRATION OF JUSTICE

INCREASE IN MURDERS IN MONTREAL AND PROVINCE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I would like to move a motion under Standing Order 43 regarding an extremely important matter and I would ask for unanimous consent to put the said motion. As of this date 40 violent murders have taken place in Montreal during 1971, which constitutes an all-time record for that city. At the same time, 78 murders have taken place in western Quebec and the province as a whole is also moving toward a record in this regard. A good many of these murders appear to have been carried out by organized criminal groups. I might point out that the same thing is taking place in other provinces but I do not have the statistics. I would therefore move:

> That the Committee on Justice and Legal Affairs be instructed to conduct an inquiry into the causes and nature of violent crime in Canada, and that recommendations be formulated for the amendment of the appropriate criminal law statutes.

Mr. Speaker: The motion proposed by the hon. member for Notre-Dame-de-Grâce under Standing Order 43 requires unanimous consent.

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Speaker: There is not unanimous consent.

An hon. Member: Who said no?

Mr. Bell: Mr. Speaker, on a point of order—

Mr. Speaker: The hon. member is rising on a point of order.

Mr. Bell: Mr. Speaker, so there will be no misunderstanding on this matter and in view of the difficulties we had last time, let it be recorded that the Prime Minister (Mr. Trudeau) was the one who said no.

Mr. Trudeau: Mr. Speaker, this is completely false. I did not make any comment. The member is—

An hon. Member: Will you support it?

Mr. Bell: What other flunkey did it for you?

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

GOVERNMENT WILLINGNESS TO RESUME DISCUSSIONS WITH UNITED STATES ON AUTO PACT BUT NOT ON ENERGY

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. The Minister of National Revenue is reported to have said yesterday that the Canadian government is ready to resume discussions with the United States at any time on the auto pact agreement and that the United States authorities have been so informed. Would the Prime Minister tell the House whether this is a statement of government policy and whether in fact such a message has been communicated to the United States authorities?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, it is a statement of government policy. In his speech the minister indicated that the discussions had been going on when President Nixon's statement was made in the middle of August and that we have always taken the position that we are prepared to keep on with the discussions. What we have said is that discussions on the auto pact were not linked in our minds to the question of the surcharge. They had begun before and we have felt they can continue at any time.

Mr. Stanfield: In view of the Prime Minister's answer I wonder whether he could clarify to the House how he reconciles our willingness to continue discussions with the United States on this matter with the message that the government sent to the United States that it was unprepared at this time to resume talks with that government on energy policies because our ministers and officials were too busy?

Mr. Speaker: Order, please. I have some reservations about the form of the question and the way in which it was asked by the Leader of the Opposition. I really do not think it is in order for a member to ask the government how one statement is reconciled with another. That is obviously debate. Perhaps the question might be asked in another form.

• (11:40 a.m.)

Mr. Stanfield: Mr. Speaker, in the light of the apparent conflict, perhaps the Prime Minister would indicate briefly what the position of the government is.

Mr. Trudeau: The position of the government is that we cannot do all things at all times. In this case the discussion of the auto pact had begun, it was in train, and we have the officials and the policy which permit us to continue discussions. In the case of energy discussions, we are not at this time prepared to continue them because we do not have the wherewithal, the personnel and the time to arrive at a decision. We want further discussions on that.

Mr. Stanfield: Is the Prime Minister insisting, as the Minister of National Revenue has insisted, that the discussions relating to the auto pact are not connected in any way with the surtax? Does this not mean, logically, that the government's refusal to proceed with the discussion of energy matters is related to the surtax?

Mr. Trudeau: No, Mr. Speaker.

CANADA-UNITED STATES AUTO PACT—REQUEST FOR POLICY STATEMENT ON SAFEGUARDS AND CANADIAN VALUE ADDED CONTENT

Mr. Edward Broadbent (Oshawa-Whitby): I have a supplementary question for the Minister of Industry, Trade and Commerce, Mr. Speaker. Given the persistent and ambivalent confusion of the government's position on the automotive pact, would the minister consider making a statement early next week on the government's policy respecting the automotive industry at this time and, in particular, dealing with two points? First, would he indicate the government's intention with regard to the safeguards which already exist within the automotive agreement? Second, would he indicate to the House whether or not the government intends to make clear to the Americans that we will not be content with automotive production in this country until the terms of the automotive agreement provide for a minimum 100 per cent level of Canadian value added content for North American automobiles sold in this country?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I think the position of the government on the automotive agreement is very clear. We have said that we would enter into discussions with the United States on this pact at any time. As a matter of fact, the pact itself says that either party must, so there is nothing ominous in the position we take. With respect to the safeguards, the Prime Minister and I and others have repeated that these are debatable subjects, that the impor-

tant thing is to make sure that there is continued benefit under this agreement for both Canada and the United States. With respect to the objective of 100 per cent Canadian value added, this is not in the pact itself. This is an extrapolation that my hon. friend makes from the pact, which seems to him to be a reasonable objective, but others could have different views and even think that this is not sufficient. These are all debatable points and we are willing to talk them over with other people.

Mr. Hees: A supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Oshawa-Whitby for one further supplementary and then recognize the hon. member.

Mr. Broadbent: Mr. Speaker, I am well aware that the objective of 100 per cent CVA is not in the pact. Is the government of Canada, in terms of its negotiating position on this issue, insisting or requesting that this be added to the pact?

Mr. Pepin: Mr. Speaker, the problem with targets is that they are either too high or too low. If you set a target that is too high and you fail to reach it, you are in trouble. If you set it too low and you overpass the target, you are also in trouble.

MEASURES TO LIMIT INFLATION AND KEEP CANADIAN PRODUCTS COMPETITIVE IN UNITED STATES MARKET

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, may I direct a supplementary question to the Prime Minister. As it is obvious that Canadian products must remain competitive if they are to continue to compete successfully in the United States market, is it the intention of the government in the near future to introduce measures designed to keep inflation in Canada from increasing at a rate greater than between 2 per cent and 3 per cent per year?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we have the situation under review.

Mr. Hees: I think we need more than a review to deal with this matter. Is it the view of the government that Canadian products can continue to compete successfully in the United States market inasmuch as it was announced last night that inflation in that country will be strictly controlled within certain tight limits while inflation in Canada is increasing at a rate which during the last two months reached an annual rate of 9 per cent per year?

An hon. Member: Nonsense.

Mr. Trudeau: Nonsense, Mr. Speaker.

Mr. Hees: A supplementary question, Mr. Speaker. What the hell are you going to do about it? Is the government going to continue to do nothing?

Mr. Speaker: Order, please.

Mr. Baldwin: The worst inflation is among parliamentary secretaries.

[Mr. Pepin.]

Mr. Speaker: Order, please. The hon. member for York South.

Mr. Hees: What a Prime Minister and what a government! My lord! No wonder we are in such a mess.

Mr. Speaker: Order, please. The Chair has recognized the hon. member for York South.

* * *

LABOUR CONDITIONS

DATE OF ANNOUNCEMENT OF PROGRAM TO DEAL WITH UNEMPLOYMENT THIS WINTER—SUBMISSION OF DETAILS TO PROVINCES FOR CONSIDERATION

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Prime Minister. I know it has been asked several times recently. May I ask precisely when the House may expect an announcement of the government's program to deal with unemployment this winter?

Right Hon. P. E. Trudeau (Prime Minister): Soon, Mr. Speaker.

Mr. Hees: Oh, is that not sweet?

Mr. Lewis: Mr. Speaker, since the federal government's policy program is likely to need the involvement of other levels of government, may I ask the Prime Minister why the government is delaying so long that it becomes increasingly more difficult every day for such a program to be of value?

Mr. Speaker: Order, please. The question is argumentative. I suggest to the hon. member that in those terms it is not in order.

Mr. Lewis: Mr. Speaker, may I rephrase it. I hope the Prime Minister will not deal with the unemployment problem in the flippant way he usually does.

Mr. Speaker: Order, please.

Mr. Hees: He does that because he does not care.

Mr. Speaker: Order, please. The second supplementary is not an improvement on the first. I suggest to the hon. member that he should ask the question directly.

Mr. Lewis: Mr. Speaker, since other levels of government will no doubt have to participate in implementing any program that the government may announce, are the outlines of the program now being considered by the government before any of the provincial governments for their discussion and understanding in preparation for their part and the part of municipalities in the program?

Mr. Trudeau: Mr. Speaker, some ideas have been put forth by some provincial governments as to ways in which the government and the country should be dealing with unemployment. We ourselves are considering others. The federal government is not standing in the way of any actions by provincial governments if they want to proceed on their own. I am merely saying that when we have a package to put to the provinces we will put it to them and announce it to the House at the same time.

Mr. Lewis: Mr. Speaker, I assume, and if I am wrong in my assumption the Prime Minister will correct me, that any program the government may announce will involve participation by other levels of government. In view of that, are any discussions taking place between the federal and provincial governments with respect to the content of that program?

Mr. Trudeau: Mr. Speaker, I will correct the assumption of the hon. member. It is wrong. There are many things the federal government can do on its own without provincial participation.

Mr. Hees: Then why do you not do them?

UNEMPLOYMENT—SUGGESTED WINTER HOUSE BUILDING INCENTIVE PROGRAM

Mr. Robert McCleave (Halifax-East Hants): I have a supplementary question for the Prime Minister, Mr. Speaker. To create jobs, will the government revive the winter house building incentive program?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. The programs we will announce will be made known and the hon. member can then judge whether, in his view, they are a resuscitation of previous programs or whether there is something new.

Mr. Stanfield: We cannot wait.

* * *

[*Translation*]

INQUIRY OF THE MINISTRY

Mr. Roland Godin (Portneuf): Mr. Speaker, my question is for the hon. Minister of National Revenue.

In view of the Solicitor General's statement yesterday that the rehabilitation of 2,000 former inmates who have secured a job could yield $1,300,000 in federal and provincial income taxes, could the Minister of National Revenue tell us how much income tax he is losing due to the 700,000 jobless in Canada?

* * *

[*English*]

AGRICULTURE

PAYMENTS UNDER PRAIRIE FARM ASSISTANCE ACT TO FARMERS IN HAILED-OUT AREAS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Agriculture. Since many areas have been hailed out and the Prairie Farm Assistance Act has not been phased out, will there be any inspections this year? Is the minister planning any inspection in order to help those areas?

Hon. H. A. Olson (Minister of Agriculture): Yes, Mr. Speaker. There is no change in the inspections and in the payment levels for this year even though we are not collecting the levy, and there will not be any change, for the next crop year, in those areas where crop insurance is unavailable. But of course the same rules as have applied in the past will apply to the basis upon which inspection is made this year.

* * *

• (11:50 a.m.)

THE CANADIAN ECONOMY

UNITED STATES WAGE AND PRICE CONTROLS—POSSIBLE PARALLEL CANADIAN ACTION

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is directed to the Prime Minister in the absence of the Minister of Finance. Does the government intend to make a statement early next week on its assessment of the measures announced last night by President Nixon and whether consideration should be given to implementing in this country a system of wage and price controls parallel to that in the United States?

Right Hon. P. E. Trudeau (Prime Minister): I will take this matter up with the Minister of Finance.

Mr. Lambert (Edmonton West): May I ask the Prime Minister whether, in the light of the consideration which may have to be given to parallel action respecting wage and price controls, the scope of the forthcoming conference with the provinces will be enlarged to include this question inasmuch as the co-operation of the provinces is necessarily required?

Mr. Trudeau: Mr. Speaker, within the limits open to one in trying to answer a hypothetical question, I think that were the "if" to be substantiated the conclusion would probably follow.

INFLATION—CONTINUATION OF PRICES AND INCOMES COMMISSION BEYOND DECEMBER 31—PUBLICATION OF WAGE AND PRICE CONTROL GUIDELINES

Mr. John Lundrigan (Gander-Twillingate): My question is directed to the Prime Minister, Mr. Speaker. Has the government decided to continue the role of the Prices and Incomes Commission beyond December 31 of this year and has a set of guidelines been established in connection with price and wage controls? Further, would the right hon. gentleman undertake to make any such guidelines known to the House of Commons and the public generally?

Right Hon. P. E. Trudeau (Prime Minister): If guidelines were to be established they would be made public in the House of Commons.

Mr. Lundrigan: Would the Prime Minister answer the first part of my question? Has the government made a conscious decision to continue the role of the Prices and Incomes Commission after December 31 of this year?

Mr. Trudeau: It is my recollection that the commission has been continued until the month of June next year. I will verify whether that is the case. I believe it is.

[*Translation*]

NATIONAL REVENUE

QUEBEC—REQUEST FOR ABOLITION OF EXCISE TAX ON CIDER

Mr. Yvon L'Heureux (Chambly): Mr. Speaker, I should like to put a question to the Minister of National Revenue.

Will the Association of Quebec cider producers soon get a reply from the Minister of National Revenue, with regard to their application for excise tax exemption on champagnes as applied to cider, according to the interpretation given to an act dating back almost half a century?

Hon. Herb Gray (Minister of National Revenue): Mr. Speaker, following the hon. member's representations I shall be happy to try to give an answer as soon as possible.

* * *

[*English*]

INDIAN AFFAIRS

HIRING OF NATIVE PEOPLE BY NORTHERN INDUSTRIES—CRITERIA AND PENALTIES FOR NON-COMPLIANCE

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development arising out of the minister's statement concerning the hiring of natives by northern industries. Is the hon. gentleman prepared to establish specific criteria as a basis for hiring these people, and is he prepared to assess specific financial penalties against companies that do not comply?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr.Speaker, it is not our intention to apply quotas or penalties at the present time. However, I have approached industries with a view to obtaining their co-operation, failing which we may take concrete action according to the criteria I outlined in my speech earlier this week.

* * *

[*English*]

HARBOURS

PORTS POLICY—RESOLVING OF PROBLEMS—RESPONSIBILITIES AND MAKE-UP OF PORT AUTHORITIES

Mr. Charles H. Thomas (Moncton): Mr. Speaker, my question is for the Minister of Transport. On May 12 in the course of his statement on ports policy the minister indicated that further details would be announced after consultation with local interests. In view of disturbing reports that there is dissatisfaction in at least two of the larger ports, can the minister tell us whether these problems have been resolved, and can he now announce the responsibilities and the make-up of the nine port authorities?

Hon. Donald C. Jamieson (Minister of Transport): No, Mr. Speaker, I cannot do the latter, that is, announce the make-up of the nine port authorities. I can say, however, that most of the problems have been resolved. I can assure the hon. member that if there are a few Solomons around he might give me their names because it has been very difficult to make some of these necessary decisions. I anticipate that within a few days I shall be able to announce the names of two additions to the National Harbours Board as well as the make-up of the port authorities for Vancouver and Montreal.

Mr. Thomas (Moncton): I am happy to hear that the minister will be announcing the names of two new appointees. I am wondering whether one of them will be stationed in the Atlantic area as I requested on May 12.

Mr. Jamieson: Neither of the two gentlemen concerned, but the reference I made to Solomon a few moments ago was in precisely that context. It is the intention of the government to locate one member of the National Harbours Board in the Atlantic provinces, but where he will go is the key question, as the hon. member well knows.

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GRAIN

STABILIZATION BILL—INVITATION TO MINISTER TO MEET WITH WESTERN FARM ORGANIZATIONS TO DISCUSS AMENDMENTS

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, my question is for the Minister in charge of the Wheat Board but in his absence I will direct it to the acting minister. Is it the intention of the minister in charge of the Wheat Board to accept the invitation extended to him by several farm organizations in western Canada to meet with them to discuss amendments to the prairie grain stabilization bill?

Hon. H. A. Olson (Minister of Agriculture): I will take the question as notice and advise the minister responsible for the Wheat Board.

Mr. John L. Skoberg (Moose Jaw): A supplementary question to the Prime Minister. Having regard to the telegrams and correspondence now arriving in our offices, and no doubt in his office, running about ten to one against the stabilization plan in its present form—

Mr. Speaker: Order, please. The hon. member is making a speech. If he has a question he should ask it directly. I again invite hon. members to refrain from reviving during the question period a debate we have been pursuing for some weeks.

Mr. Skoberg: I was following along the lines of what the minister did the other day. In view of the invitation extended to the Prime Minister as well from the Wheat Pools and the National Farmers Union to meet with them to discuss certain amendments, would the right hon. gentleman not agree to withdraw this bill until this meeting has taken place?

Right Hon. P. E. Trudeau (Prime Minister): The policy of the government has been quite clear. I cannot understand how an opposition member would want us to withdraw

the bill. He would then say we were continuing our so-called illegality.

Mr. Speaker: Order, please. Is the hon. member for Moose Jaw rising on a point of order?

Mr. Skoberg: Yes, Mr. Speaker. I think it should be clear that I did not request the withdrawal of the bill. I suggested that the bill should not be proceeded with until the meeting had taken place.

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[*Translation*]

AIR CANADA

MEASURES TO AVOID STRIKE

Mr. André Fortin (Lotbinière): Mr. Speaker, I have a question for the Minister of Transport.

In view of the possibility of a strike by 2,000 Air Canada employees which may seriously inconvenience a large number of travellers over the next few days, could the minister tell the House whether he or his colleague the Minister of Labour, who has been asked to resort to conciliation to bring this unfortunate situation to an end, have considered special action? If so, what is such action?

[*English*]

Hon. Donald C. Jamieson (Minister of Transport): I understand that at the moment at least the proposed strike has had no effect on the operations of the air line. The air line is hopeful and, indeed, is satisfied that it will not cause any major slowdown. I am awaiting a further report today. As always, I am sure the services of the Minister of Labour will be available for conciliation if necessary.

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AIR TRANSPORT

FACILITIES TO BE USED FOR AIR SERVICES TRAINING SCHOOL—FUTURE OF CLINTON ARMED FORCES BASE

Mr. R. E. McKinley (Huron): Mr. Speaker, my question is for the Minister of Transport. I understand there is another survey going on in his department with a view to ascertaining what facilities might be needed for a new combined air services training school. Is it the intention to use existing facilities for this school or are new facilities to be constructed? I have in mind the facilities at the Canadian Forces Base at Clinton.

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, and thanks to the representations the hon. member has made on innumerable occasions in this regard I have had the most exhaustive study made of the Clinton base along with the Minister of National Defence to ascertain whether it would be feasible for us to use a portion of it as an air traffic control school or some related activity. I regret to advise the hon. member and the House that we have concluded it is not a suitable site and we shall be looking elsewhere.

Mr. McKinley: May I ask the Minister of National Defence whether he intends to convene a meeting among other levels of government as requested by Huron County to discuss the future of this facility?

Hon. Donald S. Macdonald (Minister of National Defence): I would be quite prepared to hold additional meetings on this subject as they may be arranged with responsible elected bodies.

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AGRICULTURE

FIRST EVIDENCE OF NEWCASTLE DISEASE IN POULTRY

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, my question is directed to the Minister of Agriculture. Dr. Hawkins of the Health of Animals Branch has been reported in the press as stating that Newcastle disease in poultry was first diagnosed by that department in Lambton County in June, 1971. However, a written answer to Question No. 1700, tabled in the House recently, reported that the first instance of this disease was diagnosed in Kent County a month later in July. In view of the conflicting statements and the seriousness of the disease, will the minister undertake an investigation to provide the correct answer and advise the House which one to believe?

• (12 noon)

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I certainly acknowledge the seriousness of this matter. I should like to advise the hon. member that I will have a more detailed reply, but I would also like to advise him that there is a difference between recognition of symptoms and actually isolating the live virus. I think that is where the difference lies here.

Mr. McCutcheon: In view of the rapid spread of this airborne virus, if the minister finds out that Dr. Hawkins' statement is the correct one will he cause a further investigation to be made to ascertain the reason for the supression or delay of the report?

Mr. Speaker: Order, please. The hon. member will recognize that the question is either hypothetical or a recommendation to the minister.

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ADMINISTRATION OF JUSTICE

INCREASE IN MURDERS—SUGGESTED INQUIRY INTO CAUSES

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, in view of the absence of the Minister of Justice, I should like to put this question to the Solicitor General. In light of the alarmingly high rate of murders this year, is the government considering any special program to deal with this serious problem?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, we are continually and relentlessly fighting organized crime in Canada. There are two points I would like to

make. First, the provinces have a part to play in this field, and we work in close co-operation with them. Second, this is a police officer's task, and we believe that operations in this connection should be led by experts, and that, while some of these may be successful at times, others fail, because fighting organized crime is no easy matter.

[*English*]

Mr. Allmand: Would the minister or the government consider establishing a task force, a royal commission or an inquiry by Parliament to look into the causes and nature of violent crime in Canada?

[*Translation*]

Mr. Goyer: Mr. Speaker, in the light of my earlier reply, I am afraid that the hon. member's proposal would be a delusion, and that the work of such a committee would only reveal what several people already suspect.

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[*English*]

THE CANADIAN ECONOMY

UNEMPLOYMENT—POSSIBLE ON THE JOB TRAINING PROGRAM FOR YOUTH—DISCUSSION WITH PROVINCES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Prime Minister who is in the House but not in his seat; hence he will be unable to reply to my question until he resumes his seat. Is the government now giving consideration to introducing a special on the job training program aimed at getting at least 25,000 young people off the unemployment rolls this winter?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as hon. members know from reading the press, the government appears to be considering a great number of things, including this. These stories are not always accurate and it would be inadvisable for the press to hold its breath until we make announcements on these specific matters.

Mr. Hees: You are not doing anything, so the press does not hold its breath and wait for you to do something.

Mr. Trudeau: I am not criticizing these stories in any way; I am telling the House that questions based on these reports do not necessarily elicit a positive answer from the government.

Mr. McGrath: Mr. Speaker, I have a supplementary question which I hope will receive an answer from the government. Is the government giving priority to a special program of job training for our young people to get them back to work this winter and, if so, will this matter be discussed with the appropriate provincial authorities?

Mr. Trudeau: Mr. Speaker, in cases where any programs that we may want to follow come partly within provincial jurisdiction I can assure the House that we will discuss them with the proper provincial authorities.

[Mr. Goyer.]

TAXATION

SUCCESSION DUTIES AND GIFT TAXES—PROPOSED FEDERAL ABANDONMENT—REPLY TO PROVINCIAL REQUESTS FOR DELAY

Mr. Doug Rowland (Selkirk): Mr. Speaker, my question is for the Prime Minister. I understand the Prime Minister has now sent a reply to the Premier's letter of August 6 requesting a one-year delay in the implementation of the proposals regarding changes in succession duties and gift taxes. I wonder whether the Prime Minister is now in a position to inform the House of the nature of his reply?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, a few days ago I answered this question in the House. I indicated that my reply was to the effect that we were not going to delay the implementation of the government's decision, subject to our getting the legislation through the House, of course. I added that federal officials and ministers would be prepared to discuss with provinces that desire to have discussion on ways in which we might assist them in preparing to raise their own taxes if they wanted to step in where the federal government had stepped out. As the House knows, the announcement was to the effect that we would not continue collecting these taxes but that if the provinces wanted to start collecting them we would try to assist them to do so.

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EXTERNAL AFFAIRS

REPRESENTATIONS BY PRIME MINISTER TO PREMIER KOSYGIN ON BEHALF OF MINORITY GROUPS IN U.S.S.R.

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I have a question for the Prime Minister. Before the Prime Minister tells the convention of the Ukrainian-Canadian Congress, would he tell the House what views he will express to Commissar Kosygin on behalf of minority groups in the U.S.S.R.?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would rather follow a different sequence and listen to what the Ukrainians have to say and get their reactions before deciding what to tell Premier Kosygin.

Mr. Paproski: Mr. Speaker, I have a supplementary question which is a very simple one. Is or is not the Prime Minister prepared to take a stand for freedom?

* * *

CROWN CORPORATIONS

POLYMER—ACTION TO PREVENT EMPLOYEE LAY-OFFS

Mr. Jack Cullen (Sarnia-Lambton): Mr. Speaker, I have a question for the Minister of Supply and Services. Has the minister met with officials of the Polymer Corporation and, if so, will he agree to meet further with them in an attempt to find ways of reducing or stopping altogether the lay-off of 250 men?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, I have been in close contact with

officials of Polymer about the reduction in the work force. The company has set up an employment centre to work with other agencies and be of assistance in helping those men who have been laid off to find other work. I might also say that the officials have advised me that the action of the government in bringing in the Employment Support Act will be helpful to Polymer in its employment difficulties.

Mr. Cullen: In the ordinary course of events, corporations in difficulty do not declare dividends and in fact often operate at a loss for a short time. Is the government prepared to allow this option to Polymer if it means saving jobs?

Mr. Richardson: Well, Mr. Speaker, that question is hypothetical.

* * *

INDUSTRY

CLOSING OF RESEARCH FACILITIES AT CELANESE, SHAWINIGAN, DOW AND POLYMER—SUGGESTED TRANSFER TO GOVERNMENT SERVICE

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a question for the Minister of Supply and Services. In view of the partial and in some cases complete disbanding of research departments recently at Celanese, Shawinigan, Dow and now Polymer, which will be difficult to reassemble once shut down, would the government take some initiative to keep such research departments active in Canada and switch them from Industry to government service?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, this does not come within my direct area of responsibility but inasmuch as it concerns Polymer I will certainly take note of it.

IMPERIAL OIL—PROPOSAL TO MOVE OPERATIONS FROM MANITOBA

Mr. Joseph-Philippe Guay (St. Boniface): Mr. Speaker, I have a supplementary question. Will the Minister of Supply and Services also take into consideration the proposal put forward by Imperial Oil to move its entire Manitoba operation to Edmonton?

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ENVIRONMENTAL AFFAIRS

SUFFIELD MILITARY BASE—REPORT OF WILDLIFE SERVICE SUGGESTING USE AS GRASSLAND PARK—REQUEST FOR TABLING

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the minister responsible for the environment. Has the minister seen the report of the Canadian Wildlife Service recommending that because of its ecological uniqueness the Suffield military base be used as a grasslands park, and is the minister supporting this recommendation in the current debate on the matter?

• (12:10 p.m.)

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, the Canadian Wildlife Service has been working very closely with the Department of National Defence regarding the ecological aspects of the Suffield area. I have seen the reports. The proposal is that areas with unique characteristics will be preserved and not damaged in any way by activity there.

Mr. Dinsdale: Mr. Speaker, in view of the fact that the area is the home of several threatened species—

Mr. Jamieson: Tories.

Some hon. Members: Oh, oh!

Mr. Dinsdale: Conservatives—in Alberta? I suggest that comment displays the ignorance of the hon. member on many matters. In view of the fact that the area is the home of several threatened species of wildlife, and keeping in mind the fact there are other military areas such as Shilo available for training, will the minister table the report of the wildlife branch so other members and the people of Canada can be enlightened on this matter?

Mr. Davis: Mr. Speaker, we will be prepared to table any information received as a result of the surveys by the Canadian Wildlife Service. Perhaps the Minister of National Defence would like to say a word on this matter.

Mr. Speaker: Order, please. I suggest to hon. members that we are running short of time and I notice a number of members who have been trying to ask questions for a few days. I think they should be given an opportunity to do so, particularly the hon. member for St. John's West.

[*Later*]

Mr. Dinsdale: I rise on a point of order, Mr. Speaker. I did not want to encroach upon the time of other hon. members seeking to ask questions during the question period, but I noticed that the Minister of National Defence was anxious to make a statement on the matter I raised earlier. I should not like him to be frustrated over the weekend because he did not have an opportunity to do so.

Mr. Speaker: Order, please. The minister can make that statement now with the unanimous consent of the House.

Some hon. Members: Agreed.

Hon. Donald S. Macdonald (Minister of National Defence): Mr. Speaker, I wanted to point out to the hon. member that the facilities at Shilo are not equivalent in size to the facilities at Suffield and therefore it is not an alternative.

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URBAN AFFAIRS

ST. JOHN'S, NFLD—INVESTIGATION OF ALLEGATIONS CONCERNING BLACKHEAD ROAD URBAN RENEWAL SCHEME

Mr. Walter C. Carter (St. John's West): Mr. Speaker, I should like to address a question to the Minister of State for Urban Affairs concerning an urban renewal scheme

in St. John's West referred to as the Blackhead Road urban renewal scheme. Will he inform the House whether it is his intention to appoint a commission to inquire into charges of mismanagement, and other problems which have come to light, as requested by the householders union of the Blackhead Road urban renewal scheme?

Hon. Robert K. Andras (Minister of State for Urban Affairs): Mr. Speaker, I have not had an opportunity to assess the allegations, but I know there has been a recent meeting between representatives of that association and officials of the Central Mortgage and Housing Corporation. I will be glad to expedite the results of that report and see just where the matter stands.

* * *

WATER RESOURCES

APPLICATION OF NAVIGABLE WATERS PROTECTION ACT TO CROWN CORPORATIONS

Mr. Randolph Harding (Kootenay West): Mr. Speaker, in view of the recent statement by the Minister of the Environment that Ottawa should have insisted on using the Navigable Waters Protection Act so that the unfavourable downstream effects of the Bennett Dam in Wood Buffalo Park could have been kept to a minimum, I should like to ask how this act can be used against Crown corporations since they are not subject to its provisions?

Mr. Speaker: Order, please. Obviously the hon. member is asking for a legal interpretation and his question in those terms is not in order.

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CANADIAN NATIONAL RAILWAYS

PENSIONS—POSSIBILITY OF ANNUAL INCREASES RELATED TO COST OF LIVING

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct my question to the Minister of Transport. In view of the fact that increases in pensions of retired public servants take place on an annual basis, and thus far the increases provided by Canadian National Railways have been on a one-shot basis, I should like to ask the minister whether he is still having discussions with officials of the CNR concerning the possibility of having these pensions escalated every year in relation to the increase in the cost of living?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, I will be glad to do that, but so far I have not discussed that specific matter with them.

* * *

INDUSTRY

PULP AND PAPER—RELATIVE POSITION IN RELATION TO COMPETITORS AS A RESULT OF PROPOSED TAX CHANGES

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in view of the difficulties faced by the pulp and paper industries I should like to ask the Minister of Industry, Trade and Commerce whether the government is considering the brief presented to it earlier this year by that industry, and is it confident that the proposed changes in the tax bill will meet the industry's assertion that the present tax structure places it at a serious disadvantage compared with its main competitors?

Mr. Speaker: Order, please. I suggest that the second part of the hon. member's question is obviously part of the debate that we may be having later today.

* * *

THE CANADIAN ECONOMY

SUGGESTED CONFERENCE OF REPRESENTATIVES OF GOVERNMENT, LABOUR AND BUSINESS TO ESTABLISH POLICIES

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I should like to ask the Prime Minister whether the government is going to involve the private sector in the development of new economic policies and, if so, is a conference among representatives of the government, labour and business now under consideration?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would think that the government will, indeed, want to involve the private sector and various groups in the economy in respect of any economic policy we might follow. At this time there is no, shall we say, nationwide conference slated, but there have been meetings between the Minister of Industry, Trade and Commerce and groups of people in the industrial and financial communities. There have also been some meetings between the Minister of Labour and labour leaders with this object in mind.

Mr. Ryan: Mr. Speaker, in view of the economic situation in our country will the Prime Minister give urgent priority to this matter?

* * *

UNITED NATIONS

SEATING OF CHINA—REQUEST THAT COPY OF ALBANIAN RESOLUTION BE TABLED

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct my question to the Acting Secretary of State for External Affairs. It concerns the Albanian resolution regarding China's membership in the United Nations. In light of the minister's statement yesterday that there is no question of chucking any member out, will the Acting Minister table in the House the text of the Albanian resolution which does, in fact, call for the immediate expulsion of the Taiwan government from the UN?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I cannot subscribe to the facts as stated by the hon. member. I am sure it would be easy to get a copy of the Albanian resolution and table it in the House, if the House so desired. I will convey the request to the Secretary of State for External Affairs.

[*Translation*]

AGRICULTURE

ASSISTANCE TO POTATO GROWERS—REQUEST FOR STATEMENT BY MINISTER

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a question for the Minister of Agriculture.

In view of the meetings which took place between himself and representatives of the potato growing provinces and because of the increasing concern of the potato farmers, I would like to ask him whether he could make a statement about the meetings he had with those representatives or whether he could at least assure the House that he will make a statement next week in order to remedy the difficulties of that group of farmers?

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I have held a number of meetings and a committee has been established, made up of officials of both provincial and federal Departments of Agriculture, to find ways and means by which we can take early action to strengthen the market for potatoes. We have not reached an agreement as to the best means of achieving this objective.

GRASSHOPPERS—CONTINGENCY PLAN TO AVERT PLAGUE NEXT SUMMER

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct my question to the Minister of Agriculture. In light of what appears to be growing concern that there may be a grasshopper plaque in western Canada next summer—

An hon. Member: Is that what you call yourselves?

Mr. Murta: —is the government going to organize a contingency plan to avert such a plague and, if so, is it going to conduct discussions with the provincial governments this fall?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I know there is some concern in certain areas about the higher grasshopper egg count. Of course, the primary responsibility lies with the provinces but any assistance we can give will be forthcoming.

BERTHA ARMY WORM INFESTATION—ASSISTANCE TO FARMERS

Mr. Jack Murta (Lisgar): Mr. Speaker, let me say to the Minister of Transport that a plague will occur in Assiniboia during the election, and there is no doubt about that. I should like to ask the Minister of Agriculture whether the government has yet agreed to assist the provinces in aiding farmers hurt by the Bertha army worm infestation this summer?

Hon. H. A. Olson (Minister of Agriculture): No, Mr. Speaker, no statement of that nature has been made.

Mr. Speaker: Orders of the day.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, may I get, through you, the unanimous consent of this House, so as to answer a question which was put to me yesterday?

[*English*]

Mr. Speaker: Order, please. The Minister of Indian Affairs and Northern Development is seeking unanimous consent of the House to reply to a question he was asked earlier.

Some hon. Members: Agreed.

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[*Translation*]

INDIAN AFFAIRS

STUDY OF HILL REPORT ON FUTURE OF MOHAWK INSTITUTE—POLICY STATEMENT

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I should like to reply to the hon. member for Brant who put a question to me, on Wednesday, regarding the Hill report on the Six Nations reservation, in Brantford.

I must say that this report has been ordered by the Indian Council, and is presently considered by them. This is not a departmental report. We are aware of it, but the Council of the bands has not so far seen fit to discuss it with officials from my department. When they do, I shall be pleased to report to the hon. member.

• (12:20 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Thursday, October 7, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259 to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, be read the second time and referred to the committee of the whole.

Mr. Melvin McQuaid (Cardigan): Mr. Speaker, I welcome this opportunity to take part in this debate because I feel the proposed legislation, Bill C-259, is probably one of the most important pieces of legislation that has come before this House for some considerable time. It is important first of all because it affects so many people. It affects them in a vital way inasmuch as it has an effect on the contribution they would make by way of taxation to the treasury of the country. It is important also because I believe it is the most comprehensive revision of the Income Tax law we have had since 1917, almost 54 years ago.

I can only express regret that legislation as important as this is expressed in such involved, complicated and technical language that it is practically impossible, not only for the ordinary taxpayer who is to be affected by it but also the professional men such as chartered accountants and members of the legal profession, to understand it.

Both the Canadian association of Chartered Accountants and the Canadian Bar Association have expressed themselves as finding it very difficult to understand the full meaning of the amendments which are proposed to the income tax law. In this connection, I wish to place on the record a quotation from the remarks of Mr. R. W. Bonner, vice-chairman of MacMillan and Bloedel Ltd. of Vancouver. He made these remarks while addressing a meeting of the Canadian Chamber of Commerce in Quebec City a short time ago. At that time he said:

It is an avoidable pity that the small Canadian businessman must, in addition to everything else, now learn how to do business within the terms of an all but incomprehensible Income Tax Act.

Mr. Bonner has suggested that this legislation is almost incomprehensible. I believe his view is shared certainly by the majority of the people of Canada. It is without question an extremely intricate and complicated piece of legislation. There are over 600 pages in the proposed revision. Many of the sections are phrased in language which makes them very difficult to understand. The unfortunate part of the whole situation is that if the ordinary taxpayer cannot understand the income tax legislation he must obtain, at some considerable expense to himself, professional help in preparing his income tax return. I say this places a very heavy burden on the ordinary taxpayer because he cannot afford that type of assistance. Surely, the experienced draftsmen the government has within its employ could have drafted something simpler and more easily understood. Another unfortunate circumstance so far as the complicated language of the bill is concerned is the fact that if a taxpayer does not comply with the law he is subject to very heavy penalties.

My one suggestion would be that almost immediately the Department of National Revenue, or whatever department of government is concerned, should put out an explanatory booklet written in terms which the ordinary person can understand. If a booklet which would explain the revisions to the ordinary taxpayer were available, then when the time came to prepare his income tax return under the new act it would not be necessary for him to secure professional advice. I would also suggest that if in the early stages errors are made in completing the tax returns, penalties for honest miscalculation should not be imposed. I do not think it is unfair to ask this. I realize that tax law cannot be simple. As I said before, however, I cannot make myself believe that the expert draftsmen the government has within its employ could not have drafted something less complicated than this bill.

The minister and the government are to be congratulated for taking into account the many representations which have been made by Canadian taxpayers and by members of the opposition during the extended debate in the House on the original white paper, as well as many of the representations made by members of the opposition before the committee which studied the bill. I believe the government should be commended for this.

The government would have us believe the bill represents tax reform. If one examines the bill carefully, I believe it would be difficult to reach any conclusion other than that there are very few reforms in it. In my opinion, the bill does not represent tax reform. It represents reform in some respects inasmuch as it adds to what one must report from now on in respect of one's income. For example, unemployment insurance benefits would be taxable. Benefits paid to people taking upgrading courses and courses in trades would be taxable. One half of capital gains would be taxable. So, there is very little in the way of major tax reform within this bill. Again I wish to quote from the comments of Mr. Bonner when he addressed the Canadian Chamber of Commerce in Quebec City:

The new tax act will certainly restrict business initiative at a most inopportune time.

That, of course, should not be. Rather than restrict business initiative, the government should be trying to devise ways and means to encourage it.

I know everybody in this House, as well as everybody throughout the country, welcomes the relief, which is being extended to those in the low income tax brackets. That is a reform which should have been made many years ago. No change has been made in personal income tax exemption since 1949, a period of 22 years. We know how the value of the Canadian dollar in the hands of purchasers has deteriorated during that time. So, it is unfortunate that the government did not see fit to increase these personal exemptions a long time ago, so that they would have been concurrent with the increase in the cost of living and thus have avoided placing such a burden on Canadian taxpayers.

An hon. Member: You could have done it when you were in office.

Mr. McQuaid: The deductions for single people have been increased to $1,500. I would point out that, not so long ago the Economic Council of Canada said that the exemption for single persons should be $1,900. It is too bad that the government did not see fit, when making the changes, to increase exemptions for single people to $1,900 or even to $2,000. Exemptions for married people, it is true, have been increased to $2,850, but again the Economic Council of Canada said that the very minimum on which a married person can get along today is $3,000. So, I say that it is unfortunate that the observations of the Economic Council of Canada could not have been complied with and these allowances increased accordingly.

• (12:30 p.m.)

The present allowances for dependent children are certainly out of line with the actual cost of feeding, clothing and educating a child. These exemptions could have been increased. I challenge anybody to try to feed, clothe and educate a child today on the allowed exemption of $300 a year. Bursaries in excess of $500 are being taxed. This is most unfair. These bursaries should not be subject to tax because we know the tremendous expense involved in sending a boy or a girl to university today, and they have to be sent to university to enable them to compete in our business world today. I think it is most unfair that bursaries in excess of $500 should be taxable. It is also unfair that a student who obtains paid employment during the summer months should have to pay income tax on the amount he earns because he is merely trying to assist his parents in educating him. Every encouragement should be given him because, if he goes to college and graduates, he comes out a better man and has a better opportunity of contributing to the welfare of this country.

It is unfortunate that no change was made to the sales tax imposed on building materials. That sales tax constitutes a heavy burden for a man with a small income who is trying to provide a house for himself and his family. Every encouragement should be given to that person to build a house of his own, but the government has taken the opposite view and has refused to remove the sales tax on building materials.

I am quite confident that three sections in the proposed bill will cause the government a great deal of difficulty, namely, sections 135, 136 and 137 which, if you examine them carefully, practically ring the death knell for co-operatives and credit unions in Canada today. The provision in the bill for taxation on employed capital will severely interfere with the freedom and the ability of co-operatives to distribute their earnings as patronage refunds. A co-operative is a business owned by its members, and in most co-operatives the members receive a share of the savings which have accumulated over the years. That is a very worth-while project. The proposed bill—and this is the unfortunate part of it—requires the co-operatives to pay tax on an amount equal to 5 per cent of the members' capital employed, and the co-operatives will therefore have to limit the return of savings to members in order to avoid reducing their taxable income below this amount. I understand that in Canada today there are approximately 3,000 co-operatives with a membership close to two million. This proposed change will have a very serious effect on businesses and on the two million Canadians who belong to co-operatives.

These co-operatives are user-owned. For example, agricultural co-operatives are owned by the farmers, fishermen's co-operatives are owned by the fishermen and housing co-operatives are owned by those people who build their own houses. The same applies to credit unions. Co-operatives and credit unions have actually encouraged thousands of people in the ways of thrift and saving. They are operated for service in most cases and not for profit, and nothing must be done by this or any other government to kill or even cripple that very worth-while movement.

The same thing applies to credit unions. Credit unions have been content over the years to remain small, community type organizations. They make virtually non-profit loans to their members. Under the present law their assets are taxed only when they are distributed among the members, but under the new proposal in the bill before us this tax exemption status will be taken away and members of the credit unions will be pushed into establishing a full-fledged banking operation. I say that that is most unfortunate because these businesses are not now operated for profit but for the benefit of their members.

I realize that a government must have money to run the affairs of the country, but I suggest very seriously that if this government practised a little economy in certain aspects of its operations it could very well carry on without any increased taxation proposed in the present bill. I was amazed to learn, from information put out not so long ago by the Department of Supply and Services, of examples of what appears to me to be a tremendous waste of taxpayers' money. I want to put just a few of those on the record. A contract was granted not so long ago to the Mallory Battery Company Limited in the amount of $39,025 for batteries for hearing aids. I suggest that $39,000 buys a great number of hearing aid batteries, and I hope that the Prime Minister (Mr. Trudeau) and the members of his government will tune up their own hearing aids so that they will be able to hear the cries of the 500,000 people who are unemployed today and so that they will hear the cries of the potato producers of this country who are faced with a disastrous year by reason of the imposition of the recent U.S. surtax. I hope they will hear the cries of the Atlantic provinces where the per capita income of our people is far below the national average.

Again, a contract in the amount of $61,813 was granted to the Dominion Magnesium Company for tent poles.

Mr. Mahoney: Mr. Speaker, I rise on a point of order. The amendment by the hon. member for Edmonton West (Mr. Lambert) was disposed of yesterday, and we are now on the motion for second reading and reference of the tax bill to committee of the whole. Under the circumstances, I wonder if it would not be in order to direct remarks to the tax bill rather than to the general state of the economy.

• (12:40 p.m.)

The Acting Speaker (Mr. Laniel): Order, please. The point raised by the hon. parliamentary secretary is well taken, although the Chair is not in a position to judge the last part of the speech made by the hon. member who had the floor because the Chair did not hear it. But I may take this opportunity to invite hon. members to follow the rule of relevancy as much as possible. When Mr. Speaker accepted the amendment proposed by the hon. member for Edmonton West (Mr. Lambert) it was understood then that it would enlarge the scope of the debate at that time. I would, therefore, invite hon. members to limit their remarks to the bill, and not deal with the whole problem of the economy of the country.

Mr. McQuaid: Thank you, Mr. Speaker. I suggest that my remarks are relevant because we are dealing with government tax proposals, and I am suggesting how money can be saved. I contend that our scope now, since the amendment has been disposed of, is much wider than when we were discussing the amendment. I know these figures are not too appetizing to the government, but I think they should be placed on the record.

There is a reference here to an amount of $61,813 to Dominion Magnesium for tent poles. I suppose the government expects to be driven into the woods by the next election and wants to have its tents put up now, but it seems to me that this is a lot of money for tent poles.

Then, there is a contract in the amount of $21,151 to the Dixon Pencil Company for correcting fluid. That is enough correcting fluid to fill the swimming pool at the YMCA. And there is another amount of $12,000 for rubber erasers. I know it will take a lot of correcting fluid and rubber erasers to wipe out all the mistakes that the government has made.

Then, there is a contract to Safety Distributor Products in the amount of $52,970 for sun glasses. I suggest that members of the government had better take off their dark glasses so they can see the problems and the plight of the Canadian taxpayers.

Then there is an amount of $18,637 to Major Sales Distributors for flashlights and $48,154 for gasoline lanterns. I suppose these are needed to lead the government out of the darkness.

The Acting Speaker (Mr. Laniel): Order, please. The Parliamentary Secretary to the Minister of Trade and Commerce (Mr. Howard (Okanagan Boundary) is rising on a point of order.

Mr. Howard (Okanagan Boundary): Mr. Speaker, I have listened carefully to the hon. member's speech, and I find it very difficult to relate it to the tax bill before the House. It seems to me that we should follow the rule of relevancy, which is such a well-known and established rule of the House.

The Acting Speaker (Mr. Laniel): Order. I am sure the hon. member heard the remarks made by the Chair a few moments ago, again inviting hon. members who want to participate in this debate to observe the rule of relevancy. But at the same time, I should point out that a practice is followed that when legislation relating to supply and finances is introduced, this opens the door to a much wider range of discussion than would the introduction of an ordinary piece of legislation. Anyway, I hope that the parliamentary secretary will not insist that participants in the debate start to speak directly to definite clauses of the bill without dealing with other indirect questions that are related to them. It would be very difficult for the Chair to impose that restriction.

Mr. McQuaid: Thank you, Mr. Speaker. These are the very reasons the government has found it advisable not to introduce real tax reform. It cannot introduce real tax reform when there is waste and extravagance such as I am citing here. However, I will not embarrass members of the government too much longer. There are just one or two other items that I want to bring to the attention of the Canadian people.

I cite a contract to Biltmore Hats Limited in the amount of $40,775 for felt hats, and a later contract in the amount of $18,430 for felt hats. I suggest that all this is evidence of gross extravagance, and there are thousands of other indications of the same thing. If the government would try to practice a little economy it could very well introduce real tax reform through this bill, something that would give real relief to the people of Canada. This would be welcomed by both sides of this House, and by all Canadian citizens.

Mr. Derek Blackburn (Brant): Mr. Speaker, I wish to congratulate the hon. member for Cardigan (Mr. McQuaid) on many of his remarks opposing some aspects of this proposed tax reform. I had not intended to step into the debate at this time, mainly because I am neither a lawyer nor a tax expert. But having listened to other hon. members, having talked to lawyers, and having watched tax experts on television decry the fact that this massive document is mainly confusing verbiage, I decided that I was just as qualified as several other hon. members to speak on it. As the hon. member for Cardigan has pointed out, and as many tax experts across Canada have pointed out, this bill really should be rewritten. It should be put into language that most of us can understand. The taxpayers themselves should be able to understand it.

The other reason that I decided to enter the debate at this time was that I could not allow the Minister of Finance (Mr. Benson) to try to sell this bill as tax reform. There are some aspects of the bill that are welcomed by me and other opposition members, but in the main it is merely a patch job on a series of patch jobs that were undertaken over the years, principally by Liberal tax authorities and ministers of finance.

I wish to mention some of the aspects of the bill which I find repugnant. Very few people who have taken part in the debate so far have mentioned the effect that the bill will have on rural Canada, particularly on dairy farmers and beef farmers. The changes proposed in the bill will phase out what is commonly referred to as the basic herd. Farmers have come to look upon basic herds as capital assets, and upon their disposal they should be looked upon as capital gains as of 1972. But according to this bill the basic herd is to be phased out, so when the herd is sold the revenue will be taxed as income, which means it will be taxed 100 per cent and not 50 per cent under the proposed capital gains tax. Perhaps for the older farmer who can establish a fairly high but fair market price as of December 31, 1971, this will not rest too hard upon him. However, for the young farmer starting out it will be pretty much of an intolerable burden to be taxed on the total amount.

There are other aspects of the bill that I find extremely debatable, and the first of these is the much touted improvements in the basic personal income tax exemptions. This is the area the government thinks it can exploit to get votes, when it gets the courage to face the people after a couple of years of economic bungling, and wandering in the economic wilderness while tens of thousands of people have been forced through unemployment on to the welfare rolls, for which the working people in low income brackets can no longer afford to pay.

Just how significant are these so-called reforms in terms of dollars? I congratulate the government on eliminating nearly one million people from the tax rolls. This move is long overdue. Just how much better off will the average factory, office or construction worker be?

• (12:50 p.m.)

Let us look at the figures. To begin with, Mr. Speaker, there will be higher exemptions for low and middle income earners. On the surface this appears to be great reform. But, echoing the words of the hon. member who spoke prior to me, why has it taken the government 22 years to update the personal income tax exemption? The last changes occurred in 1949. The value of the Canadian dollar has been greatly inflated since that time. So, really what the government is doing is simply bringing tax exemptions into line with what they should have been a few years ago.

Let us look at the figures. A married man with two children earning $4,000 a year, and tragic it is that many men are still in this wage category, paid $210 in income tax under the old system. In 1972 he will pay about $73. This amounts to a gain of about $2.60 a week. What a fantastic gift from such a benevolent government! Let us look at the $8,000 a year wage or salary earner, with a wife

and two children. Under the old system of taxation he would pay about $1,215 in personal income taxes. Under the new bill he will pay $1,089, a saving of $2.42 a week. Another "big deal". The wage or salary earner making $12,000 a year will gain an extra $1 a week.

But let us not forget that the wage or salary earner will be paying income tax on his unemployment insurance benefits in 1972. His medicare premiums are adversely affected as well. Any money contributed to a public medicare plan on an employee's behalf will become taxable income. This means that if an employer contributes sixty-six and two-thirds of the OHSIP premium, this amount will be taxable income for the worker. In addition to this, scholarships or bursaries over $500 that a son or daughter might receive will be taxable. And finally, a worker's union dues are included in his "huge" $150 work costs exemption.

This brings me to another important point, the double standard being perpetrated by this so-called tax reform bill. The ordinary factory or construction worker who is lucky enough to have 12 months work, has many expenses that certainly cost more than $150. For example, I was talking to a bricklayer in my riding who travels an average of ten miles to and from work each day. Gasoline and depreciation on his automobile alone amount to approximately $500 a year, yet he is only allowed the $150 basic exemption for legitimate work expenses. But the professional who is allowed, I believe, two conventions a year can write off hundreds of dollars for each. Again, I emphasize the double standard.

In the few minutes remaining before we recess for lunch I should like to mention the section dealing with credit unions and I should like to look at it from a personal point of view as well as the point of view of the people in my riding. To begin with, credit unions are a people's movement. Most of them were born during the depression and have survived because of the free time and work donated in many cases, particularly in the small credit unions, by those dedicated to their purpose. The purpose of the credit union movement of course is manyfold. You can borrow or you can save, but certainly one reason people are proud of their credit unions is that they are able to escape the loan sharks and the finance companies.

In my riding there are 38 credit unions with approximately 13,000 members. If these credit unions are taxed, Mr. Speaker, probably only two or three will survive because only three have assets of over $500,000. In 1970, the total assets of all credit unions in the Brantford area amounted to $7.7 million. This is another example of double taxation. Members already pay taxes on their dividends and on any earnings that may accrue to them from the credit union, so I implore the Minister of Finance to reconsider clause 137 of the bill and to exclude from taxation at least the smaller credit unions, those with assets of less than half a million dollars. If these small credit unions are taxed they will not be able to pay dividends of 4 per cent or 5 per cent but will be reduced to paying perhaps 2 per cent on dividends.

When discussing credit unions we should also recall that members receive a 10 per cent rebate on borrowings, something which one does not get from the bank or fiance companies. In short, Mr. Speaker, credit unions are not in business to make a profit; they are in business to serve the interests of their membership. I am quite sure that no person, at least in the province of Ontario, has ever lost a cent as a result of the failure of a credit union. There have been no Atlantic Acceptance fiascos in the credit union movement.

Another important aspect of this movement, Mr. Speaker, is that during lay-offs, illness, plant shutdowns—even during strikes—often the interest on borrowings is lifted. Until the member is back to work interest is not reapplied to the loan. Where else can one get this treatment? At finance companies and banks? I do not think so. Seventy percent of the interest earned goes to shareholders of credit unions. Credit unions also provide ancillary services which are very important such as family economic counselling, which is free of charge. The basic interest here, of course, is to attempt to put people back on the road to financial security, and I think this is a very important aspect of the movement as a whole.

The Acting Speaker (Mr. Laniel): I regret to interrupt the hon. member. It being one o'clock, I do now leave the chair to resume the same at 2 o'clock p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Blackburn: Mr. Speaker, before the luncheon adjournment, I was referring to what I considered to be the unjust proposed tax that would affect the credit union movement in Canada. I was saying that the credit union movement is a people's movement, a movement in many respects born of and nurtured by ordinary, individual Canadians for a common cause and a common purpose. I should now like to continue with my remarks relating to this aspect and to one or two other aspects.

The provinces demand that credit unions have guarantee funds which are reserves for doubtful accounts. The present basis for providing for the guarantee fund is to transfer a fixed percentage of yearly earnings. Generally, provision is made to reduce or eliminate the transfer required when the fund reaches a certain percentage of the total amount of members' shares and deposits. To my knowledge and information, there is no evidence that these reserves are excessive.

The most that the government of Canada can expect to realize in this area would result from a tax on whatever amount of reserves are considered to be excessive. As these reserves are created by provincial legislation and not by management decision, it seems reasonable to assume that the tax revenue would be gained at a future time when the reserve is reduced and the funds distributed to members by way of dividend. In effect, then, the government would simply have received an interest free loan of an insignificant amount from the credit union movement. When one considers that the proposed tax change will inconvenience credit unions and in fact lead to exorbitant tax burdens on the small credit unions, one wonders why the government is so bent on crippling this very essential and socially acceptable movement. Could it

be that the powerful chartered bank lobby is a little upset by the fact that the credit unions of this country are now in No. 2 position in the small loans field.

Another criticism I have, Mr. Speaker, of Bill C-259 relates to the elimination of the federal estate tax. Here, again, I want to impress on hon. members opposite that this reveals the double standard approach to taxation. Obviously, only the wealthy, and particularly the very wealthy, are concerned about estate taxes, for the poor and lower middle income groups have little to leave except memories. I am not opposed to individual enterprise and I am not opposed to rugged individualism. As a classroom history teacher I have always had the greatest respect for the pioneers who came to this country and developed a way of life that is most commendable. Yet we often confuse the rugged individualism of that era with the protected individualism of today, and here we find a double standard. It is estimated that 80 per cent of those in this nation who are very wealthy have inherited their wealth. In other words, this inheritance in many instances is a passport to the easy life. Of course, we cannot blame them for this. They have inherited their wealth because our laws permit that. We cannot call such people economic parasites, because what they inherit they usually invest, and they live off their investments. Yet I suggest, Mr. Speaker, that they do absolutely nothing in many cases to earn any of their inheritance and that they contribute virtually nothing to the development of this country. While they masquerade as rugged individualists trying to protect the extremeties of the free enterprise system, they are simply living the good life off somebody else's hard work. I suggest that the elimination of the federal estate tax is simply contributing to this kind of non-effort on the part of some very wealthy people in this country. In other words, Bill C-259 is simply protecting these people and protracting their lives, which I would call somewhat useless.

What about imposing a 100 per cent estate tax, so that we can all start out on a truly equal level. Then, we should find who really are the rugged individualists of this country. Then we should find which of us really has the gumption to do something with his life and to create better living standards for his family. An estate tax like that would mean that the kids in St. James town, Toronto, would enjoy the same advantages, economically speaking, as the kids in Forest Hill. Of course, in the present circumstances that would be unthinkable. However, I am not seriously considering a 100 per cent estate tax. I realize that in many instances, in fact, in most instances, a dying man or woman has a spiritual need to pass on his or her material possessions to someone else.

• (2:10 p.m.)

There is one final point I wish to make. It has to do with parents of children who are physically disabled. There are thousands of children in this country who are born with physical deformities. A large percentage of them live in small communities or in rural areas where medical facilities are not sufficient to cope with their physical needs. It is often necessary for the parents of these children to travel long distances to metropolitan areas, Vancouver, Winnipeg and so on, or even, sometimes, to cities in the United States, in order to find specialist medical treatment. In the course of these journeys they incur very high costs in travelling expenses, overnight accommodation, dining in restaurants, and so on. Sometimes they are away for as long as a week. I am wondering whether some tax concession cannot be made to these parents who must face special financial problems of the kind I have mentioned, in addition to the normal heavy burden of taxation.

I have drawn attention to some of the aspects of this bill to which I am opposed. I have talked about the credit unions. I have talked about the people who have been granted the vast sum of a $150 tax write-off to cover legitimate costs incurred in their work. And I have drawn attention to one or two other points which I feel are pertinent to the average Canadian, particularly to those who will save $2.50 a week as a result of the new basic tax exemptions. When we come to committee of the whole, and discuss the bill clause by clause, I shall have more to say about these matters.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome this opportunity to speak on Bill C-259, entitled an act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that Act.

The Income Tax reform bill is a document containing 707 pages, a weighty, complex tome which will directly affect the daily lives of every man, woman and child in Canada. It affects them indirectly, too, in that it reaches into the factories, stores, banks and corporate headquarters to stimulate or hinder progress. In so far as it stimulates corporate and individual enterprise, it may be considered helpful. In so far as it cramps, paralyzes or hampers initiative, it is a foolish measure.

In my opinion, taxes are to serve the people, to enable them to get along with as small a government apparatus as they need. Neither government nor taxes are ends in themselves. They are a means to an end, namely, the proper development of the national life. Whenever they become an unreasonable burden on families or individuals they restrict economic freedom, curtail democracy and generate apathy and laziness. The Income Tax reform bill is, therefore, a vital bill. Yet, allowing five minutes for the reading of each page, a person would need some 58 hours to pass through this maze. At most, a busy Member of Parliament might be able to spare five hours daily for such a task, almost 12 days. But 12 days would not be enough, since even tax experts profess to be confused and uncertain about the complexities of the measure.

The income tax reform bill is the product of almost nine years of commission hearings, public discussion, protest and, finally, distillation by scores of legal and fiscal experts who decide how much of his income the man in the street is to be allowed to keep. It has been calculated that Canadians work well into May each calendar year merely to gain enough to pay the manifold taxes levied on them by all levels of government. In a sense, therefore, they work five months of every year in order to pay the tax collector.

As I said a few moments ago, this is a very complex measure. This viewpoint has been endorsed by the Canadian Chamber of Commerce which used the follow-

ing words in a brief to the government early in September:

> We regret that it has been found necessary to express the new law in language so involved that it will be difficult for many taxpayers to understand their own tax position and to be able to complete and file their own returns without professional assistance.

I emphasize the last few words, Mr. Speaker, "without professional assistance". Some may doubt whether even professional help will solve the problem.

The *Financial Times* reports that the common complaint from the private sector, so far, has been that the bill is badly worded and too unwieldy for even taxation experts to understand quickly. One of the nation's foremost tax experts, Lancelot J. Smith, President of the Canadian Institute of Chartered Accountants, described the bill in these words:

> The most complex and formidable piece of tax legislation ever put before parliament.

In spite of a lifetime as a tax practitioner, Mr. Smith told the annual meeting of the institute in Winnipeg: "The intricacies of Bill C-259 have so far eluded my grasp." "If this is so with my background", he added, "God help the general practitioner." Mr. Smith was chairman of the Ontario Tax Reform Commission.

Another financial expert, Vincent Egan, Financial Editor of the Toronto *Telegram*, wrote in that newspaper on September 10:

> The new tax reforms will result in a more complicated, patched up system than ever before. If it's a joke, it's not funny! If it is not, then Mr. Benson, and his draftsmen, must be prepared, even at this late date, to simplify it wherever possible.

The Canadian Bar Association finds Bill C-259 as puzzling as do the accountants. The *Globe and Mail* of September 3, reports:

> Finance Minister Edgar Benson's tax reform legislation is complex, difficult, confusing and a let-down.
>
> Delegates heard 17 papers containing more than 120,000 words on various aspects of the legislation and the Association's special committee on the tax reform bill intends to make representations to Mr. Benson.

Ronald D. Bell of Calgary said if the new bill's concepts are difficult of comprehension, they seem remarkably clear compared with the language construction which purports to convey same to the Canadian public. Lawyers entering the taxation field periodically would find it absolutely impossible from reading the bill to obtain a working knowledge of the new system. The government should not have released the tax reforms until the new concepts had been put in clear language.

Another lawyer, John D. Smith of Vancouver, said the bill was immensely complicated and written in unfamiliar language and concepts. It was drafted with "so much use of definitions and cross-references that the drafter must have been raised on the game of Snakes and Ladders".

• (2:20 p.m.)

Mr. Howard (Okanagan Boundary): A point of order, Mr. Speaker.

Mr. Crouse: If the hon. member who interjects will sit and listen—

The Acting Speaker (Mr. Laniel): Order. The Parliamentary Secretary to the Minister of Industry, Trade and Commerce is rising on a point of order.

Mr. Howard (Okanagan Boundary): I just want to point out, in the absence of the hon. member for Cape Breton-East Richmond, that the hon. member is reading his speech.

Mr. Crouse: No, Mr. Speaker, the hon. member is not reading his speech. The hon. member is reading quotations from those who have condemned this tax reform bill which is presently before the House. If the parliamentary secretary had been listening to these condemnations he would have realized the concern of tax experts and economists across the country over the maze that has been introduced under the guise of tax reform.

Mr. Howard (Okanagan Boundrary): Would the hon. member permit a question?

Mr. Crouse: I have the floor, Mr. Speaker. When I have finished my remarks I will answer any questions that the Parliamentary Secretary to the Minister of Industry, Trade and Commerce would like to put to me.

What are we being asked to do now? Parliament is being asked to pass this maze of tax changes quickly, so quickly that they can become law by January 1, 1972. In my opinion, haste in passing this massive change, haste in imposing fresh new tax burdens on Canadians at this time, is unseemly. I believe that in these days of heavy unemployment and the stifling of enterprise by taxation, the members of this House have a prime duty to see that these tax dollars are spent wisely. This raises the question: Why does the present government require all these additional funds? Are these funds being properly spent by the administration? Are they being properly utilized? After all, we are not fighting a war at the present time, and our population has not exceeded 22 million people. We cannot help but wonder just where all the money is going.

For the answer to these questions, we need turn only to the Auditor General's report for the fiscal year ending March 31, 1970, and in doing so we become painfully aware of the waste and extravagance of this government, whose spending spiral continues skyward like a moon rocket. It would be too painful to read the entire report, but I shall single out some items that clearly indicate why the present government stands condemned for its wasteful practices and why it must continue to dig deeper and deeper into the pockets of the average Canadian taxpayer.

For example, at page 11 of the report we read under item 18, headed: "Communications", that the listed increase in departmental expenditures, exclusive of the Post Office, was largely due to an increase of $3.2 million, or 28 per cent, in administration, operation and maintenance costs. The increase of $21 million that was authorized for the post office was due primarily to an increase of $11 million in salaries and allowances and $9 million in mail conveyance costs. Then, there is a little addendum which says that these expenditures do not include retroactive salary adjustments of $3.9 million paid during the year and charged to the reserve for salary revisions.

Then, under item 19 dealing with consumer and corporate affairs we read that the increase in expenditure included $1.2 million, or 22 per cent, spent by the corporate affairs division and $307,000, or 26 per cent, spent by combines investigation and research. Then, the report goes on to add that, in addition, the expenses of the Prices and Incomes Commission, established during the year, were $569,000. Again, there is a little addendum which states that these figures do not include retroactive salary adjustments of $1.5 million paid during the year and charged to the reserve for salary revisions.

So the expenses of the Prices and Incomes Commission amounted to $569,000. This commission ran around the country, after its appointment, like an old dog without any teeth: it could bark but it could not bite. Its recommendations had about as much backbone as a wet fishnet. The commission could get no agreement from labour and very little agreement from industry. On its own admission, it was a failure. The government has neither abolished the commission nor strengthened it. Today, it becomes just one more barnacle on our ship of state, one more barnacle holding back the progress of this nation and causing increases in income tax of the sort contained in this voluminous bill which can only add to the burden of our people. This is what we object to today. Is it, therefore, any wonder that the government must continually raise more money to pay for its wasteful and foolish extravagances?

Mr. Boulanger: Oh!

Mr. Crouse: Someone says "oh". It is obvious that Liberal members do not like to hear the truth as told by the Auditor General; they do not like to listen to the facts as they stand. There is no denying the wasteful extravagances that are listed in the report of the Auditor General.

Under item 20 on page 11 of his report, which deals with the Department of Energy, Mines and Resources, we read of retroactive salary adjustments amounting to $5 million which were not included in the expenditures for the year.

Under the Department of External Affairs, we note that its expenditure increased by $12 million. This does not include retroactive salary adjustments of $1.7 million paid during the year and charged to the reserve for salary revisions.

Under the Department of Finance, we read that the increase in outstanding bonds and treasury bills, as well as the higher interest rates of recent issues, largely accounted for the increase of $237 million, or 16 per cent, in public debt charges. All this in one year, Mr. Speaker! In addition, there is an item of $123 million which was recorded as a loan to the Canadian Corporation for Expo '67, which was written off as a loss under the Expo Winding-up Act.

I believe it is fair to state that, successful as Expo '67 may have been from many points of view, this debt of $123 million ended up as a direct charge on the Canadian taxpayer who had to foot the bill. Is it any wonder that we need a whole new tax structure in order to pay for the waste and extravagance of this Liberal government? In retrospect, I suppose that we should be grateful the deficit is not larger in view of the open-ended spending practices adopted by this government. There was no real planning for this exposition, only open-ended spending. When this exposition is contrasted with the one that recently terminated in Japan, where it was reported that there was a profit of some $35 million, we see the difference between planning and an uncaring and unconscionable government.

Again under the Department of Finance's expenditures as detailed in the Auditor General's report we read that the expenditure does not include retroactive salary adjustments of $907,000—almost $1 million—paid during the year and charged to the reserve for salary revisions.

What is the position as far as the Department of Labour is concerned? As a result of this government's policy of letting a little slack develop in the economy, its policy of letting unemployment rise under the excuse that this would aid the fight against inflation, we learn that Canada's contribution to the Unemployment Insurance fund last year amounted to $12 million, up 14 per cent. This $12 million came from the pockets of the taxpayers in addition to the regular unemployment insurance contributions made by Canadian workers. This government has not won its fight against unemployment or against inflation. Our economic picture today is a horrible example of what can happen to a country that is led by people devoid of any forward looking policies or programs, a country that has an arrogant, uncaring and incompetent government which, if it had any decency, would resign.

There is another little addendum under the item dealing with the Department of Manpower and Immigration which again deals with salary adjustments. These addenda are found at the end of each item. In this case, we read that almost $7 million was not included in the department's expenditures.

• (2:30 p.m.)

Let us look at the expenditures of the Department of National Defence. This was a department which was unified by the hon. member for Trinity (Mr. Hellyer), who now heads "Action Canada", a political movement to recover the Liberal party from the Socialists who infiltrated its ranks and took it over from within. We were told unification would save the taxpayers money. According to the Auditor General, last year there was a net increase of $34 million in expenditures for defence services. There was also an increase of $12 million in the amortization of the deferred charges resulting from actuarial adjustments in the Canadian Armed Forces superannuation account. This department spent $1,790 million last year, and this figure does not include $12.1 million paid during the year and charged to the reserve for salary revisions.

What did we get for these increased expenditures? Our NATO forces have been decimated in Europe through unilateral withdrawal under the Liberal government, and generally our prestige and our defence profile is lower around the world today, yet our costs are higher. This is the thread that runs throughout every department of this government, namely higher costs for less service. In the Department of National Health and Welfare, there was an increase in expenditures of $290 million, not including expenditures by the Medical Research Council or amounts expended on scholarship and research grants.

In the Department of Public Works, general administration expenses alone increased by $3.1 million, up 15 per

cent, while the increased drain on the resources of the Canadian taxpayers is only too evident, no matter how you look at these figures. I could go on and on.

Mr. Reid: You are.

Mr. Crouse: Yes, and with good reason. I could point out a number of expenses of this nature. CBC costs alone climbed last year to $170,673,547. They were up from the year before when they stood at $159 million. When I was first elected to the House of Commons in 1957, the expenditures required for the CBC amounted to $52 million. At that time the figure sounded high, in fact it represented $1 million per week. I remember at that time making a speech about this amount of $52 million because I thought it was a lot of money. If $52 million seemed to be a lot of money in 1957 you can naturally imagine what I think about the expenditure of an amount of $170 million less than 15 years later.

In the Secretary of State's department, we see an increase in the figures, the one I have just quoted, and an addendum. There was a further increase of $1.7 million or 36 per cent in expenditures of the bureau for translation. The $1.7 million was spent on the cultural development program for which there was no counterpart in 1969. Those amounts are higher in the current year.

I should like to point out the colossal waste of this government. The government paid $57,000 in the past two years to the Seigniory Club. That is the swank club which is 60 miles east of here, used for departmental meetings. This galls me tremendously.

Mr. Pepin: Does it?

Mr. Crouse: The Minister of Industry, Trade and Commerce (Mr. Pepin) says: "Does it"? It should gall him, Sir. If it does not, it is time he became aware of what is happening in this government. Obviously, the minister does not care and has no intention of taking any action to change these wasteful extravagances. This is what happens—

Some hon. Members: Oh, oh!

Mr. Crouse: Could we have a little order in the chamber, Mr. Speaker? Twenty government departments and agencies have used this Canadian Pacific Hotel for such meetings. A government spokesman said that the reason government departments used the club for departmental conferences was so that officials would not be bothered by telephone calls and other interruptions to which they would be subjected if the meetings were held in Ottawa. I should like to ask any one of the cabinet ministers, what is wrong with the various committee rooms we have here on Parliament Hill? Why can they not be made available so that some of these wasteful extravagances can be avoided?

I could go on and on in the same way in respect of other departments.

An hon. Member: You probably will.

Mr. Crouse: If I did, I would be able to point out to you examples similar to the ones I have given. The figures I have quoted represent the cause behind the spiralling of taxation which climbs always upwards.

The increased drain on the resources of the Canadian taxpayer are evident when you consider the following figures which show the increase of consolidated government revenues, federal, provincial and local, between the years 1960-61 and 1970-71, as listed by the Department of Finance based on the Dominion Bureau of Statistics financial management series of publications. In 1960-61, the total paid to federal, provincial and local governments in personal income tax, corporate income tax, estates tax and succession duties, sales tax and other revenues net of transfers totalled $9,722 million. In 1970-71, this figure had increased to $28,465 million, up $18,743 million in a period of 10 years. A close examination of these figures reveals that personal income tax revenue received by all levels of government has multiplied by 4.5 times in 10 years. Corporation tax has more than doubled its take, as has estate tax and succession duties, while sales tax reaped in a harvest in the last fiscal year 3.5 times larger than that of 10 years ago.

I cannot help but wonder whether the incomes of Canadians, from which these taxes to three levels of government must be paid, have doubled or multiplied by 3.5 times in the last 10 years. The answer is no, certainly not, at least not in the Atlantic provinces and in other depressed areas of this nation.

My main criticism of Bill C-259 is its complexities and the fact that it places new and heavier burdens on Canadians generally, as well as on Canadian industry. There are other aspects of this bill which are causing concern and fear among Canadians. Our farmers and others involved in the co-operative movements contend that never in the history of this movement has there been legislation so damaging to the interests of co-operatives. Clayton Sinclair, writing in the *Financial Times* of September 13 said:

> The basic change for credit unions . . . will be the removal of their tax exempt status. Until now, their assets were taxed only when distributed among members. The legislation will add an initial bite at the predistribution level.

What about the effect on the provinces? The validity and success of this tax reform bill is very much comprised by the lack of comprehension and co-operation of the government toward the tax problems and functions of the provinces. The government has failed to introduce a tax reform which integrates the taxing function and resources of the three levels of government. This is a bill that has reduced rather than expanded the taxing base of the provinces. It is a bill that will put in doubt provincial revenues for the next five years. Those are the effects as I understand them.

Some of the provinces have expressed concern about the proposed elimination of federal estate and gift taxes on January 1, 1972. They have indicated that this proposal will not only create inequities between the taxation of existing wealth accumulations and future wealth accumulations but will thrust the burden of readjustment, if provincial revenue loss is to be avoided, entirely on to the provinces. All these factors require co-ordination of federal and provincial tax policies and make an assessment of the economic impact of the proposed legislation difficult. At the same time, we are concerned that the intention of the Ontario government to give tax credits for provincial sales tax and municipal taxes, and not to provide the 15

per cent additional capital cost allowance introduced by the federal government in its December 1970 budget, are indicative of a trend toward separate provincial tax administrations and policies. Such a trend is, I think, most undesirable and I urge the federal government to co-ordinate tax policy and administration with the provinces.

• (2:40 p.m.)

This bill is further evidence of the lack of government planning. Under this legislation, money is being siphoned off from the private sector without leaving the worker, the businessman or the entrepreneur enough incentive to set themselves reasonable goals so that they will derive some lasting benefits from the fruits of their toil. There must surely be a set of long-term priorities established as a basis for tax policy. Reform may be necessary, but the winds of reform must not leave the Canadian taxpayer like a shorn lamb more exposed than ever to the rigours of a climate which is becoming more inhospitable for private initiative. I believe my views on this legislation are somewhat comparable to those expressed by William A. MacDonald, who stated at the annual meeting of the Canadian Bar Association in September 1971:

With regret I have concluded that the new bill represents a giant step backwards in relation to the deepest political issue of our times—the continued possibility of maintaining freedom—under the law—as the unique characteristic of the western political tradition.

To the need for maintaining freedom in our country I would add that there is a basic need to maintain confidence in our country. This government cannot continue to endlessly nibble away at the operating framework of Canadian business with such things as tax reforms, the Canada Development Corporation and the proposed competition act, plus other socialistic, bureaucratic acts which hamstring and interfere with the free enterprise system. That is my feeling. Is it any wonder when you look at the new tax act, and the manner in which this government has overloaded Canadian taxpayers and Canadian industry, that Canadian business has this year been hesitant to invest in new job-creating capital ventures? Why are we not going forward? There is no shortage, as I read the *Financial Post*, the *Financial Times* and other such papers, in this country of investment capital. In fact, there is more encouragement given by financial institutions to borrow money today than ever before. Why are we not going forward; what is lacking in this country today? The answer that is coming through to everyone and which should be coming through even to those who sit on your right, Mr. Speaker, and occupy the treasury benches, is that Canadians lack confidence in this government.

That is the problem. They lack confidence in a government whose failures do not provide sufficient incentive to our Canadian businessmen so that they will invest in new plants and in new equipment. This is why we keep suggesting and we keep asking for tax cuts. I believe tax cuts would stimulate both business investment and consumer demand and should, therefore, be implemented immediately. To do this, however, the government would have to cut down on its own wasteful handouts, cut down on its own extravagance. This government has demonstrated its generosity in giving handouts, both where the need is real and many times where the need is questionable. However, it has not to date demonstrated its ability to deal with such fundamental needs as creating a climate for honest work, sound business investment and stable prices. Yet these are basic values which must be encouraged if we are to get our economy rolling again and provide employment and real opportunities for our people.

What are our export people, those engaged in exporting goods in this country, saying today? As a member of the Board of Governors of Waterloo Lutheran University, I receive from time to time articles covering statements made at the various teaching seminars at that university. Mr. E. Cayley Hill, a Goderich businessman accompanied the Minister of Industry, Trade and Commerce (Mr. Pepin) on his recent mission to the People's Republic of China.

Mr. Pepin: A very fine gentleman.

Mr. Crouse: The minister interjects to say that he is a very fine gentleman. With that I concur, and I hope that the minister will listen carefully to what I am about to read concerning that very fine gentleman's views as expressed at Waterloo Lutheran University. Mr. Hill told a class of students and businessmen on Tuesday October 5 that Canada needs exports to continue the expansion of its economy. The news report I have reads:

Speaking to a session in international marketing, a seminar series at Waterloo Lutheran University arranged by Dr. Herman Overgaard, professor of international business, Mr. Hill said:

"Canada needs 2,600,000 new jobs in the 1970's making it crucial that Canada broaden its economic goals and diversify into every feasible market in the world. We cannot afford to rely on only one market—be it the U.S. or any other country. But diversification provides the necessary continuity and stability we require when any one market is disrupted".

The world-travelling Mr. Hill is vice president and general manager of the Dominion Road Machinery Company, a firm that operates from a small Ontario town but regards the entire world as its market. Mr. Hill warned his listeners that the proposed U.S. domestic international sales corporation, usually called DISC, could become law this fall and will encourage more manufacturing for world trade within the United States at the expense of Canadian firms.

He insisted—

These are the words I want to emphasize to the minister.

that in a private enterprise economic system such as exists in Canada business and not government—

Again, I emphasize that.

—should have the predominant voice. Only through better business practices, better policing of our own activities, can we bring the initiative back where it belongs.

The only way this can happen, he said, was for the individual businessman, as well as business associations, to improve their record and insist that they are in fact more competent to manage their affairs than is 'big government'. Industry must make itself heard and government should listen.

Those are his words, and I hope the government will take them to heart. This government is now well into its fourth year in office and with time running out I submit that it will soon have to move forward or the Canadian people will ask that it move out.

Mr. Cliff Downey (Battle River): Mr. Speaker, the other day while going through some documents of the Department of National Revenue, I noted with interest that until the end of July there had been income tax refunds to the extent of something like $704 million. These were for

personal income tax overpayments, and amounted to around 10 per cent of the amount the government collects in personal income taxes. It would almost seem that there was a deliberate practice of overtaxing, but I think that a question of morality is involved when you have tax rebates of this extent. It is not always the government's fault. Certainly, the taxpayers do not always report changes in their circumstances, such as the birth of a child, which would increase their exemptions. Often charitable donations are not reported, and I am sure that a good many Canadians look on the business of overtaxing as a sort of enforced saving. However, this is a costly way to save and it is not convenient when you consider that it is the employer who is doing the bookwork for you. The scale of deductions is calculated to recover all the taxes owing in a given year, and on that basis the denial of the department that it is overtaxing is quite right, I think. However, the principle is wrong in practice when refunds to the extent of 10 per cent of the amount collected have to be made.

• (2:50 p.m.)

From the practical point of view, we know that it is far easier for the government to make a refund than it is to collect more taxes if the taxpayer has not paid enough. But then the question of whether the master exists for the benefit of the servant arises. I think that is the question here. Is there a law or practice hallowed by custom which requires the taxpayer to exist for the convenience of his servant, which is the government? I think it is important that we consider that concept. It is becoming all too evident these days that the servant is actually becoming the master of the people of Canada. This has become apparent in other fields also.

I have an article here which appeared in the Edmonton *Journal* in which Mr. McWilliam, president of the Winnipeg Grain Exchange, is quoted. He is speaking about wheat, of course, but in the same general context of whether the master exists for the benefit of the servant. It reads:

> Farmers in Canada are totally dependent on bureaucrats, says J. E. McWilliam, president of the Winnipeg Grain Exchange.
>
> And if this situation is allowed to continue, the country's farmers will be "controlled out of the world's markets."

Then, he goes on to refer to the Canadian agricultural situation which, he said:

> . . . is totally immersed in the philosophy of the producer going to Ottawa for instructions.
>
> Government control and regulation of farm production can only serve to hold back agriculture . . .

I think the general tenor there can be related to this overpayment of taxes. Mr. McWilliam goes on to say:

> The farmer should never be put in the untenable position of having to react to the bureaucrats. It is the farmer who should decide the production.
>
> Instead of the production decisions going from bureaucrat to minister to farmer, it must be from farmer to minister to bureaucrat.

When one applies this to the concept of taxation under which the master exists for the convenience of the servant, one finds that the question of morality arises. In so far as our free enterprise system is concerned, I would hope we would want to see it continued in this country, although it is not evident that the government feels this way.

I think that this point has been made by the Bar Association and by many of the groups which have studied the tax bill. They feel that the language of the present tax bill is far too complicated for the layman to comprehend. Let me read what the Canadian Bar Association had to say about this. One can well imagine that if lawyers have difficulty in interpreting the act a layman does not have much chance. Ronald D. Bell of Calgary says:

> . . . if the new bill's concepts are "difficult of comprehension, they seem remarkably clear compared with the language construction which purports to convey same to the Canadian public".
>
> Mr. Bell said lawyers entering the taxation field periodically will find "it absolutely impossible from reading the bill to obtain a working knowledge of the new system".
>
> The government should not have released details of the proposed tax reforms until the new concepts had been put in clear language, he said.

Here we have a lawyer saying that lawyers who go into the tax field periodically will have a great deal of difficulty in comprehending the tax bill. I suggest that we can all foresee great problems arising from a tax bill which cannot be interpreted by citizens of average intelligence. Certainly, this business of having something that is mysterious, of language that no one can comprehend, will never work in the long run because of the misunderstandings and the animosities that will build up toward the government and the department of internal revenue. There are many organizations that have made this point. There is another article which appeared in the *Financial Post* in the column by William A. MacDonald, which reads:

> The bill fails to maintain an even hand between the tax administration and the taxpayer. Complexities are felt justified to protect the revenue, but are often not felt justified for fair treatment to all taxpayers.
>
> For example, a number of items are included in income without comparable deductions, what I call reverse revenue leakage. In a number of cases, penal amounts of tax are payable out of all proportion to any assumed offence.

He is referring to the penalty clauses here. He goes on to say:

> Finally, in a very few cases, there is still explicit or implicit retroactivity.

Then, he goes on to speak about the language that was referred to by the Bar Association:

> Finally, and by far the most important reason, the structure and language ensures that fewer and fewer Canadians will understand less and less about a law destined to have a more than ever pervasive impact on more and more Canadians.
>
> The result will be that where taxpayers understand the advice given them by professionals, they can be almost certain the advice is wrong. It is only if they don't understand it that there will at least be the chance that the advice may be right.
>
> If the medium is indeed the message, only one conclusion is possible—the new tax reform is fundamentally hostile to people. It is only friendly to the computer.

I suggest that that will be a very difficult thing to live with through the years. I refer to the draftsmanship of the bill itself. There is the ever-present possibility of many interpretations. This is a matter that needs to be changed and clarified before the bill becomes law. As Canadians, we want our laws to be such that most people can understand and comply with them without needing the constant

help of professional advisers. If ordinary people need the help of professional advisers to comply with the terms of this bill, the result will be that only the more affluent will be able to take advantage of some of its beneficial provisions.

• (3:00 p.m.)

The cost of compliance will be an increased cost to the economy. It will be incorporated as another business cost, to be reflected in increased prices of goods and services. Many judgments will be subject to error and ambiguity. Much damage will be done, not only to individuals but to the attitude people generally have toward the country's final authority.

Has there been sufficient consultation with the provinces and municipalities on this tax legislation? It is all right to come out with federal tax legislation specifying the exemptions, but if there has not been sufficient consultation with the provinces and municipalities to discover what their future tax needs will be, the end result may be totally unrealistic. It has been projected that costs at the municipal and provincial levels will rise at a rate many times that projected for increased taxation at the federal level. This problem is not considered at all in the legislation.

In this regard I would like to quote from the *Globe and Mail* of July 8 last, which reads:

> One item among finance minister Edgar Benson's tax reform proposals has been largely overlooked. Since it will dip into the pockets of Ontario people for more than $58 million of federal tax money annually (and into the pockets of British Columbia and Alberta people for lesser amounts), the oversight has been rather monumental.
>
> The proposal is that which will require employees to add to their taxable income any part of their medicare premiums whichis paid by their employers. In most cases—and that is a lot of cases in Ontario—the employer pays 50 per cent of the premium.
>
> The proposal is about as brazenly discriminatory as could be imagined. It will discriminate in the favour of people who live in provinces that pay medical insurance costs out of general revenue instead of extracting them by way of premiums, and against people who live in provinces that levy premiums. It will discriminate in favour of people who live in provinces that are not highly unionized, and against people who live in provinces that are highly unionized.
>
> The net result—as anybody who understands Ottawa's prejudices will instantly recognize—will be to discriminate against the people of Ontario, Alberta, and British Columbia—what Ottawa considers the have-provinces. The measure, however, will not hit Ontario, Alberta and British Columbia, it will hit their people, in a heavy and unequal fashion in which it will not hit the people elsewhere in Canada.
>
> As between taxpayer and taxpayer it is inequitable—and, it must be feared, designed to be inequitable—and that cannot be defended. It is also an invasion of provincial rights. Ottawa invaded the provincial jurisdiction in the first place when it used its taxing powers to force universal medicare on the provinces—health care being constitutionally a provincial jurisdiction. The new measure will further compel provinces to adopt a certain kind of medicare—the kind that is paid for out of general revenue. This will infuriate provinces that have instituted premiums for the philosophically defensible reason that they believe it is healthier for citizens to recognize, by paying premiums, that medical services do not come free but represent a heavy cost paid by the taxpayer.

I think it is important for us to realize that many of these services just do not fall out of heaven; they all must be paid for by someone, somewhere. This legislation has

[Mr. Downey.]

far reaching implications for the agricultural industry. We have the matter of recapture depreciation being brought into income. In other words, where farmers used to calculate their capital cost allowances on the straight line method, this will be done away with on inception of the new act. In many instances, when farmers or ranchers take good care of costly agricultural machinery and that machinery has been fully depreciated, it still has a great deal of value. I think it is only a matter of seven years until a tractor is fully depreciated. A new tractor may cost up to $20,000, so a farmer with a well-cared for, older tractor may get a trade-in allowance of $6,000 or $7,000. Under this legislation the money he receives as trade-in will be brought into his income for tax purposes.

This is particularly unfortunate at a time when farmers are in a continuous cost-price squeeze. In many cases they receive no more for their products than they did 20 years ago. In order to keep pace they have to expand their operations and keep in touch with technological advances. As a result, they are in a very unfortunate position when faced with recapture depreciation being brought into income.

One of the other matters that I think should be reconsidered is the elimination of the basic herd. The basic herd supposedly is to be terminated by the end of this year. I feel strongly that this is an error in policy. There is real need for a system whereby the farmer can treat his investment in livestock as a capital investment. Consider for example, the problem of the farmer who wishes to take money out of capital in order to add to an existing herd. From his standpoint he has a capital asset which cannot be depreciated. The acquisition of cattle is an expense if he is on a cash basis of accounting, giving him a number of years of severe losses—which is not uncommon in the ranching areas of the foothills—which would not be corrected by the averaging system. To operate on an accrual basis with annual evaluation of the herd is totally impractical if only because the cattle market fluctuates with the availability of feed.

• (3:10 p.m.)

I suggest that we should consider a continuation of the basic herd provision in the proposed act, because farming requires more capital than ever before. Governments have been encouraging farmers to consolidate smaller units, to take advantage of technology and of every innovation. But this would put another severe strain on capital. One of the effects of the basic herd provision has been to create herds without the investment of money from outside. We need a provision that will allow livestock to be shown as a capital asset.

There is one special point which should be dealt with in respect of the valuation of the basic herd on valuation day—that of valuable breeding stock. This has become important in recent years because of the importation of many exotic breeds of cattle. Unless provision is made for deviation in respect of the valuation day concept, we shall run into difficulties. In the case of animals put into insemination centres, or imported animals requiring tests, the results of such tests alone will prove the value of the animal; therefore, there should be a provision for later determination of valuation day value on that basis.

I believe the matter of the family farm corporation needs review. In the last decade an increasing number of farmers have sought to hold their financial position and guarantee continuity as a basic family farm enterprise, and some have incorporated with this in mind. We should make certain that any provisions which are applicable to the individual farmer are also applicable to the family farm corporation. There are, of course, farming corporations to which this would not apply but there could be a provision which would tie the two together. I suggest that if 75 per cent or more of the shares in the family farm corporations were owned by members of the family, it should be treated as if it were an individual farmer. Certainly, if the major part of income were derived from the corporate farm it should be treated in the same way as an individual farmer in regard to taxation.

Problems will arise in regard to the transfer of a farm within a family, whether by sale or inheritance, particularly on the question of realization of capital gains. To the best of my knowledge there is at present no provision for farms transferred within a family, except to the spouse, whether by sale or inheritance, without immediate realization of capital gain. This would be true of the sale or transfer of the farm to a son or of inheritance by the son of the farmer.

We are told that this problem might be avoided by estate planning and if there had been incorporation of the farm. We all know that a farm is a very dangerous place to live, that there are a great number of tractor accidents and that sort of thing. Suppose the farmer and his son were farming together and an accident befell the son to whom the majority of shares had been transferred. If the son died prior to the father, it could mean that the father would have to pay capital gains tax if he were still operating the farm corporation. We know that credit is about as tight as a G-string on most farms at the present time, so there must be in this act provisions to take care of the situation I have outlined. In 95 per cent of the farming operations with which I am familiar, payment of cash would put a great strain upon them.

I would strongly urge, therefore, that transfer of a farm to a son or daughter, whether by sale, gift or inheritance or whatever the circumstances, should carry with it no realization of capital gains so long as it stays within the basic family farm unit. The federal government's decision regarding the application of estate and gift taxes in the farming area does not settle the matter so far as the provinces are concerned. Many provinces will need to increase their revenues and some may be reviewing the question of estate taxes. Merely because the federal government will have dropped estate taxes does not mean that the provinces will drop them with regard to individual enterprises.

• (3:20 p.m.)

I suggest that replacing the estate tax with a capital gains tax will, in a great majority of cases, mean additional taxes. Certainly, in the case of Alberta this will be so. Since 1964, I think, estate taxes have been returned to the individual in Alberta. Therefore, the capital gains tax will be a brand new tax affecting farm enterprises. I suggest that merely looking at the federal scene and federal funding with respect to taxation of these units is not good enough: we must make sure that there is not a double levy of tax on these farming units.

May I now talk about the $1,000 exemption provision on principal residences. Under the new bill, a farmer must be resident on the farm during each year for which he is to qualify for the $1,000 farm exemption. I can foresee problems in this area. A great many farmers in the southern part of my province, Alberta, and a great many in Saskatchewan are occupied principally in farming; that is to say, they do little else. Yet because of road conditions, weather conditions, the division of school boundaries, and so on, they are not able to stay on their farms all the time. That means that they cannot always maintain residence on the farm unit for 12 months of the year, every year.

I suggest that it should be possible for taxpayers who engage in farming to utilize the $1,000 option even though they do not reside on the farm. This would solve other difficulties. For instance, the son might use the farm as his home while both father and son worked on the farm. The $1,000 exemption should apply to the farm itself and should be connected with the residence in which the farmer lives. I think the $1,000 per annum provision should also take into account the sale of the principal residence. I say that because many farmers who retire may want to continue living in their homes on the farm. You often read of cases of a son taking over the farm and of a mother and father deciding to retire and live in the residence they occupied on the farm. I think it is important for us to reconsider this provision.

I think another concept related to farm financing should be reconsidered. It should be possible for a farmer to sell his land and reinvest the proceeds in another farm without incurring capital gains tax. Often the reorganization of a farming enterprise is vital. Farmers might review their operations and decide to consolidate—perhaps to go into a hog enterprise and undertake more building. A farmer may want to sell land and reinvest the money realized in buildings, equipment or some other type of operation. The provisions of the bill should make allowances for this.

A farmer should be able to realize his capital from his land and put it into other land, buildings or equipment without paying capital gains tax in the process. It may be useful to point out that at present extensive averaging is permitted with respect to capital gains in certain enterprises. The farmer should have the opportunity to reinvest his money in farming.

I now wish to talk about valuation day in the area of agriculture. Since the valuation is related to the nature of assets, I submit that the government should introduce a valuation year instead of a valuation day. I do not think that the grouping of assets in various categories merely for valuation day will work very well. Many factors have to be considered here, including the depreciated value and condition of assets, and so on. I think that the concept of valuation day relating to farming enterprises ought to be reviewed also.

I think that about 45 per cent of the income of Canadians goes in taxes which are paid to one of the three levels of government. It has been said—I forget by whom—that the power to tax is the power to destroy. When you see how the rate of taxation has crept up since income tax

was introduced in the First World War, how the percentage of our income taken in taxes continually increases, and how governments get bigger and bigger and take more and more, you begin to realize that it is only a matter of time before the burden being imposed on the people will be too much for them to carry. Every day you see people throwing up their hands, leaving the work force and going on the welfare rolls. They are maintained through various government income distribution or redistribution schemes.

Fewer and fewer people are carrying the tax load. We must stop this trend if our system is to continue and if we are not to become mere slaves of the state. I do not think the people who are supporting the bill really want this situation for Canada. I do not think that is their concept for Canada. We must take a hard look at the matter because taxes today are taking about 45 per cent of the total income of all Canadians.

Mr. Speaker: Order, please. I regret to interrupt the hon. member, but his time has expired. He may continue if he has unanimous consent of the House. Is there such consent?

Some hon. Members: No.

• (3:30 p.m.)

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, it is not an easy task to discuss this voluminous and very broad bill in general terms, yet this is what is required to be done at second reading. I think, regardless of the way in which the situation is disguised, no bill to reform taxation can fool the public into believing that it would reduce their taxation in the long run.

There are several provisions in the bill which have on the surface some beneficial results for groups of people, yet when you look into them more carefully you find that they are not beneficial at all but in fact work against the people they appear to benefit. I should like to discuss three or four of these provisions in the time available to me. I think I can expose some of the tricky features which can easily deceive people. These provisions should be made very clear and understandable.

The first provision in the bill which has tended to confuse a number of people is that the government said, "We are going to abolish the estate tax." That sounded good. Many people came to me at the beginning and said, "That is good; they are going to abolish the estate tax and we do not have to go through all the shenanigans we have been going through getting lawyers to act in our interest in respect of estate tax and paying large sums of money to the government. It will be great with no estate tax."

Of course, this is not the case at all. In fact, in the Estate Tax Act at the present time provision is made for a basic exemption of $50,000 for every Canadian on which amount the estate is not required to pay tax at all. Certain people—for example, a husband with a wife and several children—are entitled to exemptions greater than that. They can claim up to $90,000 of exemptions under existing tax provisions. So for the average Canadian it is the exemption which counts in terms of the Estate Tax Act, not the tax itself. The average individual with a small estate or with an estate of reasonable size is concerned only about the exemption. When he is looking at his will, he says, "I have $60,000 or $80,000 of exemption and my widow will have to pay no succession duty at all since we have this small estate."

The situation under the new bill is that there is no estate tax but that a capital gains tax has been substituted for it. And the capital gains tax does not contain any provision for exemptions; you are taxed from the first dollar. This is why I say the provision is tricky. There is no exemption. You cannot look at your estate and say, "It is only a small one, so there will be no tax." The government will take from the first dollar you have. They call it capital gains; they do not call it estate tax.

Calculations have been made which indicate that it will cost more for the average Canadian under the proposed new system of taxation than it would have cost under the previous estate tax legislation, because now he starts out with a few thousand dollars, as most people do, and every time he makes a dollar either by income or by capital gains it is taxed. So he is taxed all the way through his lifetime. Then, if he has anything left at the time of his death he is taxed again. I see no benefit whatever for the taxpayer. The proposed capital gains tax is really a disguised estate tax and it does not benefit the average Canadian in any way.

A similar situation arises in the case of the gift tax. The Minister of Finance (Mr. Benson) announced that the government proposed to abolish gift taxes. People said, "That is great; there will no longer be a gift tax." But the gift tax act, from my limited experience in the practice of law, was used mainly in relation to the exemptions which the law provided. Again, exemptions were allowed to the extent of $2,000. You could give to any number of relatives in a year a considerable sum of money, taking advantage of the exemptions in the gift tax provisions. And this is what people did; they used the benefit of the exemptions in order to make, for example, a substantial gift to a child. A great many people have been taking back a mortgage and writing if off each year as a means of making gifts to a child, or to several children, quite legally and properly, without paying a cent in taxation. It was the exemptions that people watched; it was the exemptions that they used.

At one time the exemption was $1,000, so they gave away $1,000. They kept within the limit of the exemption. The exemption was raised to $2,000, so they gave away $2,000. It was all perfectly legal and proper. Very seldom, in my experience, did anyone give more than the exemption covered, because once they got beyond the basic exemption they had to pay tax, and most people preferred to take their chances with estate tax after they had gone than to pay gift tax at the time of the gift.

The government says it is abolishing the gift tax. What it is really abolishing are the exemptions. So under the new proposals, if you make a gift to a child you are deemed to have realized the asset which you give. It is just the same as if you had sold it or disposed of it in any other way. You are deemed to have realized it and you are taxed on it under the capital gains tax provision. You are taxed from the first dollar. There is now no $2,000 exemption. Although this measure is supposed to be a benefit, it offers none that I can see.

• (3:40 p.m.)

We had two provisions here, both of which were used by the public for the exemptions they offered rather than for the tax they charged. These exemptions were abolished. So the good has gone with the bad, though in the two former acts there was a good deal more good than bad. These provisions were of particular benefit to those with small estates and small incomes. The exemptions were applied across the board, and to a person with a $10 million estate a $50,000 exemption meant very little when his estate tax was paid. However, to a person with a $40,000 estate the exemption meant a good deal more; in effect, he paid no estate tax. Once the value of the estate got within the $100,000 bracket, at least one half or perhaps three-quarters of the estate was exempt from tax.

The same situation prevailed in the application of the gift tax. A wealthy person who wanted to give away a lot of money to his dependants or make a bequest for the benefit of the public, never used the gift tax provisions. If he wanted to dispose of his estate he would set up a charitable trust of some sort. Trusts can be set up in many ways to avoid taxation. For example, if you set up a trust, a corporation or a charitable organization, you paid no tax. This is the way the wealthy solved their tax problems. They never used the gift tax provisions. After all, what good was a $2,000 exemption to a millionaire? None at all. The people who used those provisions were citizens of average means.

Many of these people have come to my office and told me that although they do not have very much in the way of an estate they would like to hand something down to their children. Mind you, Mr. Speaker, there are some foolish people in this world who want to pass on everything to their children and in the process stint themselves. In some cases they pass on their wealth to children who do not deserve it, who do not need it or who throw it away when they get it. However, that is beside the point.

Some people spend their lives earning money with only one thing in mind, namely, leaving something to their children. It was these people who used the gift tax exemptions and the exemptions under the Estate Tax Act. But, as I say, both these exemptions have been abolished and these people of modest means have now lost the only hiding place they had from government taxation. On the other hand, people with large estates remain untouched by this legislation.

I do not think I have overstated the position. The point is that the abolition of estate tax and gift tax has been no gift to the average Canadian. If it has helped anybody at all, it is the Canadian government. So I hope I have demolished the idea that has gained some ground, that the abolition of estate and gift taxes was a good thing. I think it was a bad thing.

I should like to deal with another problem that is bothering many people at the moment. I have had dozens of inquiries from people who are wondering how to value real estate which they may one day sell. They have perhaps 100 acres of bushland which might be developed one day, or a piece of waterfront property which, though perhaps isolated at the moment, may soon be served by a road, or perhaps a piece of vacant property that they hope to sell to a builder. These people want to know what will be the position if the government imposes a capital gains tax on real estate and their property is sold one day. The only advice I can give them is to value their property this year, and if it is sold in the future the capital gains tax will be paid on the difference. They then ask me who is going to value the property in 1971, and I tell them that no one is. They reply that somebody must be going to value it, otherwise how can a valuation be fixed?

As far as I know, Mr. Speaker, no one is going to value their property this year. I think it would be an administrative impossibility for the government to undertake such a task. They would be silly to try to value every piece of real estate in Canada and therefore the government are not going to make any valuations. The private individual has no obligation to do so, so what is the holder of a piece of real estate going to pay tax on if he subsequently sells it?

I have been advising these people to get their property valued this year, and I think this is the best advice I can give them. Having obtained a valuation from an accredited valuer and put it away in their little safety deposit boxes, if they have had a reliable valuation and they sell their property in 1975, they have a valuation that was based on current values. It would be most difficult for a real estate valuer or a departmental valuer to look back in 1975 and to say, "Well, you bought your property in 1965, you are selling it in 1975, so what was it worth in 1971? It would be very difficult to make any valuation four years removed from that date, and if a valuation were made of a large piece of real estate this could mean a swing either way of $4,000, $5,000 or even $10,000. So as far as this capital gains tax is concerned, valuation represents a real problem.

Another matter that should be taken into account is that real estate rises and falls in value in accordance with many other factors. There is no way of fixing once and for all the value of a piece of real estate because its value can change if a new development commences nearby. In such an event it could suddenly be worth four or five times its previous value. Changes in the stock market can also influence its value. If the stocks and bonds market becomes bad, investors tend to turn to real estate, and vice versa. Its value also depends on the need for housing in the community or on the development of the community. There are so many different factors that can influence the value of a piece of real estate. Therefore it will be very difficult to value property. As I say, the only protection for a member of the public is to have his property valued by a real estate valuer.

• (3:50 p.m.)

I think the amusing part of this situation is that some of my clients have already had their real estate valued by real estate valuers who are accustomed to valuating for succession duty purposes. Their valuations are low because this has been the way they have done it for years, and there is always a haggle between a private valuation and a valuation by the government tax department. Valuations are not exactly accurate because people in different areas place different values on real estate.

This is a real catch in the legislation and I have no idea how the government intends to deal with it. I suspect that in every case there will be a fight between the Department of National Revenue and the individual. This will mean

that individuals will have their real estate valued at their own expense and that government officials will, at public expense, do the valuations. This will put a lot of small property holders, average citizens, to great expense. They will have to pit their abilities against the ability of the government. This may not sound too bad, but it is difficult to go into a small community and get a lawyer, a real estate valuer and a tax adviser in order to contest the findings of well trained people in government circles. In the long run, government assessments are accepted. In this situation the public will be reamed once again.

An hon. Member: Is that a parliamentary word?

Mr. Aiken: I will accept a question, if it is one. If it is not, I will continue my comments.

An hon. Member: It is one of the Prime Minister's favourite words.

Mr. Baldwin: It has been accepted since 1968, because that is what has been happening to the public.

Mr. Aiken: There is one thing I cannot understand and, perhaps because I am stupid, I have been trying to figure it out for 15 years. I have in mind the method of calculating tax for a professional person. I have been practising law and have always followed what is generally called the cash receipts basis. I do some work for an individual and he pays me. Perhaps I charge him $50 and I have paid out $15, so his bill is $65. I pay tax on the $50, which is what I received. At the end of the year I add up the dollars I have received as fees and that total is what I use as the basis for tax. That is my profit. I think that is a reasonable arrangement for all taxpayers because it is what they receive. I think it is reasonable for the tax collector, because he collects taxes on what has been received.

I have never been able to understand the accountant's dream, which is what I call the system the government is trying to put into effect under this bill. Under this system individuals can swindle the government every time. As soon as you send out a bill you charge for that amount because that is the money you are supposed to receive. You may never receive it, or you may receive only half, but you do not know that when you send out the bill. You may charge someone you will never see again, or someone from whom you will never collect. In any event, you send out the bill and pay tax on it.

At the end of the year you are allowed to write off what you expect you will never receive. What you have is a double negative. You bill for what you might receive and then you write off what you think you might not receive. You pay taxes on what you have left. Perhaps this is very simple—but it does not matter how much you write off or how much you actually lose, you go according to the book. You are allowed to write off perhaps three times as much as you are going to lose or that you think you might lose.

An hon. Member: You better get better accounting advice.

Mr. Aiken: My hon. friend knows as well as I that I am telling the truth. The government is substituting a system which is vulnerable to abuse at both ends. In any event, this is what I call an accountant's dream, because anyone can swindle the government. I do not care what my hon. friend thinks about it, I know that is what would happen. This is not a valid system. It may be great for large enterprises, but for a person who does not want to spend all his life keeping books for the government, which is what my hon. friend would want us to do, it is a terrible system.

[Mr. Aiken.]

Mr. Blair: Would the hon. member permit a question?

Mr. Aiken: Certainly.

Mr. Blair: Would the hon. member explain why businessmen in this country are required to keep their books in accordance with the accrual system and why he thinks, as a professional man, that he is entitled to a special privilege?

Mr. Aiken: I did not say I was entitled to any special privilege; I suggest that because you have one stupid system is no reason for having another one.

An hon. Member: That's pretty weak, Gordon.

Mr. Aiken: No, it is not. In any event, I see it is four o'clock.

• (4:00 p.m.)

[*Translation*]

The Acting Speaker (Mr. Boulanger): Order. It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills and private bills.

PRIVATE MEMBERS' NOTICES OF MOTIONS

ADMINISTRATION OF JUSTICE

COMPULSORY CARRYING OF IDENTIFICATION CARD

Mr. Fernand-E. Leblanc (Laurier) moved:

That, in the opinion of this House, the government should immediately consider the advisability of requiring Canadian citizens and immigrants to carry an identification card.

Mr. Speaker, before dealing with this notice of motion, which I put on the Order Paper on October 27, 1970, I want to congratulate the hon. member for Mercier (Mr. Boulanger) on his new appointment. I am convinced it is due to his competence, his ability and his devotion to public affairs.

As I said, that notice of motion was placed on the order paper on October 27, 1970. It was called once before on September 24. On that occasion, the Minister of Justice (Mr. Turner), who was piloting Bill C-243, an Act to amend the Judges Act and the Financial Administration Act, asked me whether I would agree to postpone debate on my notice of motion, a request I was pleased to comply with, after having obtained unanimous consent of the House. In fact, the House adopted the bill that day.

Obviously, my notice of motion, filed in October 1970 following the tragic happenings in Quebec, was perhaps at that time a reaction to current events.

Besides, at the present time, we have similar reactions in other areas. For instance, the government reacted when the 10 per cent surcharge was imposed by the President of the United States, and we reacted by introducing a bill to support employment in Canada.

Of course, I also reacted at that time, after having asked my constituents for their views. I had received their approval and almost all were unanimous in thinking that perhaps circumstances were such as to favour the revival of the debate on identity cards.

The motion itself says, and I quote:

—the government should immediately consider—

I am not requesting that we require immediately that people carry an indentification card, because I believe it is more important to consider the arguments for and against this before taking a decisive step on the matter.

I also said that we must, and I continue the quotation:

—requiring Canadian citizens and immigrants to carry an identification card.

And maybe we should add that every resident citizen in Canada should be required to carry such a card.

So I believed it was important to clarify the text because the matter has been much questioned, it has prompted a controversy among newspapermen and, obviously, it will be discussed until a more definite position is taken.

I must point out that personally, I am in favour of a compulsory identification card for all Canadian residents unless, of course, I am given evidence that I am wrong in my present approach to the problem.

I would like also to thank the Library's management who has forwarded to me a considerable amount of literature on this subject and part of my comments this afternoon are actually based on this information.

Indeed, my remarks this afternoon will not necessarily detail all the pros and cons in respect of identity cards, but I am sure that most of these arguments will prove to be well-grounded. Hon. members will thus have an opportunity of considering my comments and letting me know whether they feel that the government should give priority to this issue.

Should anyone care to know some of the historical background of this question, one must go back far enough into the history of the province of Quebec. In this respect, I have received from the Library an excerpt of pages 157 and 158 of an article entitled: "Electoral legislation in Quebec".

At first, the main argument in favour of an identity card was that it would help prevent electoral frauds. Since then things have greatly changed and today an identity card would be more related to other needs than to prevent electoral fraud.

But it is interesting to note that the Union National party had approved in 1936 a legislation to the effect that each voter should produce his identity card before entering an election office. For one reason or another, this law was repealed before the 1939 elections and voters were not required then to show their identity cards before casting their vote in the ballot box.

Under Camilien Houde an attempt was made to introduce such a card and again the only argument put forward was that an ID card could prevent election fraud.

The municipal election in 1962 carried a referendum on a mandatory I.D. card, and 75 per cent of the Montreal voters registered their approval.

Later, Mayor Jean Drapeau and Mr. Lucien Saulnier, President of the Executive Committee went before the Quebec Legislature and asked that a clause calling for a mandatory I.D. card be included in the constitution of the City of Montreal.

At the time Daniel Johnson was premier of the province of Quebec and after lengthy talks it seemed that the idea was dismissed though the population had strongly favoured it.

In that connection I would like to quote from an anonymous article published in *Le Devoir* of April 10, 1967 and entitled "The I.D. Card and the Fears of a Police State". It reads:

• (4:10 p.m.)

Five years ago, in a referendum before the 1962 municipal election, the Montreal population overwhelmingly endorsed the introduction of a mandatory identification card. Apparently this referendum was useless because the discussions held in Quebec City when the amendments to the charter of the City of Montreal came under study indicated that the identification card was not forthcoming.

In 1963, another minister of the province of Quebec, Mr. Lafrance, took over the idea. He launched an important campaign advocating the need for an identification card. The card would no longer be mandatory.

On December 11, 1963, Pierre O'Neill said in *La Presse*:

The Family and Social Welfare Department is about to launch a major campaign to have the principle of the identification card accepted by the citizens of the province of Quebec.

The card Mr. Lafrance is thinking about would not be mandatory, but it is almost certain it will be some day. Besides, the minister makes no mystery about his final objective.

We are already aware of how strong will be the opposition the minister will have to face. Large segments of our population and especially the intellectuals strongly oppose this measure.

A fierce battle may be expected.

Apparently, the battle did not last long because this proposal made by Quebec minister Lafrance came to a dead-end. But in 1967, the judges in the province of Quebec held a conference and spoke in favour of an identity card for all Canadian citizens. I would like to quote from a few articles published at the time of this conference. An unsigned article published in *Le Soleil* on September 20, 1967, stated partly under the headline "La carte d'identité":

Identity cards are an easy way to track down criminals. Quite astonishingly, groups which are the most vehemently opposing frauds of all kinds and which are demanding the use of drastic procedures for proving identity are against identity cards. They always put forward the fallacious argument of individuals rights whereas identity cards would apply equally to all citizens and are becoming more and more necessary to ensure the protection of both the citizens and the community.

And Roger Champoux, in an article published in *La Presse* on 19 September, stated partly, and I quote:

Identity cards were mentioned at the time of Mayor Camillien Houde and the system was initiated. Cards were printed, photos taken by the thousands and then, without any explanation, the whole business was dropped. From time to time, emphasis is being given to compulsory identity cards, as is happening now;

This is, of course, also true in 1972. The article continued:

... the papers indulge in a bit of classical editorial—the present case; everybody agrees that it is no more shameful to show one's identity card than one's passport at a customs office ...

Another *La Presse* report had this to say on the resolution of the conference of judges, and I quote:

Among the other proposals accepted by the assembly, one deals with a request which will be presented at the same time to the federal government and the provincial government in order that the identity card be made compulsory. According to the assembly, that card should be related both to the judiciary and the police.

It is alleged that many will shout police state, but such a card would be very important to some industries and businesses like banks and others.

The ultimate purpose of that step would be to enable the police to fight the underworld.

The arguments in favour of compulsory identification cards have evolved over the years, from 1936 up to that meeting of judges where they started considering the matter of compulsory identification cards not only to prevent fraudulent elections but also for other purposes, namely, judicial and police purposes.

Shortly afterwards, the Chamber of Notaries announced it was in favour of an identification card, and here it might be timely to consider the arguments used by the notaries on that occasion. They can be found in the December 9, 1967 issue of the newspaper *La Presse*, in an article signed by Mr. Léopold Lizotte and entitled:

Notaries request identification cards and family booklets Gathered together for their annual banquet, last night, in Château Champlain, the Montreal district notaries have asked the Minister of Justice of the province to establish in Quebec official and compulsory identification cards and family booklets in order to help the administration of justice and prevent countless frauds.

Addressing himself directly to Mr. Jean-Jacques Bertrand, the guest of honour at the meeting, the president of the Montreal District Notaries' Association, Mr. André Labonté, submitted that despite all precautions, and the legendary prudence of notaries, it was at the time impossible for notaries to absolutely ascertain the identity of the people appearing before them.

Since then, and especially in 1970-1971, several intermediary bodies, including the trucking industry council, have declared themselves in favour of such an identification card.

Evidently, the question gained momentum on the occasion of the October 1970 events, which proves what I was saying at the outset. At that time I was given generous publicity by the reporters; I received numerous letters and telegrams from people from all walks of life. Moreover, the Quebec judges conference sent me a letter dated November 2, 1970 signed by the chairman, Mr. Justice Marcel Marier of the Municipal Court of the city of Montreal, 775 Gosford Street, Montreal. Here it is:

Dear Mr. Leblanc:

We were informed that a notice of motion has been introduced in the House of Commons requiring all Canadian citizens to carry an identification card.

You will find enclosed a copy of a resolution that was unanimously approved by the Quebec judges in 1967. You may be sure of the support from all our group.

Yours truly,

And here is the resolution:

WHEREAS the lack of adequate identification means gives rise to several obstacles in social, judiciary and commercial administration and especially as regards justice;

I will spare the House the whereases because time is running out. I will quote only the resolution.

BE IT RESOLVED THAT, following a proposal from Mr. Justice Jacques Trahan of the Court of the Sessions of the Peace, seconded by Mr. Justice Henri Masson Loranger of the Court of the Sessions of the Peace, the Quebec judges conference on the occasion of their present meeting, ask the Quebec Parliament to pass a legislation obliging the citizens to carry an identification card and be it also resolved that a copy of this resolution be sent to the federal Minister of Justice.

• (4:20 p.m.)

And right after I had filed that notice of motion, the Quebec Minister of Justice, Mr. Jérôme Choquette, found it necessary to make a statement in favour of an identity card in the province. On that occasion, discussions were held on the possibility that a province was not authorized under the constitution to make the carrying of an identity card compulsory. The federal Minister of Justice has raised doubts about the competence of the provinces to do so. I hope that this will not become an issue between Quebec and Ottawa, since Quebec has stated that it was in favour of the card after my notice of motion had been filed.

Evidently, arguments can be raised for or against. I would say that the arguments in favour deal with the concept of freedom. There would then be some constraint and it would be a source of troubles for the citizen who would be called upon quite often to show his card. We would have the establishment of a police or half-police state, which might perhaps lead to a dictatorship, and open the door to abuses of power. Freedom might be suspended.

The Acting Speaker (Mr. Boulanger): Order. I regret to interrupt the hon. member, but his time has expired.

Mr. Leblanc (Laurier): Mr. Speaker, I have given the negative arguments only. I should like, however, to state arguments in favour of an identity card, if hon. members will allow me to do so.

The Acting Speaker (Mr. Boulanger): Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Stanley Knowles (Winnipeg North Centre): Five minutes!

The Acting Speaker (Mr. Boulanger): Agreed.

Mr. Leblanc (Laurier): I thank the hon. members, Mr. Speaker.

As for the arguments in favour, I shall attempt to state them as quickly as possible, so as not to take too much time and allow other hon. members, who wish to do so, to speak on this matter. But it must be noted that what I am asking is that the government give priority to the consideration of an identification card.

In support of this measure, one could mention the protection it would give to the honest citizen and, as a corollary, the fact that it could be a working tool for the police forces. Such a card could ensure the protection of the

community in case of riots or terrorist acts. It could help to fight not only electoral fraud but many other types of fraud now occurring in Canada, such as banking fraud, social assistance fraud, fraud with regard to all sorts of subsidies, to old age pensions, and so on. It would be of benefit to those who travel, both within the country and abroad. And such a card could replace a number of others already in existence, such as the social insurance card, the health insurance card, and so on.

I would also like to point out that in Canada we have the citizenship card and that, perhaps, the minister could give it more publicity while waiting for the government to consider the advisability of requiring citizens to carry an identification card.

As for me, I have become, in my riding, a keen advocate of this citizenship card. As a matter of fact, I carry one myself and I can identify myself better under certain circumstances. It could also help to verify the age of our young people for instance in places where alcoholic beverages are sold and in movie-houses. Today, some films are restricted to persons 18 and over and others to those who are 14 or over. Special rates are granted on planes, trains and buses. An identification card would be very useful in this regard.

I would have many more comments to make but let me say this: if we must have identification cards in Canada, they should be issued by the federal authorities rather than by the provinces because I can hardly see hon. members from our ten provinces sitting here together and having different identification cards, while we are forming one country, this great Canada, for which a great future is foreseen.

[*English*]

Mr. Thomson: Mr. Speaker, may I ask the hon. member a question?

The Acting Speaker (Mr. Boulanger): Yes, with the permission of the hon. member who has spoken.

Mr. Leblanc (Laurier): Very well.

Mr. Thomson: Does the social insurance card not serve part of the objective about which the hon. member is speaking?

[*Translation*]

Mr. Leblanc (Laurier): I want to thank the hon. member for Battleford-Kindersley (Mr. Thomson) for his question.

Obviously, this would partly be an identification card. It would perhaps not show all the identifying features of an actual identity card such as the holder's name, address, age, picture and finger-prints. If a police card is wanted, it would be important to show the finger-prints but this is a merely technical point.

What would be the minimum age for carrying such a card? Should it be issued to new-born babies or to youngsters twelve-years of age or over? This is why my notice of motion—and I am very grateful to the hon. member for his question—is so important because there are technical details involved.

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, no doubt hon. members will allow me to offer you my heartiest congratulations on your accession to this most responsible function, and, relying on the small experience I have of it, I know, Mr. Speaker, that it will give you great satisfaction.

I am pleased to have the opportunity to say a few words this afternoon about the motion proposed by the hon. member for Laurier (Mr. Leblanc), because it seems to me that at present this matter is of special interest and of particular importance for our society.

The identification card issue is one about which everybody seems to have his own opinion, which is probably quite natural if one considers how much the use of those cards affects the whole community. It is also an issue which suggests frightening visions to many people. The police state, the "Big Brother" attitude, the interference in private life and the loss of individuality are among the familiar concepts which are invoked with regard to this proposal and which are very often brought forward as a reason to reject it. Therefore, if this idea is so frightening, it is essential that we discuss it carefully before taking a decision.

• (4:30 p.m.)

When I consider this problem, I try first to answer the following questions: What is an identification card? Does that paper have a special size, colour or shape? Does it show a special type of information? Is it something which one has to carry all the time? Does it serve only one purpose? My reply to all these questions is: not necessarily. Any paper which gives an indication of my identity is, in a sense, an identification card. And we use nowadays a great many papers of this kind. On the Canadian scene, public as well as private organizations issue a whole lot of papers which an individual needs in order to confirm a given status, to record an event, to be allowed a given activity, to establish a right, or to obtain goods or services more easily. I am talking about certificates, licences, passes, and membership or credit cards. Almost all those documents carry a certain value as evidence of identity, and they are generally accepted as such. In my opinion, one can hardly doubt their basic utility for the average citizen. I also believe that they will undoubtedly become increasingly important for the individual, the government, commercial organizations and business concerns, as the mobility of the population increases. More and more complex business relations and more frequent contacts between government and citizens will initiate the need for individual records. It is not merely or even mainly a matter of administrative efficiency; the idea is not to punish, but rather to assist the individual; it is more a matter of serving people than of saving money. We therefore see that the identification card is not necessarily such an ugly document as some people think.

However, this system of personal documentation as it is known to us today was not planned in advance. It is an answer to a need and the numerous and various interested agencies are not consulted about the public or private interest it could offer.

Most documents issued are delivered to the claimant on the strength of his own statements or, in some cases where this is not satisfying, on presentation of other documents obtained beforehand. When a driver's license is to be issued, the driver's ability is the main concern; for a credit card, the solvability is checked; the diploma is a

proof of qualifications. The identification of the applicant is secondary to the prime object of the request, and the value of the card, for identification purposes, is usually rather negligible. The statements of the applicant are checked only where circumstances warrant it and the identity of the individual is rarely checked. It is therefore possible to commit acts of fraud or make false statements, and numerous documents can be produced in support of a false identity. Of course, most documents issued are based on accurate information, but the fact that some documents are not hurts the reputation of the system, in that the credibility of authentic documents is sometimes questioned.

Administrative needs require of an individual that he supply descriptive information repeatedly in the preparation of those documents. The information thus collected for various purposes have some common points and most details could be used in each case. That process which is repeated at all levels of government and in various organizations and corporations periodically gives rise to vexations and disadvantages for the citizen and creates administrative problems, since it increases efforts and lost time.

As a rule at least, the creation of a single organization, evidently coming under federal jurisdiction and having the responsibility for issuing identity cards to all, could cope with those difficulties. It would thus be possible to issue to a citizen reaching a specific age or to an immigrant at the time of his admittance in the country an identity card whose validity is guaranteed. Furthermore, I think that the situation would be improved generally if, on the one hand, a government body were responsible for the issuance of identity cards to persons applying for them, and if, on the other hand, the value of information so collected were acknowledged when other documents would have to be issued.

I have good reason to believe that many people would make the point that by compelling someone to do something, one restricts his freedom; generally, such restraints, particularly when used by the government, are unwelcome in a democracy such as ours. Only a few days ago, I was talking to someone who expressed his concern on this matter; in his view, an identity card was an infringement of personal freedom. "One of these days, out of a clear sky," said he, "the police will ask us our address". Of course, the police can obtain very quickly the address of car drivers. Ontario residents are even required to give within six days their address to the authorities.

Of course, we accept this obligation as essential in the general interest and this is part of the price we pay to use highways. However, we want the least possible of such restraints. This raises the following question: Should the identification card, if it is issued by government authorities, be compulsory. Is it necessary to give each and every citizen an identification card, whether he wants it or not? Is it even desirable? Until now I have said that an identification card is useful and that, in general, people have found it valuable in their relations with others outside their immediate surroundings. It is obvious that it represents an economical way of making dealings easier—and not only business transactions—even if it is not essential. Therefore, in my opinion, the individual must decide by himself. If he wants a card, he gets one, and his relations with the outside world are facilitated to the extent he uses it. On the other hand, if he prefers discretion or individualism to convenience, or if he is reluctant to the idea for any other reason, he will not be forced to have a card. Generally, people think that a system of registration or identification is only effective if it covers every citizen of a country, but I do not agree. Certainly, the more comprehensive it is, the more extended are its benefits; but the benefits that the community and the individuals will derive from it will not in any way be diminished due to the fact that a segment of the population, whether large or small, will not accept it.

While I do not want to compel anybody to participate in such a system, I hesitate to deprive someone from the opportunity of doing so because it would be imprudent or equivalent to waiving personal freedom. Those who are overseeing to the interests of their fellow citizens are sometimes overzealous when it comes to protecting people against their own foolishness or against what they believe, in their superior wisdom, to be foolishness. I do not see anything of the kind here.

My third point, Mr. Speaker, is this: the rights and freedoms of the individuals are adequately safeguarded if participation to a national system of identification is optional. I would add for the skeptical ones, that this system is used at the present time in France, and with success.

From what I have just said, it is obvious that I should also be against the obligation for citizens to carry an identity card on their person or produce it for scrutiny by the authorities. Certainly, should someone have the misfortune to be suspected of an offence of which he is innocent, an identity card might be the means of proving his good faith. Or again, if it were a matter of establishing a right, the holder of a card could resort to it in order to have his right recognized and granted more readily by the proper agency. In fact, those are some of the important purposes the document would clearly serve. But the decision as to whether the card should be carried around in order to enjoy the above-mentioned advantages should be left to the entire discretion of the individual. A driver or a pilot has to carry a permit attesting his ability to handle the vehicle for which he is responsible, a measure essential for the protection of the public. However, I see no parallel between a citizen going about his own business and the holder of an identity card, and certainly no reason to force him to produce such card like a schoolboy answering roll-call.

• (4:40 p.m.)

Since the system of national identification cards is often associated with storage into a computer of particulars about an individual, I deem it advisable to insist upon the very obvious fact that these are two quite different matters. It seems to me that the abuses which are sometimes associated with the use of computers in this field cannot arise as far as the identification cards are concerned if we consider the kind of information that will be found on them. It is obvious that such information is not of a private nature and I cannot imagine any conceivable situation in which information about professional ability or other subjective appreciations of all sorts would appear on such a document.

Therefore I cannot foresee any problem as far as that card is concerned, even if it were related in some way to a computer for the storage of the data.

I think however that we will face some problems; indeed the usefulness and the efficiency of every national system of identification cards rests to a great extent on its security aspect and, naturally, on its acceptance by the public. I suppose that security would apply to information provided on the card and to the formalities required for obtaining it. It would be absolutely necessary first to check the applicant's identity. There should be no opportunity for serious errors in the descriptive information, and the card itself should be designed in such a way that it would be practically impossible to forge it or alter it. Therefore, the first step in this process calls for the cooperation of the people and might create major problems, because in many cases, checking the identity of the applicant will bring on him many problems. If statements under oath supporting evidence for an application, the testimony of relatives or sponsors, or other forms of confirmation are required, the public might possibly react unfavourably. The value of the system will however depend greatly on the effectiveness of the measures taken at this stage. The descriptive information required on the card is rather obvious: the name and place of birth, the sex, the height, the blood group, the colour of the eyes, physical features least likely to be changed, as well as a photograph and the signature of the holder. Were it required to list distinctive marks like scars, birthmarks, or else fingerprints, the public would no doubt be against it, for, in the first case, it would be an invasion of privacy, and in the second, it would mean an unpleasant and useless requirement. The increased security of the system brought about by those additional identification methods is not essential to its proper operation, and it seems wise to forgo the meagre benefits they provide. I also believe it is possible, with our technical means and devices, to manufacture cheaply an identification card which would be difficult to use for fraudulent purposes; if this process does not provide an absolute guarantee against duplication or alteration, it is second only to the most sophisticated and expensive forgery techniques and allows the immediate tracking of rough alterations. By the same token, if it were possible to make a color identification card to which there would be a symbolic value, it would be quickly accepted by the public.

In concluding, Mr. Speaker, I find certain advantages in the use of an identification card issued by a governmental agency. I do not think it should be mandatory and I would object to a measure making it mandatory for Canadian citizens to carry one or to produce it on request. I recognize that such a system raises problems and can lead to abuses, but I think problems can be solved and abuses eliminated.

[*English*]

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, I will not take long because I know other hon. members wish to speak in this debate. I should like to say a few words and give my reasons for seconding this notice of motion.

I am grateful to the hon. member for Laurier (Mr. Leblanc) for bringing forward this matter. I noted with interest his words and those of my colleague, the hon. member for Bonaventure-Iles de la Madeleine (Mr. Béchard).

I am glad to second this motion. I think it is a motion that should be brought forward, discussed, examined from every angle with very long tongs, and then dropped into a furnace and burned. One word in the motion bothers me. I do not like the word "requiring". I wish that word had not been included. One could say identification cards are very useful. Yet if you were to say to a Canadian citizen, without embellishment, "You are required to carry an identification card," I think he would say, "I'll be damned if I will."

Under normal conditions an I.D. card is not acceptable. There may be some conditions, such as in wartime, when conditions are confused or when there is an emergency, when identification cards might be useful. They were useful during the last war when we wanted to register people for selective service and take an inventory of the qualifications of people who lived in this land. However, under normal circumstances I cannot understand why the servants of a free people, the government, should ask that citizens carry identity cards.

I have a charming little poodle at home. It is the third dog I have had. The other two lived for 13 years, and this one is in its third year. She is just as intelligent as I am, and twice as attractive. The law requires a dog to wear a tag; she must wear it all the time. The only difference between us is that our ancestors climbed out of the slime, yet my ancestor in his wisdom took the road that led to my making, whereas the dog's ancestor took another road. I do not think any human being should ever allow himself to be tagged, even though society demands that dogs be tagged. Never must we allow that.

Since other members wish to speak, I merely say that this issue should be discussed. It ought to be examined in good will by people on both sides of the fence. Surely there are more acceptable ways of combating problems than the issuance of identification cards. What would give anybody the idea that such cards are good anyway? If the carrying of an I.D. card were made mandatory, I would cheerfully go to jail rather than accept such a law, because in a society which would allow this I would probably be safer, more comfortable and among more congenial people if I were in jail than in society generally.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I want to add a few words to the debate and also leave a few minutes for my hon. friend from Winnipeg North Centre (Mr. Knowles), who also wishes to speak. I oppose this notice of motion as drafted for three reasons. First, I oppose it because "immigrants" is included in the wording of the motion. I think that provision is most offensive to immigrants, prospective citizens and, perhaps, to visitors coming to this country. If people are here as visitors or as landed immigrants, they have in their possession passports from their own country. They retain such passports until they become Canadian citizens, at which time they give up their foreign passports and receive Canadian citizenship cards. For that reason I do not see why immigrants should be included in the wording of the motion.

My second reason is what I would class the traditional reason. We should approach the question of identity cards

with great care. The question was raised after the events of one year ago in Quebec. I believe the Minister of Justice of that province made the proposal. It was made, I think, in the heat of great stress and provocation. The idea was put forward as a measure to protect the state. According to what I have read subsequently, the idea has not been pressed further. I am under the impression that the Quebec Minister of Justice does not favour too strongly his original proposal and that he sees certain dangers which are involved.

We know that identification cards will not prevent evil people from carrying out their evil ends. Whether they have identity cards or not will make no difference to them. Such cards will do little to protect the state. In the first place, the authorities must catch the evil-doers before asking for their identity cards. This is like the old story of sprinkling salt on a bird's tail: first you must catch the bird and then sprinkle salt on its tail. Similarly, you have to catch a man before you ask for his identity card. I do not understand how identification cards, under present conditions, would be of any help. At present almost everybody has some form of identification. Banks accept almost any form of identification—a driver's licence, social security card, credit card, and so on. This proves only that you are alive, which is obvious because you are there. This is about all such identification proves. For the traditional reasons that are often advanced, I oppose the idea of giving people an identification card to be used in their daily affairs.

As I see it, any legislation making mandatory an identity card always contains a second clause that says the police are entitled to ask for your identity card whenever they feel like it. There is real danger in this practice. I have never seen any legislation of this kind which does not include some sort of licence, or right, giving the police the right to look at the identification on demand. That is true of the breath-test law and of many other laws. When you are driving a car the police are entitled to ask for your driver's licence without saying why they want it. Generally, they keep you in suspense. As I see it, the great danger in introducing an identification card system is that the police could demand to see it.

I oppose the motion because it suggests that the government ought to look into this question. I think this would be interpreted as carte blanche from this House to seriously consider it—and without intending to appear mean in any way, the last thing I would want to give this government is the right to impose further restrictions on the liberties of the Canadian people. I think the general history of the last two or three years shows the government has adopted a generally autocratic attitude toward Canadian citizens and the Canadian House of Commons. I would not want to give them one more twist of the wrist. I would oppose the motion for that reason alone.

• (4:50 p.m.)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the hon. member for Winnipeg South Centre (Mr. Osler) has already indicated, it is perhaps a good idea that this question be aired, at least during this hour. But like the hon. member for Parry Sound-Muskoka (Mr. Aiken), I would not like to see the motion passed if it meant that the idea would be considered at all seriously.

[Mr. Aiken.]

During this hour I believe it has been clearly indicated that the overwhelming feeling in the House of Commons is that there should not be any legislation requiring all persons in Canada to carry identification cards. Like others who have spoken, I believe it is a good idea for individuals voluntarily to carry various proofs of identification. This is useful in case of accident, in case one is lost or in difficulty of any kind. But surely the emphasis on carrying this kind of identification should be voluntary. Likewise, I have no quarrel with the idea that in cases where the state has the authority to licence individuals to do certain things, such as drive a car, or fish, and so on, the holders of such licences should be required to carry proof that they have been so licenced.

I believe it is also proper for banking institutions and other credit institutions to issue cards to individuals verifying that they have been authorized to engage in such functions. But when it comes to an identity card which, in effect, you would be required to carry to prove your right to be here, your right to live, I suggest we are going too far.

I hope I am not being unfair to the hon. member for Laurier (Mr. Leblanc). I listened to what he said, and I listened carefully to the answer he gave to the question asked by my hon. friend from Battleford-Kindersley (Mr. Thomson). It seems that one of the main reasons he has in mind in proposing identification cards is to cope with criminals. One of the things he suggested about the kind of card he had in mind was that fingerprints should be on it. In effect, the motion is suggesting to every Canadian that he must carry a card to prove he is not a criminal. I believe this is completely contrary to our concept of a free society, and that it is not a good idea at all.

None of us in this House offers any criticism of the hon. member for presenting the motion so that the matter can be discussed, but I would think this airing has made it clear that most of us feel that though the carrying of voluntary identification cards is quite in order, any compulsory carrying of identity cards imposed upon all Canadians is not something which commends itself in our kind of free society.

Mr. Sharp: Mr. Speaker, I would ask consent of the House to revert to motions.

Mr. Speaker: Is there disposition on the part of the House to allow the Secretary of State for External Affairs (Mr. Sharp) to seek leave to revert to motions.

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

UNITED NATIONS

ALBANIAN RESOLUTION ON CHINA—TABLING OF AGREEMENT BETWEEN QUEBEC AND FEDERAL GOVERNMENT

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I thank the House for giving me the opportunity to table two sets of documents; first, the

modalities according to which the government of Quebec is admitted as a participating government to the institutions, activities and programs of the Agence de Cooperation Culturelle et Technique. This is the text of an agreement reached between the governments of Quebec and Canada.

The other is a document requested today by the hon. member for Hillsborough (Mr. Macquarrie) who asked to have tabled in the House a copy of the Albanian resolution on the China question now before the United Nations.

An hon. Member: Five o'clock.

Mr. Speaker: Do hon. members wish the Chair to call it five o'clock?

Some hon. Members: Agreed.

Mr. Speaker: The hour appointed for the consideration of private members' business has expired. It being 5 o'clock p.m., this House stands adjourned until Monday at 2 o'clock p.m., pursuant to Standing Order 2(1).

Mr. Knowles (Winnipeg North Centre): On a point of order, Mr. Speaker, should that not be until two o'clock on Tuesday?

Mr. Speaker: I thought perhaps the hon. member for Winnipeg North Centre (Mr. Knowles) would like to come back on Monday at two o'clock. For the rest of us it will be Tuesday afternoon.

Mr. Knowles (Winnipeg North Centre): Yes, I shall be here on Monday.

At 5.01 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

Federal Government's Response to Book IV of the Report of the Royal Commission on Bilingualism and Biculturalism

The purpose of this document is to present a survey of the principal policies relating to the maintenance and development of multiculturalism throughout Canada and to provide a summary of government decisions on the recommendations made in Book IV of the Royal Commission on Bilingualism and Biculturalism.

The document outlines in Part A the federal government's response in general to the recommendations of Book IV of the royal commission report and gives some of the reasons for its belief in multiculturalism.

In Part B are outlined the policy objectives which will serve to guide the federal government's programs in this area.

Part C contains a general description of the programs to be undertaken by the federal government and its agencies to implement and advance the policies resulting from acceptance of the recommendations of Book IV of the royal commission's report.

A summary of the recommendations of Book IV of the royal commission's report and the government's response to them is in Part D.

PART A

Federal Response in General

Book IV of the Royal Commission on Bilingualism and Biculturalism contains 16 recommendations (listed in Section D) of which eight are addressed specifically to the federal government or its agencies. Three deal with matters under exclusive provincial jurisdiction. One of the recommendations urges federal financial aid to linguistically handicapped children in public schools. Another is concerned with conditions for citizenship, the right to vote, and the right to stand for election to public office and thus is addressed to both the federal and the provincial governments. One appeals to agencies at all three levels of government to provide support to cultural and research organizations. The remaining recommendations are addressed to Canadian Universities.

The government accepts and endorses the recommendations and spirit of Book IV of the Royal Commission on Bilingualism and Biculturalism. It believes the time is overdue for the people of Canada to become more aware of the rich tradition of the many cultures we have in Canada. Canada's citizens come from almost every country in the world, and bring with them every major world religion and language. This cultural diversity endows all Canadians with a great variety of human experience. The government regards this as a heritage to treasure and believes that Canada would be the poorer if we adopted assimilation programs forcing our citizens to forsake and forget the cultures they have brought to us.

The federal government hopes that the provinces will also respond positively to those recommendations which the commissioners addressed to them. The Prime Minister has written to each of the provincial premiers outlining the policies and programs which the Federal Government is initiating and asking for their co-operation. Some provinces have already taken the initiative and are responding to the recommendations directed to them.

The government while responding positively to the commission's recommendations, wishes to go beyond them to the spirit of the Book IV to ensure that Canada's cultural diversity continues.

Cultural diversity throughout the world is being eroded by the impact of industrial technology, mass communications and urbanization. Many writers have discussed this as the creation of a mass society—in which mass produced culture and entertainment and large impersonal institutions threaten to denature and depersonalize man. One of man's basic needs is a sense of belonging, and a good deal of contemporary social unrest—in all age groups—exists because this need has not been met. Ethnic groups are certainly not the only way in which this need for belonging can be met, but they have been an important one in Canadian society. Ethnic pluralism can help us overcome or prevent the homogenization and depersonalization of mass society. Vibrant ethnic groups can give Canadians of the second, third, and subsequent generations a feeling that they are connected with tradition and with human experience in various parts of the world and different periods of time.

Two misconceptions often arise when cultural diversity is discussed.

(*a*) Cultural Identity and National Allegiance.

The sense of identity developed by each citizen as a unique individual is distinct from his national allegiance. There is no reason to suppose that a citizen who identifies himself with pride as a Chinese-Canadian, who is deeply involved in the cultural activities of the Chinese community in Canada, will be less loyal or concerned with Canadian matters than a citizen of Scottish origin who takes part in a bagpipe band or a highland dancing group. Cultural identity is not the same thing as allegiance to a country. Each of us is born into a particular family with a distinct heritage: that is, everyone—French, English, Italian and Slav included—has an "ethnic" background. The more secure we feel in one particular social context, the more we are free to explore our identity beyond it. Ethnic groups often provide people with a sense of belonging which can make them better able to cope with the rest of society than they would as isolated individuals. Ethnic loyalties need not, and usually do not, detract from wider loyalties to community and country.

Canadian identity will not be undermined by multiculturalism. Indeed, we believe that cultural pluralism is the very essence of Canadian identity. Every ethnic group

has the right to preserve and develop its own culture and values within the Canadian context. To say we have two official languages is not to say we have two official cultures, and no particular culture is more "official" than another. A policy of multiculturalism must be a policy for all Canadians.

(b) Language and Culture.

The distinction between language and culture has never been clearly defined. The very name of the royal commission whose recommendations we now seek to implement tends to indicate that bilingualism and biculturalism are indivisible. But, biculturalism does not properly describe our society; multiculturalism is more accurate. The Official Languages Act designated two languages, English and French, as the official languages of Canada for the purposes of all the institutions of the Parliament and government of Canada; no reference was made to cultures, and this act does not impinge upon the role of all languages as instruments of the various Canadian cultures. Nor, on the other hand, should the recognition of the cultural value of many languages weaken the position of Canada's two official languages. Their use by all of the citizens of Canada will continue to be promoted and encouraged.

PART B

Policy Objectives in the Federal Sphere

The government is concerned with preserving human rights, developing Canadian identity, strengthening citizenship participation, reinforcing Canadian unity and encouraging cultural diversification within a bilingual framework. These objectives can best be served through a policy of multiculturalism composed of four main elements.

1. The government of Canada will support all of Canada's cultures and will seek to assist, resources permitting, the development of those cultural groups which have demonstrated a desire and effort to continue to develop, a capacity to grow and contribute to Canada, as well as a clear need for assistance.

The special role of the government will be to support and encourage those cultures and cultural groups which Canadians wish to preserve.

The stronger and more populous cultural groups generally have the resources to be self-supporting and general cultural activities tend to be supportive of them. The two largest cultures, in areas where they exist in a minority situation, are already supported under the aegis of the government's official languages programs. New programs are proposed to give support to minority cultural groups in keeping with their needs and particular situations.

However, the government cannot and should not take upon itself the responsibility for the continued viability of all ethnic groups. The objective of our policy is the cultural survival and development of ethnic groups to the degree that a given group exhibits a desire for this. Government aid to cultural groups must proceed on the basis of aid to self-effort. And in our concern for the preservation of ethnic group identity, we should not forget that individuals in a democracy may choose not to be concerned about maintaining a strong sense of their ethnic identity.

2. The Government will assist members of all cultural groups to overcome cultural barriers to full participation in Canadian society.

The law can and will protect individuals from overt discrimination but there are more subtle barriers to entry into our society. A sense of not belonging, or a feeling of inferiority, whatever its cause, cannot be legislated out of existence. Programs outlined in this document have been designed to foster confidence in one's individual cultural identity and in one's rightful place in Canadian life. Histories, films and museum exhibits showing the great contributions of Canada's various cultural groups will help achieve this objective. But, we must emphasize that every Canadian must help eliminate discrimination. Every Canadian must contribute to the sense of national acceptance and belonging.

3. The Government will promote creative encounters and interchange among all Canadian cultural groups in the interest of national unity.

As Canadians become more sensitive to their own ethnic identity and to the richness of our country, we will become more involved with one another and develop a greater acceptance of differences and a greater pride in our heritage. Cultural and intellectual creativity in almost all societies has been fostered by the interaction and creative relationship of different ethnic groups within that society. Government aid to multicultural centres, to specific projects of ethnic groups, and to displays of the performing and visual arts as well as the programs already mentioned, will promote cultural exchange. The Government has made it very clear that it does not plan on aiding individual groups to cut themselves off from the rest of society. The programs are designed to encourage cultural groups to share their heritage with all other Canadians and with other countries, and to make us all aware of our cultural diversity.

4. The Government will continue to assist immigrants to acquire at least one of Canada's official languages in order to become full participants in Canadian society.

The federal government, through the Manpower and Immigration Department and the Citizenship Branch of the Department of the Secretary of State, already assists the provinces in language training for adults, but new arrivals in Canada require additional help to adjust to Canadian life, and to participate fully in the economic and social life of Canada.

PART C

PROGRAM OF IMPLEMENTATION

Six programs have been developed to implement the policy of the federal government. These programs will be carried out under the administration of the Citizenship

Branch of the Department of the Secretary of State with the exception of those proposed by the federal cultural agencies which will be administered by the agencies concerned but co-ordinated through an Inter-Agency Coordinating Committee.

Program I

Multicultural Grants

A grants program has been developed to meet specific recommendations in the commission report and the demonstrated need of cultural groups. Grants will be made to activities which meet some or all of the four parts of the policy outlined in Part B.

Activities eligible for federal assistance will include multicultural encounters; organizational meetings for new cultural groups; citizenship preparation and immigrant orientation programs; conferences; youth activities; cultural exchanges between groups as well as other projects. Grants will also be made available for multicultural centres in areas where there is a demonstrated need and desire from the community for such a facility. Existing multicultural centres, like that in Winnipeg, have proven their value in providing services to help new immigrants adjust to Canadian life, and in promoting inter-ethnic activity on a continuous basis.

Program II

Culture Development Program

A culture development program will be instituted to produce much-needed data on the precise relationship of language to cultural development. It will provide essential information on the extent and nature of the demands of individual cultural groups for language retention and cultural development. It will examine existing organizations and facilities, including educational institutions, the press, radio and television to determine the part they now play and their potential role in cultural development. The study will incorporate those recommendations directed to the Canadian Radio-Television Commission for studies of the best means by which radio and television can contribute to the maintenance of language and cultures.

The program has been designed to produce results within one year. The data will serve as an information base for some of the other programs and for future long range planning by the Citizenship Branch, the cultural agencies, and other government departments.

The government is initiating steps to help provide textbooks for non-official language teaching, since Book IV of the royal commission's report found there are almost no textbooks suitable for teaching a third language to children living in Canada. The acquisition of the ancestral language is an important part of the process of developing a cultural identity, and the federal government proposes to discuss this with the provinces to find a mutually satisfactory way to meet some of the costs of preparation and production of third language textbooks or audio-visual aids for language teaching.

Although the commission made no formal recommendation regarding the ethnic press, aside from advocating the continuation of existing government support in the form of advertising and information, the culture development program will also undertake a study of the ethnic press and other media which could be better utilized to carry essential information to those persons who use languages other than English or French. We recognize that the ethnic press plays an important part in bringing information to recent immigrants and elderly people who have difficulty reading Canada's official languages, as well as in helping to develop Canada's cultures.

Program III

Ethnic Histories

A clear need exists for the writing of objective analytical, and readable histories of the ethnic groups in Canada, and for the distribution of these works to as wide a readership as possible. The Citizenship Branch will commission 20 histories specifically directed to the background, contributions and problems of various cultural groups in Canada. The program will offer visible, effective and valuable recognition of the contribution of our diverse ethnic groups to Canada. It will promote knowledge of and respect for the cultural heritage of the groups concerned, as well as providing invaluable resource material for students, writers and government agencies.

Program IV

Canadian Ethnic Studies

The need exists, and was recognized by the commission, for systematic and continuous study of Canada's multi-ethnic society. The Department of the Secretary of State will therefore undertake a detailed investigation of the problems concerned with the development of a Canadian ethnic studies program or centre(s) and will prepare a plan of implementation.

Program V

Teaching of Official Languages

The federal government already assists the provinces in the teaching of English and French to adult immigrants, and accepts in principle recommendation four of the royal commission relating to special instruction in the appropriate official language for children who enter the public school system without a knowledge of that language.

The federal government therefore proposes to undertake discussions with the provinces to find a mutually acceptable form of federal assistance towards the teaching of official languages to children.

Program VI

Programs of the Federal Cultural Agencies

The government asked the federal cultural agencies referred to in Book IV to respond to the recommendations of the report. The programs they will be under-

taking will enable all Canadians to gain an awareness of the cultural heritage of all of Canada's ethnic groups.

National Museum of Man

The commission recommended "that the museum receive additional funds to carry out its projects regarding the history, social organizations and folk arts of cultural groups other than the British and French". The government concurs with this recommendation and will fund the following projects to be undertaken by the museum;

(a) purchase of artifacts representing Canada's ethnic diversity;

(b) research on the folk arts and music of the various ethnic communities in Canada;

(c) other museum extension and educational projects designed to reach the public at large.

National Film Board

For many years, the Board has been producing versions of some of its films in languages other than English or French for use abroad in co-operation with the Department of External Affairs. The royal commission recommended that the board advertise that it has films in languages other than English and French and make these available for domestic consumption, and also expand its production of films that inform Canadians about one another, including films about the contributions and problems of all our various ethnic groups. The board has indicated that it will not only respond positively to these recommendations, but that it will also survey the cultural communities in order to determine what types of film they would like produced in their ancestral languages.

National Library

Although many public libraries in Canada do have collections of books in non-official languages, the supply is well below the demand. The Canadian Library Association has studied the problem and has recommended the creation of a multicultural language and literature centre at the National Library. The Library will embark immediately on a preliminary study leading to the creation of this centre. The centre will administer a program designed to deposit in local libraries books in languages other than English and French. The library will also acquire publications produced by and for non-English, non-French groups in Canada.

Public Archives

The Public Archives in Ottawa has relatively few holdings relating to Canada's various cultural groups or their activities. The same is true of most archives across the country. Such material should be collected, since the history of immigration and cultural groups is an integral part of the history of this country.

The Public Archives will be given funds to acquire the records and papers of all the various ethnic organizations and associations which are significant documents of Canadian history.

ADMINISTRATION

Interdepartmental Co-ordination

To enable the Citizenship Branch to fulfill its task of implementing the policy proposed in this document, arrangements will be made for co-ordinating the activities of various departments and federal cultural agencies. All the agencies responsible for the programs proposed have agreed to establish an inter-agency coordinating committee, and an interdepartmental committee will be established to undertake an ongoing review of federal government policies and programmes to ensure that they reflect the cultural groups in our society.

Consultation

The various cultural communities must have an opportunity to influence the decision-making process by a continuing consultative process. A variety of consultative procedures—public conferences, private meetings with group leaders, confidential consultation sessions with specialists, seminars, press analysis, and others—have shown themselves effective, and will be continued and intensified at the local, regional and national levels.

Federal-Provincial Considerations

The commission addresses six of its recommendations to the provinces. Three of these concern education, two deal with human rights and one calls upon the provinces to support cultural organizations. The growing provincial interest and public action in the field of multiculturalism make it imperative that the two levels of government co-operate. Patchwork programs and jurisdictional confusion will result unless an attempt is made to co-ordinate federal and provincial policies at the ministerial level and good relationships are established between the officials administering the programmes.

Once the results of the culture development research program are available it is proposed that the provinces be invited to participate in a federal-provincial meeting at the senior official level, in preparation for a possible ministerial meeting.

PART D

SUMMARY OF SPECIFIC RESPONSE

TO RECOMMENDATIONS IN BB IV

1. Recommendation 1

We recommend that any provinces that have not yet enacted fair employment practices, fair accommodation practices, or housing legislation prohibiting discrimination because of race, creed, colour, nationality, ancestry, or place of origin, do so and that this legislation be made binding upon the Crown and its agencies. We further recommend that all provinces make provision for full-time administrators of their human rights legislation. (No. 152)*

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*(The numbers in brackets refer to the relevant paragraphs in Book IV of the Royal Commission's Report.)

Response

This is directed primarily to the provinces but the federal government has the whole question of human rights under consideration.

2. Recommendation 2

We recommend that the same conditions for citizenship, the right to vote, and to stand for election to public office be accorded to all immigrants, with no regard to their country of origin. (No. 233)

Response

The Canada Elections Act (proclaimed April 12, 1971) and intended amendments to the Citizenship Act now in preparation provide for the equality called for in this recommendation.

3. Recommendation 3

We recommend that the teaching of languages other than English and French, and cultural subjects related to them, be incorporated as options in the public elementary school program, where there is sufficient demand for such classes. (No. 378)

Response

Elementary school education is a provincial concern, but the government plans to undertake a major research project on the relationship of language to cultural retention and development. It also plans to discuss with the provinces and cultural groups ways of assisting in the development and duplication of new teaching aids for languages and cultures other than English and French.

4. Recommendation 4

We recommend that special instruction in the appropriate official language be provided for children who enter the public school system with an inadequate knowledge of that language; that provincial authorities specify the terms and conditions of financial assistance for such special instruction; and that the federal authorities assist the provinces in mutually acceptable ways through grants for the additional cost incurred. (No. 383)

Response

The federal government approves in principle aid towards the teaching of official languages to children of immigrants, and will be discussing it with the provinces.

5. Recommendation 5

We recommend that more advanced instruction and a wider range of options in languages other than English and French, and in cultural subjects related to them, be provided in public high schools, where there is sufficient demand for such classes. (No. 390)

Response

This is primarily a matter of provincial jurisdiction. However the development of new teaching aids (noted in the reponse to Recommendation 3) and the ethnic histories programme will be useful in the high schools. The Prime Minister's letter to each of the provincial premiers urges a positive response to all those recommendations which touch upon provincial authority.

6. Recommendation 6

We recommend that Canadian universities broaden their practices in giving standing or credits for studies in modern languages other than French and English both for admission and for degrees. (No. 443)

Response

This is primarily a matter for consideration by the academic institutions.

7. Recommendation 7

We recommend that Canadian universities expand their studies in the fields of the humanities and the social sciences relating to particular areas other than those related to the English and French languages. (No. 458)

Response

This is primarily a matter for consideration by the academic institutions.

8. Recommendation 8

We recommend that the CRTC remove restrictions on private broadcasting in languages other than English and French, except those restrictions necessary to meet the administrative and legal responsibilities of the licensees and those that also apply to English—and French-language programs. (No. 538)

Response

The CRTC has agreed to place this matter before the Commission in the very near future.

9. Recommendation 9

We recommend that the CBC recognize the place of languages other than English and French in Canadian life and that the CBC remove its proscription on the use of other languages in broadcasting. (No. 539)

Response

The CBC has not agreed to the spirit of this recommendation. The question of broadcasting in non-official languages will be considered within the major research project.

10. Recommendation 10

We recommend that the CRTC undertake studies in the field of broadcasting in other languages to determine the best means by which radio and television can contribute to the maintenance of languages and cultures and that the CBC participate in these studies. We further recommend that these studies include pilot projects on either AM or FM radio in both Montreal and Toronto. (No. 542)

Response

The CRTC has agreed to undertake these studies, and the CBC has agreed to cooperate. The studies will be carried on within the total framework of the major research project on language retention which will be directed by the Citizenship Branch of the Department of the Secretary of State.

11. Recommendation 11

We recommend that research be undertaken through the CRTC concerning the nature and effects of the por-

trayal of other cultural groups on both publicly—and privately-owned English-and-French-language radio and television stations. (No. 546).

Response

This study will be broadened to include all the media and will be carried on within the major research project mentioned above.

12. Recommendation 12

We recommend that the National Film Board undertake to publicize the fact that it produces prints of many of its films in languages other than English and French, particularly in regions where there are concentrations of persons who speak languages other than English and French. In addition, we recommend that the voluntary associations of cultural groups stimulate interest among their groups in the use of these films. (No. 553)

Response

The multicultural programme to be undertaken by the National Film Board meets this recommendation.

13. Recommendation 13

We recommend that the National Film Board continue and develop the production of films that inform Canadians about one another, including films about the contribution and problems of both individuals and groups of ethnic origin other than British and French, and that the National Film Board receive the financial support it requires in order to produce such films. (No. 555)

Response

The multicultural program to be undertaken by the National Film Board meets this recommendation.

14. Recommendation 14

We recommend that the appropriate federal, provincial, and municipal agencies receive the financial means they require to maintain and extend their support to cultural and research organizations whose objectives are to foster the arts and letters of cultural groups other than the British and French. (No. 642)

Response

The grants program administered by the Citizenship Branch of the Department of the Secretary of State will provide funds to assist such organizations.

15. Recommendation 15

We recommend that the administrative costs of the Canadian Folk Arts Council or a similar body be provided for out of public funds through the Citizenship Branch of the Department of the Secretary of State. (No. 643.)

Response

The Canadian Folk Arts Council already receives an annual grant for administrative purposes from the Arts and Culture Branch of the Department of the Secretary of State. In the Citizenship Branch, requests for grants to pay for specific projects suggested by the Canadian Folk Arts Council or similar bodies will continue to receive consideration if they meet the objectives of the multicultural program.

16. Recommendation 16

We recommend that the National Museum of Man be given adequate space and facilities and provided with sufficient funds to carry out its projects regarding the history, social organizations, and folk arts of cultural groups other than the British and French. (No. 646.)

Response

The multicultural program of the National Museum of Man meets this recommendation.

HOUSE OF COMMONS

Tuesday, October 12, 1971

The House met at 2 p.m.

ROUTINE PROCEEDINGS

TRANSPORT AND COMMUNICATIONS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

On the order: Motions:

September 10, 1971—Mr. Howe: That the second report of the Standing Committee on Transport and Communications, presented to the House Wednesday, April 7, 1971, be concurred in.

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, in view of the fact that the chairman of the Standing Committee on Transport and Communications has a motion similar to mine on the order paper I should like to ask that mine be withdrawn.

Mr. Speaker: Does the hon. member have leave to withdraw his motion?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

* * *

AGRICULTURE

ANNOUNCEMENT OF PURCHASE OF TURKEYS BY AGRICULTURAL PRODUCTS BOARD

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I am pleased to be able to announce that the Agricultural Products Board has been authorized to purchase turkeys for processing, with the canned meat going to the world food program. This action is the first action taken under the previously announced programs designed to offset the impact of the surtax on agricultural products entering the United States. It is estimated that the amount of turkeys purchased will compensate for the market for Canadian turkeys in the United States lost during the period August to December because of the surtax which has further distorted an unbalanced supply and demand situation.

The Agricultural Products Board will be issuing tender calls, specifications and other details shortly.

Mr. R. E. McKinley (Huron): Mr. Speaker, having regard to the statement just made by the Minister of Agriculture (Mr. Olson) I am aware that the Ontario Turkey Federation made representations to the minister and the board as early as late August or early in September. I have also made strong representations to the minister and the chairman of the Agricultural Products Board in this regard.

We all know that at this time turkey prices are the lowest they have been for 25 years. This has resulted from the fact that when chicken broilers were put on quotas in Quebec many buildings which were easily adaptable to raising turkeys were switched over and there was an increase in turkey production. We now understand that some of the provinces have got together in an endeavour to control their production to some extent to assist in achieving a better price.

The United States surcharge has created a tremendous hardship for turkey producers because the price dropped two cents per pound on its implementation. In addition, the surcharge is causing the loss of many jobs in this country. Canadian hatcheries that produced turkey poults in Canada are finding they cannot sell in the United States because of the increase from two cents to four cents in the duty on turkey poults. Production of turkey poults by Canadian firms in the United States is increasing and Canadian workers are being laid off.

I am sure we are all thankful for the little bit of assistance the minister has announced today. I realize that the producers asked that some 8 million to 10 million pounds of turkeys be purchased for the world food program. The minister has not said how much will be purchased for this purpose, but I do not think the amount will be anything like what was requested, I am sorry to say. I certainly hope that what has been decided will be helpful at the present time and that further action will be taken when necessary. We will expect the government to keep a watchful eye on the situation and take further action in this regard when necessary.

• (2:10 p.m.)

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, the minister assured the House a while ago that agricultural products affected by the United States surtax would be considered product by product, and I suppose this is another instalment in that procedure. Because I have spoken to producers personally I know that some producers in western Canada are in a very serious situation. The minister's announcement will certainly make them feel somewhat better since he is taking at least this much action to meet the existing situation. Some of them have discussed with me the possibility of finding other markets than the United States and the possibility of research into processing and developing special products. I suppose those who have such ideas will bring them forward to the minister, and I hope he will extend to them whatever co-operation is within his power.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, from the applause of my colleagues, one would say they are convinced I shall become Prime Minister of Canada after the next election.

United Nations

Mr. Speaker, I am extremely grateful to my colleagues for this mark of their esteem. Before commenting on the statement made by the Minister of Agriculture (Mr. Olson), I should like to assure them that, as ever, in the Parliament of the Canadian nation I shall co-operate with each and everyone in order that Canada may remain Canada and that our nation may be united irrespective of a diversity which makes for its greatness.

Mr. Speaker, I am gratified by the statement made by the Minister of Agriculture. It expressed in substance what he used to say when he was a deep-dyed Créditiste. He recommends assistance to some sectors of agriculture, and if he made such statements regarding all areas of Canadian agriculture I believe our western and eastern farmers would no longer believe that government aid to the west is detrimental to the east and vice versa. I think that this policy which is one of guarantee for turkey producers, for instance, could also apply to wheat, dairy, corn and other agricultural producers.

Mr. Speaker, we welcome this statement and express the hope that the Minister of Agriculture takes the same action to assist the Third World, the underdevelopped countries, as well as this country, and above all Canadian consumers.

* * *

[*English*]

UNITED NATIONS

ALBANIAN RESOLUTION TO EXPEL TAIWAN—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. S. Perry Ryan (Spadina): Mr. Speaker, pursuant to Standing Order 43 I ask the unanimous consent of the House to propose a motion of urgent and pressing necessity.

This matter concerns the decision of the government to support the Albanian resolution at the United Nations. This resolution calls for the recognition of the People's Republic of China and at the same time for the expulsion forthwith of the representatives of Taiwan.

As the government in Taiwan is clearly in *de facto* control of the Island of Taiwan and adjacent islands, the question arises whether the Albanian resolution is contrary to the United Nations principle of universality of representation. The resolution also creates the precedent of expelling a member from the world body.

I therefore propose to move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That the government do forthwith provide an early opportunity before the U.N. vote on the Albanian resolution for full discussion of this important matter in this chamber.

[*Translation*]

Mr. Speaker: The House has heard the motion moved by the hon. member for Spadina. This motion can only be put with the unanimous consent of the House.

[*English*]

Is there unanimous consent as required under the terms of Standing Order 43?

Some hon. Members: Agreed.

[Mr. Caouette.]

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent; therefore the motion cannot be put.

* * *

CROWN CORPORATIONS

POLYMER EMPLOYEE LAY-OFFS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. David Lewis (York South): Mr. Speaker, I seek the unanimous consent of the House under Standing Order 43 to place before it a motion on a matter of urgent and pressing necessity. It arises out of serious lay-offs made in the last few days by the Polymer Corporation in Sarnia where 250 production and scientific employees have been laid off, some with 25 years of service. The lay-offs were announced by the president of the corporation and services were terminated without notice although employees were given the appropriate pay in lieu of notice. This has caused tremendous hardship for the families concerned and has produced a sense of insecurity not only throughout the Polymer work force but also throughout the community.

Since Polymer is a Crown corporation answerable to this Parliament through the Minister of Supply and Services and since there is great fear that further lay-offs may follow, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the lay-offs which have been imposed by Polymer Corporation and the circumstances leading thereto be referred to the Standing Committee on Labour, Manpower and Immigration for immediate and full inquiry.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for York South. This motion requires unanimous consent.

[*Translation*]

Is there unanimous consent?

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent. Therefore the motion cannot be put.

* * *

TRANSPORT AND COMMUNICATIONS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. H.-Pit Lessard (LaSalle) moved that the 2nd report of the Standing Committee on Transport and Communications tabled in the House on Wednesday April 7, 1971 be agreed to.

Motion agreed to.

[*English*]

ADMINISTRATION OF JUSTICE

USE OF WIRETAPPING IN UNION STRIKE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. John Gilbert (Broadview): Mr. Speaker, my motion is under Standing Order 43. Last week two metro Toronto constables were caught using wiretapping devices against members of a trade union involved in a legal strike against Redpath Refinery, a subsidiary of Dominion Sugar Company Limited. At present there is no law prohibiting wiretapping. This wiretapping practice is so abhorrent to Canadian principles of justice that it gives weight to the Minister of Justice's statement that we are living in a bugged society and fast approaching an Orwellian state. Therefore I move under Standing Order 43, seconded by the hon. member for Greenwood (Mr. Brewin):

That the question of the illegal use of electronic equipment and wiretapping devices against persons involved in strikes and lockouts be referred to the Standing Committee on Justice and Legal Affairs with instructions to report back to the House prior to second reading of Bill C-252.

Mr. Speaker: The motion requires unanimous consent. Is there agreement?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

* * *

LABOUR CONDITIONS

POTENTIAL LOSS OF JOBS IN AUTOMOTIVE INDUSTRY—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 which provides that in cases of urgent and pressing necessity a motion may be made if unanimous consent is given. The matter of urgent and pressing necessity is the potential loss of jobs to thousands of Canadians employed in the automotive industry. I therefore move, seconded by the hon. member for Brant (Mr. Blackburn), the following motion:

• (2:20 p.m.)

In order to clear up the present uncertainty concerning the future of 83,000 Canadians employed in the automotive industry, this uncertainty having arisen because of the repeated refusal of the government to assure the country that notwithstanding American pressures to the contrary, including a recent proposal for free trade in used cars, the safeguards in the Canada-U.S. automotive agreement will be maintained in principle and strengthened in detail, this House resolves that such commitments be made.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

* * *

ELECTORAL BOUNDARIES READJUSTMENT ACT

AMENDMENT TO CHANGE CONSTITUENCY NAME FROM ESSEX TO ESSEX-WINDSOR

Mr. E. F. Whelan (Essex) moved for leave to introduce Bill C-269, respecting the Electoral Boundaries Readjustment Act.

Some hon. Members: Explain.

Mr. Whelan: Mr. Speaker, the electoral district now known as Essex is one of the fastest growing in western Ontario. With its great diversification of people and its production, both industrial and agricultural, from the city of Windsor and the county of Essex, I feel it would be proper to change the name so that both areas would be properly recognized.

Motion agreed to, bill read the first time and ordered to be printed.

MOTION TO ADJOURN UNDER S.O. 26

THE CANADIAN ECONOMY

APPARENT BREAKDOWN IN COMMUNICATION BETWEEN GOVERNMENT AND GOVERNMENT OF UNITED STATES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, pursuant to Standing Order 26 I ask leave to move the adjournment of the House for the purpose of discussing a specific and important matter requiring urgent consideration.

This specific and important matter is the apparent breakdown in communication between the government and the government of the United States at a time when confusion regarding economic relations between the two countries must accelerate the rate of unemployment in Canada.

If my motion is acceptable, Mr. Speaker, I will move the adjournment of the House, seconded by the hon. member for Peace River (Mr. Baldwin).

Mr. Speaker: The hon. Leader of the Opposition has filed with the Chair the due notice of his motion to request the adjournment of the House for the purpose of discussing a specific and important matter requiring urgent consideration under the provisions of Standing Order 26.

The question which the Chair must determine is whether or not the problem as posed by the Leader of the Opposition meets with the procedural requirements of Standing Order 26.

It is obvious to all hon. members that the general question of communications and relations between the governments of the United States and of Canada is of paramount importance. It is of national and urgent interest. It does not follow necessarily that such a vast and complex prob-

lem must be debated today, by an adjournment of our regular proceedings under the terms of Standing Order 26, rather than later this week or next week.

My understanding of Standing Order 26 is that its provisions apply when there is an emergency of a sudden nature which requires an immediate debate in the House. The standing order does not apply when we have before us a situation which is claimed to be developing or evolving over a period of time. Hon. members are well aware that this suggestion has been advanced in the House on a number of occasions in past weeks, and particularly during the lengthy debate which took place in relation to Bill C-262. That condition in itself would tend to indicate that the proposed motion does not satisfy the criteria set out in the standing order.

In view of all circumstances and after reiterating that the Speaker's ruling, in such circumstances, is essentially a procedural one, I must conclude that for today at least the motion cannot be put to the House.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—REPORTED LIST OF AMERICAN GRIEVANCES AGAINST CANADA—METHOD OF COMMUNICATION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister whether, in light of the most recent press reports of a so-called shopping list of American grievances with Canada, he would tell the House if his government, as reported in the press, has in fact requested from the United States administration a specific list of complaints regarding our trade relations with the United States?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, since I have had some discussions with the United States directly on these issues, perhaps I might be permitted to answer the question. During the discussions we have had recently with the United States they have from time to time indicated that they have certain matters they would like to negotiate with us and we have indicated, of course, that we would be happy to receive such a list. So far we have not received it.

Mr. Stanfield: I have a supplementary question for the Prime Minister. As a matter of government policy, is it intended to pursue a direct approach to the United States or does the Prime Minister intend to continue a course of oblique communication back and forth with the United States administration by way of speeches in Canada and the United States, leaks here and there and press releases?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as far as we are concerned there have been no oblique communications; they have been at the ministerial and official levels at all times. If the Leader of the Opposition wants to take press leaks as his authority, then he is using them in an oblique way, but our relations with the American authorities are very direct, I understand that this leak has been denied any authenticity by the State Department and the White House. If indeed it had been some form of an oblique representation to Canada, the Secretary of State for External Affairs was going to speak to the State Department to ask if there was anything in this so-called leak, but we now understand that the White House and the State Department have said that these leaks have no authenticity at all.

Mr. Stanfield: Mr. Speaker, I am not referring to just that leak but to various speeches made by ministers and parliamentary secretaries in Canada which seem to be leading to considerable deterioration in relations between the two countries. Since it is now eight weeks since I first urged the Prime Minister to communicate directly with President Nixon and as there has been no clarification in the meantime but apparently a deterioration in the situation, I should like to ask if the Prime Minister is now prepared to reconsider his position and initiate direct communications with President Nixon?

Mr. Trudeau: Mr. Speaker, there have been extremely direct communications between the two governments. I have not decided that it would be necessary at this time to speak to President Nixon directly.

SUBJECTS THAT UNITED STATES WISHES TO NEGOTIATE WITH CANADA—CONSIDERATION DURING SURTAX DISCUSSIONS

Mr. David Lewis (York South): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister or to the Secretary of State for External Affairs. In view of the fact that the Secretary of State for External Affairs today, the Minister of Finance on other occasions and the Minister of Industry, Trade and Commerce on still other occasions have indicated that the American authorities had suggested there were matters which they wanted to negotiate, may I ask whether in a formal or informal way, directly or indirectly, at the ministerial or official or any other level, the government has been informed of the subjects the American administration wants to negotiate with the Canadian government?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, we have of course been negotiating the automobile agreement so that this is not a matter that comes afresh. We have been negotiating this for months. On the list that leaked to the Chicago *Tribune* there are some other matters that are very familiar to us and some that I must say are new. But we also have our list.

Some hon. Members: Oh, oh!

An hon. Member: You have a list?

An hon. Member: Did you leak it?

Mr. Sharp: I do not think that we would want to be exchanging lists at this time through the public press and I do not think the United States administration intended that either. However, we have similar problems that we would like to negotiate with the United States, such as their ban on the importation of uranium, their manufacturing clause in their Copyright Act and their restrictions

on immigration into the United States. We have a long list, but I think that these are matters that ought to be negotiated between our two countries in the ordinary way and certainly should not be associated with the surcharge.

Mr. Lewis: Mr. Speaker, I have no doubt there is a long Canadian list. One may agree with the Secretary of State for External Affairs that it should not be associated with the surcharge, but I should like to ask him, the Prime Minister, or any other minister who can tell us, whether it is not a fact that some of the grievances that the Americans feel they have have been brought up during the discussions with regard to the surtax, not necessarily as preconditions but as part of the discussions regarding the surtax? Is that not so?

• (2:30 p.m.)

Mr. Sharp: Mr. Speaker, perhaps the best way of answering this question is to say what the spokesman for the American State Department said. He said: "The United States has not given Canada a specific list of conditions for the lifting of the 10 per cent surtax on Canadian imports."

Mr. Lewis: A supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member will be allowed one further supplementary, after which the Chair will recognize the hon. member for Témiscamingue on a supplementary.

Mr. Lewis: Mr. Speaker, in view of the very precise language that the Secretary of State for External Affairs has just read, namely, that they have not produced a list of conditions for the removal of the surtax, and since neither the minister nor the Prime Minister has indicated any word from the Department of the Secretary of the Treasury of the United States, may I again ask the minister whether the government is giving consideration to informing the House and the people of Canada about the nature of the discussions that are taking place and, instead of our having to listen to the kind of thing which we have read, letting us know what in fact is taking place between the two governments?

Mr. Sharp: Mr. Speaker, I am sure if I gave a complete answer it would be out of order now. I should like to say to the hon. gentleman that we have never at any time had any indication that if we complied with a particular request of the United States that they would lift the surcharge. It is true, as I said earlier, that there is a list of points that the Americans would like to negotiate with us and they would like to get their way, but we have a list of points that we would like to raise with them and on which we would hope to get our way.

[*Translation*]

UNITED STATES IMPORT SURTAX—PROGRAM TO EXPAND TRADE WITH OTHER COUNTRIES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a supplementary to the Secretary of State for External Affairs.

To palliate the situation caused by the levy of the 10 per cent American surcharge, the minister says that Canada also has a list of negotiable items, but has a formula not been developed which, in addition to palliating the situation, would divert our exports a little bit more towards USSR and Communist China markets?

[*English*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I do not think there has been any government in history that has spent more time in trying to cultivate markets for Canadian goods. I am thinking of the Minister of Industry, Trade and Commerce who has gone to China as well as the Prime Minister who has gone to Russia. The Minister of Finance, the Minister of Industry, Trade and Commerce and I have been to Europe on innumerable occasions to try to enlarge the horizons of Canadian trade, and this has worked.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please.

[*Translation*]

Mr. Caouette: Mr. Speaker, could the Minister tell us if there is not already a program advocating our withdrawal from the American market in favour of that of the USSR and communist China?

[*English*]

Mr. Sharp: Mr. Speaker, I remember the rather sorry story of the efforts made by a previous Prime Minister to divert trade from the United States to Great Britain. It is not an experiment I should like to follow.

UNITED STATES ECONOMIC MEASURES—COMMUNICATION BY PRIME MINISTER WITH PRESIDENT NIXON—GOVERNMENT PLAN TO CREATE JOBS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, may I direct a supplementary question to the Prime Minister. Has the Prime Minister been in touch with President Nixon either by letter or by telephone to make sure that there is no doubt in the President's mind about the very serious effect his economic program will have on the economy of this country?

Right Hon. P. E. Trudeau (Prime Minister): By letter or by telephone, no, Mr. Speaker.

Mr. Baldwin: How about by extrasensory perception?

Some hon. Members: Oh, oh!

Mr. Hees: A supplementary question, Mr. Speaker. As it therefore appears highly unlikely that the American 10 per cent surcharge will be removed until a great many months have passed, is it the intention of the government to introduce a program to create jobs, similar in nature to the kind of program which was announced by Premier Davis of Ontario over the week end—

Some hon. Members: Oh, oh!

Mr. Hees: —and which on a national basis would create well over 100,000 jobs?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, we are not on the eve of an election.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Hees: For how long does the government intend to remain in its present state of petrified lethargy? Why does it not get on with the job?

UNITED STATES ECONOMIC MEASURES—AMERICAN GRIEVANCES AGAINST CANADA

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Prime Minister. I wonder if he could clarify the confusion that exists between himself and his colleague. He indicated that the State Department and others had denied that there was any sort of list or anything of that kind; yet the Secretary of State for External Affairs tells us that for some time it has been known that the Americans have had a number of demands or grievances against Canada. Who is telling the truth?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member will appreciate that a question asked in those terms is not in order.

Mr. Lambert (Edmonton West): Mr. Speaker, I will rephrase the latter part of it. Would the right hon. gentleman attempt to reconcile the difference?

Mr. Speaker: Order, please. Even put in those terms, the hon. member must know that he is inviting the Prime Minister to reconcile one statement with another. I have suggested to hon. members in the past that this is debate.

Mr. Lambert (Edmonton West): On a point of order, Mr. Speaker.

Mr. Speaker: The hon. member rises on a point of order. After we have heard the point of order I suggest that we give other hon. members—will the hon. member kindly resume his seat—an opportunity to ask questions on another subject and return to this one eventually.

Mr. Lambert (Edmonton West): Having listened to previous questions and answers, in the same sense I used it seemed to me that the two statements I have referred to need to be reconciled, particularly since the ministers sit in adjoining seats.

Mr. Speaker: Order, please. I am not sure that the Chair ought to take that into account.

* * *

EXTERNAL AFFAIRS

PURPOSE OF PROPOSED AMCHITKA NUCLEAR TEST—REPRESENTATIONS ON STRATEGIC GROUNDS

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Minister of National Defence. Will he tell the House whether the proposed test on Amchitka Island is for the purpose of testing a nuclear warhead to be used in the proposed AMB safeguard system. Also, has the minister made any representations on strategic grounds as to why there is no purpose in such tests?

Hon. Donald S. Macdonald (Minister of National Defence): Mr. Speaker, I thank the hon. gentleman for having advised me of his intention to ask the question. Regrettably, I cannot give him a full response today on this point.

Mr. Brewin: Mr. Speaker, may I ask a related question. Can the Minister of National Defence say whether he would be willing to appear before the Standing Committee on External Affairs and National Defence in order to discuss thoroughly the government's white paper on defence?

Mr. Macdonald (Rosedale): Mr. Speaker, my purpose would be to appear before the Standing Committee on External Affairs and National Defence, and it would be a pleasure.

* * *

[*Translation*]

CRIMINAL CODE

RE-ESTABLISHMENT OF CAPITAL PUNISHMENT

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the Prime Minister.

Considering that murder shows an alarming increase in number in Canada, can the Prime Minister tell us if the government intends to introduce a bill reinstaling capital punishment for persons found guilty of capital murder?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, not immediately, but hon. members know that the present legislation calls for revision after five years. When the time comes, the government will have to consider the matter, but it does not intend to do so now.

* * *

[*English*]

THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—IMPROVEMENT OF COMMUNICATIONS WITH AMERICAN GOVERNMENT

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the Prime Minister and relates to earlier questions asked concerning the deteriorating relations between the governments of Canada and the United States. Could the Prime Minister indicate, in view of this very serious situation, what steps are being taken to correct it and whether or not some proposal is being made to the American administration with respect to better communications and a better exchange of information concerning the vital points of mutual interest to both our economies?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, with respect, we believe there is nothing wrong with the communications. The difficulty—

Mr. Hees: Is with the relations.

Mr. Trudeau: —is in ensuring that the communications are put to use so that we know what the Americans intend doing in their future policy. This worries not only Canada but the many nations that are affected by the 10 per cent surcharge. I think it is significant that President Nixon in his recent statement to the nation did not refer to international relations. Apparently this aspect of communications is not foremost in his mind. That is not because there are no channels open between us; it has arisen because it is not American policy now to put the proper stuff into the channels which would satisfy the Canadian people.

• (2:40 p.m.)

Mr. MacDonald (Egmont): A supplementary question. I thought the Prime Minister might asknowledge there is a special relationship that has existed between Canada and the United States. In view of the obvious frustration and perhaps lack of accurate information that must be behind the recent enunciation of grievances in the Chicago newspaper story, can the Prime Minister indicate to the House what action is being taken by our government to see that we will not continue to be placed in a very disadvantaged situation with regard to economic decisions made in the United States?

Mr. Trudeau: Mr. Speaker, there are frequent communications at the ministerial level between the American administration and ours. I answered the Leader of the Opposition a moment ago that, had the American administration not denied the validity of this so-called leak, the Secretary of State for External Affairs would have in fact communicated with the Secretary of State in Washington to see if there was anything behind this so-called leak.

UNITED STATES ECONOMIC MEASURES—SETTING OF TIME FOR NEGOTIATION OF AMERICAN AND CANADIAN GRIEVANCES

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I wish to address my supplementary question either to the Prime Minister or to the Secretary of State for External Affairs. Has the Canadian government or the American government made any specific proposal for a definite time and date for a meeting to negotiate the differences between the two countries as found on their respective lists of grievances against each other?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think it has been said repeatedly in the House that on some of these matters there have been negotiations and exchanges for several months now. There is not one list with one timetable, if that is the question of the hon. member.

Mr. Speaker: Order, please. A moment ago I suggested to hon. members that we might go on to another subject. We have perhaps inadvertently returned to the original subject. I again suggest we should not have too many supplementaries on this matter. I will recognize the hon. member for Calgary Centre and then the Leader of the Opposition.

Mr. Harkness: I wonder if the Prime Minister can explain to us what he means by a timetable in connection with these negotiations?

Mr. Trudeau: The question from the hon. member was whether any time had been agreed to. When I said that there was no timetable agreed to nor even discussed, I was answering the hon. member's question about time.

UNITED STATES ECONOMIC MEASURES—SUGGESTED PERSONAL COMMUNICATION BY PRIME MINISTER WITH PRESIDENT NIXON TO OBTAIN INFORMATION

Hon. Robert L. Stanfield (Leader of the Opposition): In view of the importance of this whole subject and the concern that the Prime Minister has expressed about the possible difficulties and long-term effects of the American policy, will the Prime Minister indicate why he will not personally contact the President of the United States in order to get the information that the Secretary of State for External Affairs does not seem able to get? I do not ask this in an argumentative way. Will the Prime Minister personally attempt to get from the President of the United States the information, part of which the Secretary of State for External Affairs is seeking, which is of vital importance to Canada at this time?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I suspect that the question lacks slightly in candour. If I thought anything positive would come from following up such a suggestion, I would have followed it up long before now.

* * *

INDIAN AFFAIRS

SUGGESTED ATTENDANCE OF MINISTER AT MEETING IN ALBERTA

Mr. Frank Howard (Skeena): I wish to direct my question to the Minister of Indian Affairs and Northern Development. It is with regard to the very important meeting scheduled to commence tomorrow in Alberta and involving Indian people from all across the nation. Will the minister be in attendance at that meeting to hear first-hand the decisions that are made?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): No, Mr. Speaker. However, I invited the chiefs of the area to come and meet me in Ottawa on Thursday and they refused. I hope that they will reconsider my invitation and that we shall be able to discuss the matter here as soon as possible.

[*English*]

Mr. Howard (Skeena): I do not know whether the minister has been invited to the meeting in Alberta tomorrow. If he has been invited, does he not think it would be more worth while for him to appear on the scene and see at first hand—

Mr. Speaker: Order, please.

STATUS OF JEANETTE CORBIERE LAVELL—APPEAL TO SUPREME COURT OF CANADA

Mr. Len Marchand (Kamloops-Cariboo): In the absence of the Minister of Justice I will direct my question to the

Minister of Indian Affairs and Northern Development. In view of the far-reaching decision in the federal court of appeal last Friday in favour of Jeanette Corbiere Lavell, which returned her to Indian status after she had lost this status upon being married to a non-Indian, will the minister consult with his colleague, the Minister of Justice, and have this most important and momentous decision appealed to the Supreme Court of Canada so that it will be ruled upon by the highest court in our land?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we have not yet received the written decision of the Federal Court. As soon as we do, we shall study it and I shall be pleased to consult with the hon. Minister of Justice and examine the possibilities of an appeal to the Supreme Court, as the hon. member suggests.

[*English*]

ESTABLISHMENT OF PROGRAM IN LIGHT OF MULTICULTURAL POLICY

Mr. Lincoln M. Alexander (Hamilton West): I have a related question, Mr. Speaker. As the government has just accepted the important fact that this country is a multicultural society, can the minister now advise if and when he will be making a statement with regard to a dynamic approach and a dynamic program whereby Canada's first citizens, the Eskimos and Indians, will in fact play a leading role in the mainstream of Canadian life?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I do not think it could be said that there was no dynamic action in this direction. One can notice every day that for the last two or three years Indians have had a new conscience, a new pride. They are very well organized in federations financed by the federal government.

[*English*]

Mr. Alexander: A supplementary question. As a result of this approach of the government, will the minister advise if he will be making a statement in due course on any new approaches in order that there can be some credibility given to the statement of the government which was just made on Friday? Are there any new approaches?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we announced a new policy two years ago and we then asked the Indians to inform us of their reactions. Last Thursday, the Manitoba Federation of Indians submitted a very important document on this subject. It is presently under study. We have received other suggestions or documents from Indians. It was about time the Indians were given the opportunity to inform us of their views on their future.

[*English*]

Mr. Alexander: One last supplementary. In light of the fact that Mr. Harold Cardinal seems to be as well advised, if not more so, than the minister, will the minister convene a meeting with this young man in order that he can take his advice if for no other purpose than to say that he is sorry for the remarks he made the other day?

[Mr. Marchand (Kamloops-Cariboo).]

Mr. Speaker: Order, please. The minister is rising on a question of privilege.

[*Translation*]

Mr. Chrétien: I rise on a question of privilege, Mr. Speaker.

I want to inform the House that I had the opportunity to meet with Mr. Cardinal in my office twice, only ten days ago, and he is welcome at any time.

[*English*]

SUGGESTED ATTENDANCE OF MINISTER AT NATIONAL INDIAN BROTHERHOOD COUNCIL MEETING

Mr. David Lewis (York South): A supplementary question. Has the Minister of Indian Affairs and Northern Development in fact received an invitation to attend the special meeting of the council of the National Indian Brotherhood of Canada? Also, in view of the fact the Indian people feel that the difficulties in Alberta are duplicated in other parts of the country, does he not consider it advisable to attend this meeting in order to discuss the matter with them in earnest?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I received that invitation on Friday, and discussed it with the president of the Indian Association of Canada. I told him that I would not be able to attend, as I was leaving the North today. We discussed the situation for several hours, and I told him that I would gladly welcome the Alberta Indian chiefs and the national association executives here, in order to hold a discussion as soon as possible.

* * *

• (2:50 p.m.)

[*English*]

UNEMPLOYMENT INSURANCE

BENEFITS PAYABLE TO CALAND ORE COMPANY WORKERS

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, my question is for the Minister of Labour but in his absence I will direct it to his parliamentary secretary. Can the parliamentary secretary inform the House whether the numerous complaints concerning unemployment insurance benefits payable to the workers of the Caland Ore Company in Atikokan have been investigated and resolved?

Mr. Ray Perrault (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I want to thank the hon. member for bringing the plight of these workers to the attention of the department several days ago. An investigation has been made and unemployment insurance benefits have been increased as a result of a recompilation of average unemployment insurance contributions. The company incorrectly deducted unemployment insurance contributions while the employees were in receipt of holiday pay,

and as hon. members are aware this would have the effect of lowering, unfortunately, the base used in assessing their benefits. I thank the hon. member for his question.

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ENERGY

NATURAL GAS—APPROVAL OF APPLICATION FOR EXPORT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce in his capacity as Acting Minister of Energy, Mines and Resources. Has the application now before the National Energy Board to export approximately 2.7 trillion cubic feet of natural gas from Canada to the United States been approved by the board and, if so, has it been approved to date by the cabinet?

Hon. Jean-Luc Pepin (Acting Minister of Energy, Mines and Resources): Mr. Speaker, I am sorry but I am not aware of these facts. I was led to understand that the parliamentary secretary might answer this question if he were here. I will take the question as notice.

Mr. Woolliams: I wonder whether I might direct this question to the Prime Minister. In light of the fact that there is an application before the National Energy Board for approval of the export of 2.7 trillion cubic feet of natural gas spread over a 15-year period, and since there is a serious shortage of energy in the United States, would this not be one respect in which the Prime Minister could personally negotiate with the President of the United States to relieve difficulties in the trading relations between our two countries at this time?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as the hon. member knows, the board would have to make its recommendations before I would be able to make such representations.

Mr. Woolliams: May I just follow that through.

Mr. Speaker: Order, please. We are running short of time. The hon. member can ask a supplementary and then we will try to go to another subject.

Mr. Woolliams: Mr. Speaker, to follow up the Prime Minister's reply, is he suggesting that the application has not yet been approved by the board, or is he saying that it is before the cabinet of Canada? I do not think you know, Mr. Prime Minister.

Mr. Trudeau: Perhaps my minister would know, if you asked him.

Mr. Pepin: Mr. Speaker, I can assure the House that the decision is not before the cabinet. As everyone knows, it has to come before the cabinet before it is finally approved.

BRIDGES

PROPOSED STRUCTURE TO SEA ISLAND, VANCOUVER—NATURE OF PLAN IN RELATION TO TOLLS

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question I want to direct to the Minister of Transport which is of considerable interest to many people on the lower mainland of British Columbia. Can the minister indicate whether a plan has been decided on to provide toll-free access to Vancouver International Airport and Sea Island, or toll-free access to Sea Island itself, or whether a modified toll plan has been arrived at?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I think it is obvious that I cannot answer this question in detail. I can say that there are a number of variations on a plan that are presently being considered and these will be submitted to the interested parties in the Vancouver area before any final decision is made. We have already had one meeting with these parties and we will have another.

* * *

[*Translation*]

AGRICULTURE

HOGS—INQUIRY AS TO DEFICIENCY PAYMENT TO PRODUCERS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to put a question to the Minister of Agriculture who seems quite willing to give me a good answer.

The Agricultural Stabilization Board recently sent hog producers a letter recommending that they keep their sales slips probably in order to grant them a deficiency payment.

Could the minister tell the House if he expects deficiency payments to be made by the end of 1971 to hog producers in order to help them get a better income?

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, there is a heading on these grading certificates at the top in red ink indicating that they should be retained in the event that a deficiency payment is made. I have advised the House a number of times that the mandatory level is $24.14 based on the national weighted average. If the average for 1971 is below that, there will be a payment at least up to that amount.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary.

In view of the fact that prices are definitely inadequate according to hog breeders, could the minister indicate to the House whether he is prepared to recommend that the price of $24 be changed in order that those breeders may have an opportunity to get an income consistent with 1971 needs?

[*English*]

Mr. Olson: Mr. Speaker, I do not think I could make any announcement of that kind until I know for a fact what the national weighted average is for all of 1971.

Inquiries of the Ministry

EGGS—INQUIRY AS TO DEFICIENCY PAYMENT

Mr. R. E. McKinley (Huron): Mr. Speaker, can the minister tell the House whether a deficiency payment for the past year will be made on eggs? I understand that the assessment period ended at the end of September.

Hon. H. A. Olson (Minister of Agriculture): I will look into that to see whether the price falls below the moving average and I will report to the House tomorrow.

SHEEP—PROGRAM TO SUSTAIN INDUSTRY

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I have a supplementary question for the Minister of Agriculture concerning the effect of the stabilization bill on support for the sheep industry. The minister has discontinued the wool subsidy. What other program has he in mind to sustain the Canadian sheep industry?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, in response to that kind of question, though not precisely the same question, I have advised the House and the sheep industry on many occasions that there has been a substantial increase in the price of Canadian lambs which more than offsets removal of the deficiency payment on wool.

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EXTERNAL AFFAIRS

CONFERENCE OF FRANCOPHONE COUNTRIES—APPOINTMENT OF DELEGATES, VOTING INSTRUCTIONS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs regarding the conference of Francophone countries now being held in Canada. Could the minister advise by what government these delegates to the conference were appointed and from what government they receive their voting instructions?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, as I recall the situation, at the conference where the agence was approved the membership was determined at that time. All of the members who joined the organization at that time were invited by the secretariat to attend.

Mr. Macquarrie: A supplementary question, Mr. Speaker. Are any delegates at the current conference appointed by the governments of any of the provinces of Canada and, if so, which provinces are they?

Mr. Sharp: Mr. Speaker, on the Canadian delegation are representatives named by the provinces of Quebec, New Brunswick, Manitoba and Ontario. The province of Quebec has the additional distinction of being a gouvernement participant.

* * *

PUBLIC SERVICE

PROVISION OF NATIONAL SALARY SCALE FOR NURSES

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the President of the Treasury Board. Will guidelines be developed to put an end to the practice of regional pay disparity for first level nurses across the country, and will the government review the specific instance which next year will grant to first level nurses in the Maritimes about $6,500 while nurses in British Columbia will receive about $7,800?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I cannot reply affirmatively to that suggestion. As I indicated in the House last week, in the interests of fairness and equity the government is proceeding to establish relativity between government rates of pay and local or regional rates of pay. This policy has recently been confirmed in the case of nurses. There was a hearing on this issue before an arbitration tribunal, and as a consequence of the award the pay levels the hon. gentleman referred to were granted.

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INDUSTRY

CANADA-UNITED STATES AUTO PACT—DISCUSSION OF REMOVAL OF TARIFFS ON NEW OR USED AUTOMOBILES PURCHASED BY INDIVIDUALS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, if I may have the minister's ear I should like to direct a question to the Minister of Industry, Trade and Commerce. In the government's discussions with the United States government on the Canada-United States automotive agreement, in addition to the concessions that it seems willing to make on the question of safeguards in the pact, has the government of Canada agreed to or discussed any proposal that would remove tariffs on new or used automobiles purchased by individuals, as opposed to corporations, in one country for shipment to the other so that they would enter duty free?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, this particular aspect has not been discussed in my presence but it may very well be that it was raised at the official level. However, I cannot say that it was.

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• (3:00 p.m.)

THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—RELATION OF CANADIAN GRIEVANCES TO FUNDAMENTAL POLICY REVIEW

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question relates to some of the questions asked earlier of the Secretary of State for External Affairs. In view of the fact the hon. gentleman admitted we do have a list of some sort for use at some time and to be presented somewhere, I wonder whether this list of ours is a substitute for or supplemental to the fundamental review of policy the minister said we were having in respect of our relations with the United States?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I want to assure the hon. gentleman

that it is not our purpose to prepare such a list unless, of course, we receive such a list from the United States, which we have not received.

Mr. Nowlan: Mr. Speaker, without arguing with the answer or its inconclusive nature, I should like to ask the hon. gentleman whether he would use his good offices to assure this chamber that the Minister of Finance, while he may not have formally received a list from the external affairs people of the United States, does not have in fact a working list from the Secretary of the Treasury of the United States and, if he does not, will he instruct the Minister of Finance to appear on some television show with the Secretary of the Treasury so they can exchange these lists?

Mr. Speaker: Order, please.

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AGRICULTURE

CORN—REQUEST FOR STATEMENT ON ASSISTANCE TO INDUSTRY

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I should like to direct my question to the MInister of Agriculture. In view of the fact some time has elapsed since representations were made to the minister regarding the corn industry and the further deterioration of the market, will he indicate whether he will be in a position in the next day or two to state the government's policy on motions?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I hope that will take place very soon, but I am sure the hon. member is as aware as I am of the many implications and ramifications of the alternatives open to us and certainly we would like a consensus on what would be the most useful thing to do before reaching a decision.

TURKEYS—PRICE TO BE PAID BY AGRICULTURAL PRODUCTS BOARD

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, in view of the program announced earlier this afternoon by the Minister of Agriculture, I should like to ask what price will be paid for these turkeys or, if a definite price has not been arrived at, will be indicate what will be the means of arriving at the purchase price?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, the hon. member will have noted from the announcement I made that there will be a call for tenders which will include specifications for tendering. I think the details will be out later today or tomorrow.

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[*Translation*]

FINANCE

POSSIBLE REDUCTION OF BANK OF CANADA INTEREST RATE

Mr. Henry Latulippe (Compton): Mr. Speaker, my question is directed to the right hon. Prime Minister.

Would he tell the House whether he foresees the possibility of reducing the interest rate of the Bank of Canada so that chartered banks may reduce their own, thus promoting the economic expansion of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this kind of decision usually comes from the Bank of Canada, which makes the announcement itself, rather than the government.

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THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—REQUEST FOR INFORMATION AND DEBATE ON GOVERNMENT PROPOSALS

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Prime Minister.

With reference to negotiations that will surely take place between the United States and Canada, would the Prime Minister indicate whether the government has any positive proposals to make to the United States, whether he intends to make them known to hon. members of Parliament and whether he would go as far as invite them to discuss such proposals, taking into account the interest of Canadians.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the only proposal we are making to the United States government, which we indicated to the House several weeks ago, is to remove the 10 per cent surtax. There are no other general decisions that we are trying to get from them.

As the Secretary of State for External Affairs said a few minutes ago, a lot of issues are discussed throughout the year with the United States, as well as with other countries by the way, and we always keep the House informed in due course.

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[*English*]

WELFARE

PROVISION OF EMERGENCY FUNDS TO PROVINCES TO PAY INCREASED COSTS THIS WINTER

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is directed to the Prime Minister. As a survey of Ontario welfare offices indicates another significant increase in the welfare rolls this winter caused by unemployment, and in view of the statement of the Minister of National Health and Welfare about unemployed employables on welfare, is the government considering providing emergency funds to the provinces to finance increased welfare costs this winter?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is no announcement I can make in that regard at this point. If the government had any plans of that nature it would discuss them with the provinces when we meet and make the plans known to the House at the same time.

Mr. Ryan: Mr. Speaker, is the Prime Minister agreeable to having provincial welfare costs on the agenda of the forthcoming first ministers' conference?

Mr. Trudeau: If such is the desire of the provinces, Mr. Speaker, the federal government would, of course, agree to establishing an agenda which the provinces wanted.

Mr. Speaker: Orders of the day.

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BUSINESS OF THE HOUSE

Mr. Baldwin: Mr. Speaker, I would if I could ask the government House leader what he intends to do today in view of the fact that on Friday last the government's legislative shopping list was a little unclear?

Mr. MacEachen: Mr. Speaker, I am still a little unclear as to the long-term prospects. It had been my intention today to move a time allocation order under Standing Order 75B in respect of the grain stablization bill. If that order were passed, as I think it might be, it would bring an end to the debate this week. However, my readiness to move that time allocation order rests on the assumption that we can get the parties to agree to postpone the court action that is to take place in Saskatchewan tomorrow. If we are assured that an adjournment of that action could take place, then I would move the time allocation order later today. Of course, if an adjournment is not possible I think the government would have no alternative later today than to make payments under the Temporary Wheat Reserves Act. However, I am still waiting for final word on the outcome of the efforts to arrange an adjournment among the parties to that court action. With that background and with the expectation that we might be able to move that time allocation order later today, I would advise my hon. friend that we will take the tax bill as the first item this afternoon.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I wonder whether I might ask the government House leader to make one point clear. The hon. gentleman referred to an agreement among the parties. An agreement among the parties in this place usually means among the four political parties represented here. I think he should make it clear that the use of the phrase "the parties" in this case refers to the applicants at Regina and the Minister of Finance (Mr. Benson), who is the respondent.

While I am on my feet, may I say that the minister has indicated he would be prepared to move a time allocation order under Standing Order 75B. Of course, that implies he does not have unanimous approval for such an order but only majority approval. That is quite correct. I have not agreed, for we do not feel the House should be put under the gun in respect of this matter.

Mr. MacEachen: Mr. Speaker, I just want to assure the House that I agree with the definition of "parties" as given by learned counsel on the other side.

Mr. Speaker: Orders of the day.

[Mr. Trudeau.]

• (3:10 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Friday, October 8, consideration of the motion of Mr. Gray (for Mr. Benson) that bill C-259 to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act, be read the second time and referred to the committee of the whole.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, there are some points regarding this bill I should like to call to the attention of the House at this stage on second reading. We are discussing an immensely complicated piece of tax legislation. The bill is very complicated, very detailed and very dry. One would have to admit, consequently, that the discussion of this bill is not exactly going to grab the Canadian people.

Nevertheless, the contents of the bill are of tremendous importance to the Canadian people and indeed to the whole future of this country. The most obvious reason is the immediate and long-term effect that this legislation will have upon the pocketbooks of individual Canadians. This is important because it involves the freedom of choice of the individual, his ability to spend his money as he desires, the proportion of his earnings he will have to give to the public treasury for public purposes and the proportion he may be allowed to keep for his own priorities. We of the official opposition have been saying from the start that as a result of the rapidly increasing proportion the government intends to take even from the relatively low wage earners, as their earnings may go up because of inflation or because of an increase in their salary for other reasons, most Canadians would rather quickly find they will be paying more rather than less to the government of Canada.

The sleight of hand trick may well have an effect for a few months or even for a year or two, but the whole thrust of this tax package is to get more money from the low or relatively low income workers. That is what we have been denouncing and continue to denounce. However, beyond the impact on individuals there is another aspect of taxation which affects the whole economy, its capacity for growth, its capacity to adapt to changing conditions in the country and its capacity to adapt to changing conditions in the whole world. The question we must ask ourselves, and ask the government, is what does this proposed tax package really accomplish in terms of the health of the whole Canadian economy. What do these changes do, for example, to help us fight the battle against massive unemployment in Canada. What do they do to help us in the battle against inflation. What do they do to improve or even maintain our trading position in the world, where all the established trading patterns are under attack as they have not been for a long time. The answer must be that this present tax bill is irrelevant to the solution of these problems. That is the best answer one could give.

The most optimistic answer one could give is that this tax bill is irrelevant to the fight against inflation, the fight against unemployment and the fight to enable the Canadi-

an economy to adjust to world trading conditions. Indeed, as I say, that is an optimistic point of view to take as I shall indicate in a few moments. Even the government does not pretend that these proposals, if they should be applied at the beginning of next year, would have any real effect on unemployment. That is, they would not in any way reduce unemployment. It is just as well the government does not claim this, because it would be laughed out of court if it were to try to do so. The government does not claim these tax proposals will help in the battle against inflation, that is clear; and once again it is just as well because they could not make any case. As for the present trading position in Canada and Canadian industry, especially with regard to the United States, the relevance of these proposals has not been laid out. It is clear to all of us who have sat in this House and who have lived in Canada for the past number of months that the country is faced with tremendous problems, problems which are immediate and problems which are right here in front of us as well as problems which we see stretching out into the future.

Let us not forget that tax policy, both long and short-term, inevitably has an enormous impact on our present and future economic performance in Canada.

Mr. Côté (Longueuil): Order, There should not be a caucus in the House.

Mr. Speaker: Order. I regret to interrupt the Leader of the Opposition, but I suggest to hon. members who want to have party caucuses that they should have them outside the Chamber.

Some hon. Members: Hear, hear!

An hon. Member: Shame.

Mr. Stanfield: Maybe it is not just the country that is faced with tremendous problems, I don't know, Mr. Speaker. In any case, the country certainly is faced with tremendous problems. That is why these proposals should be relevant, and why it is so tragic they do not seem to be relevant to these urgent questions. What has in fact happened has been that the legislation has been presented to us in sort of a vacuum. It was as though the government decided it could make these decisions in some kind of air-tight compartment, regardless of changing conditions outside the compartment.

I reject that concept with all the force I can command. What we should be doing is taking steps to create a tax arrangement that will help us find our way in the world as it seems to be evolving.

Some hon. Members: Hear, hear!

Mr. Stanfield: What we should be doing is finally setting our goals in terms of employment, in terms of price stability and in terms of trade expansion. On that basis, we should be working out tax policies to fit our problems to these conditions and ensure the viability of our economy. That is what this bill fails to do. And that is what this government notoriously has failed to do in its tax policy and for that matter in the other policies, if any, it has been pursuing in the field of economics. The plain fact is that we believe the tax bill is irrelevant to the many serious problems of today. That is the most charitable thing one could say about the bill. That is its basic weakness and that is why I find it almost incomprehensible that this government is insisting that it should have priority at this time. This is not merely a confusion of priorities. It is not just a simple mistake in judgment. It is in fact an admission by this government that it has nothing relevant to say or propose to the Canadian people at this time.

Some hon. Members: Hear, hear!

Mr. Stanfield: It is in fact an admission that this government has no policies to deal with the problems of unemployment, inflation and trade. I do not need to take the time to indict the government. The government has indicted itself. I said that at best the bill is irrelevant in respect of these problems which face us. When the bill was drafted and presented to the House the economic context in which Canada found itself appeared then to be markedly different from the context in which we find ourselves today. It is true we had very heavy unemployment, despite all the predictions of the Minister of Finance (Mr. Benson), but at the time the bill was introduced our exports were doing quite well. It was the unsatisfactory rate of growth in the domestic sector that was generally considered to be causing the unemployment. Indeed, our exports have been expanding because of the expanding economies of our customers.

• (3:20 p.m.)

At the time when the tax bill was introduced I suppose the darkest cloud that was visible on the horizon was the much discussed entry of Great Britain into the Common Market, and the very real and very justified concern as to what this might do to some of our exports. This was the darkest cloud visible on the horizon so far as our exports were concerned. Then, as we know, in mid-August President Nixon announced his new package. We all remember the surtax that was imposed, the visit of two of our ministers to Washington, and the rumours and speculation as to matters between our two countries that the United States wished to see changed. We now know that the Secretary of State for External Affairs (Mr. Sharp) had requested a bill of particulars, so to speak, with regard to the removal of the surtax, but this has not been received. However, there has been a great deal of discussion in the press and elsewhere as to matters for which the U.S. may be pushing in terms of long-term and fundamental changes in the trading relations between our two countries. These suggestions have not only come in the press, indeed they came from the Prime Minister (Mr. Trudeau) himself as well as from the Secretary of State for External Affairs.

On September 23, the Prime Minister expressed concern that while he believed the United States was

> . . . legitimately just trying to correct their adverse trade balances, that they are really trying to solve their near-crisis in their balance of payments, and that they are attacking it in a very drastic way. I do not think that the U.S. is deliberately trying to beggar its neighbours and make this into a permanent policy. But if it is—and you know this is your question—if it is, we will have to have a fundamental re-assessment of our whole economy.

More recently, on Sunday last, the Secretary of State for External Affairs, in a television program, gave similar information. He was asked a particular question, and he said:

> Yes, I'd like to know too, I'd like to know the answer to that.

That is, whether there is some fundamental change in our economic relationship under way. He said:

No, what you have to do is to react to particular changes and if a pattern begins to emerge then you know that there is no return to the old sort of relationship that existed before August 15 so that it's an ongoing process and this is one of the reasons why in the government we have decided to have a look at the options because we can't wait until we are finally sure what the American position is going to be. We must have done a good deal of thinking in advance so that at least we are prepared to take appropriate action.

I quote the Prime Minister and the Secretary of State for External Affairs in order to indicate that for some reason the government of Canada has some concern that there may be under way a long-term change of some sort in the trading relations between Canada and the U.S. Both the Minister of Finance (Mr. Benson) and the Secretary of State for External Affairs have referred to the need for Canada to consider her alternatives. I will not take the time of the House to read the statement made by Mr. Petty, the under secretary of the Treasury or to speculate about how much truth there might be in the story in the Chicago *Tribune*. These have been discussed earlier today and on previous days in the question periods, but I think it is quite clear from what the Prime Minister, the Secretary of State for External Affairs and the Minister of Finance have said that they are concerned about possible changes in the trading relationship between Canada and her biggest customer, the U.S.A.

Therefore, I suggest that it hardly makes sense to consider a tax bill now which involves a complete new package. It involves a vast change, a reform in the law, if you like, relating to the taxation of the incomes of corporations. It involves, of course, changes in personal income tax schedules and exemptions. It makes a lot of sense to consider these, and I am not suggesting that they should be dropped, but in terms of this vast new structure of taxation of companies, partnerships and business profits generally, I suggest that this whole structure may need substantial revision, even in the eyes of the sponsors of this bill, when the smoke clears and our position vis-à-vis the U.S. in terms of trading relationships becomes clearer. Even those who sponsored this bill last spring may themselves come to feel that this is not the appropriate kind of tax structure for Canada to have in the new circumstances which the Prime Minister, the Secretary of State for External Affairs and the Minister of Finance have said may be evolving. They have all expressed the hope—and I hope their hope is justified—that any fears they might have would prove groundless.

However, it is hardly sensible for the House to proceed with this tax structure as if nothing at all had happened in view of the quite disquieting statements that the Prime Minister and senior members of his government have made in public. We have the U.S. surtax on many of our exports to the U.S. We have tax changes now before the U.S. congress, including the so-called DISC program. We have the statements of our own ministers that in view of all these things there may be a need for a fundamental revision of our relationship with the U.S. in terms of trade. If this is so, I could say a good deal about the kind of commentary that this deterioration makes on the kind of policy that the government has been pursuing with regard to the United States, but that is not my point today.

[Mr. Stanfield.]

I do not rise today to criticize the government in connection with the Canada-U.S. relationship, since there will be another opportunity to do that. My point is that these changes to which the Prime Minister and the ministers have referred may require a quite different approach to business taxation, especially with regard to companies, partnerships and individuals engaged in the exporting business. Premier Davis of Ontario made this point very effectively I think toward the end of last week. It might be said that whatever changes prove to be necessary in any newly evolved international context, whatever that may be, such changes can be made by special legislation in time. If the changes under way are anything as fundamental as the Prime Minister and the Secretary of State for External Affairs have suggested, changes which would require a complete new rethinking of our whole relationship, then the changes in our tax structure to meet this situation may need to be very far reaching. Indeed it might be much more advisable for us to approach this question, and any new stance we wish to adopt by way of incentives, in terms of our general tax reform legislation rather than in terms of special taxation which might attract undue attention and, in the eyes of our competitors, look like a subsidy of some sort.

• (3:30 p.m.)

This bill is enormously complex, especially with regard to small corporations. I do not think anybody will deny for a minute that it will take quite a bit of time for a small company to get used to it. The small businessman will need quite a bit of advice for tax consultants on a continuing basis to learn how to operate satisfactorily in the new milieu that this tax bill would create. In view of its complexity, in view of the difficulties it will create, the added difficulties in the lives of business people at this time, it is not the sort of thing the House should enter upon lightly.

I suggest it does not make very much sense for us to be asked by the government to consider a bill of this complexity at this time if in fact the government is considering other options with regard to Canada's trade stance in the world. If the government feels it is compelled at this time to consider other options with regard to trading policies generally, then it is pretty likely to feel compelled to consider other options with regard to taxation policies, particularly as they effect industries and companies engaged in exports.

I must also remind the House that the Science Council has become so concerned with the plight of the technological sector of our manufacturing industry that it felt it was necessary to produce a special interim report, particularly in view of the deterioration that has taken place in the position of our technological industries within the past two or three years. The Council has emphasized the pressing need for an industrial strategy which, it says, is nonexistent at the present time.

I ask the Minister of Finance who sponsors this bill in the House, is the government of Canada going to develop an industrial strategy, as recommended by the Science Council, and will tax policy play any part in that industrial strategy? The Science Council does make a brief reference to tax policy. Indeed, it expresses the hope that things might be a bit better under the proposal related to half capital gains and allowance for half capital losses. I

assume that when the Council speaks about things being better it is speaking relatively, in comparison with what conditions would have been under the white paper proposals, because the Science Council refers very emphatically to the unattractive climate for investment in manufacturing in Canada today.

When I asked the Prime Minister some questions about the Science Council recommendations, he seemed to be a little bored with the whole thing. I do not think any Canadian could read the interim report of the Science Council without sharing the great concern that is expressed quite eloquently by the Science Council. The Science Council says that an industrial strategy is needed. Is tax policy to be a factor in that, because it is certainly not taken care of in this bill? I have referred to the complexity of the bill, to the difficulties that will be added to the ordinary normal difficulties of people in business, particularly those small businessmen engaged in exporting.

In view of the complexity of the bill, in view of the call for a new industrial strategy—a strategy which the Science Council is convinced does not exist—in view of the hints, or at least the concern expressed by the Prime Minister and by senior ministers that we may need to engage in a whole review of our trading position, in the light of all these circumstances why does the government try to push this bill through in all its complexity at this time? Even assuming, as I do, that the provisions in the bill were considered appropriate in the eyes of the sponsor, I think they can hardly be considered appropriate in the eyes of its sponsor today. I suggest, indeed I request, that the Minister of Finance bring in a bill that does justice to the needs of individuals, that is, with relation to tax deductions to the ordinary taxpayer, tax deductions for senior citizens, for the blind, a bill providing for exemptions; in other words, a bill designed to meet the needs of the individual for a more just personal income tax system.

Surely, Sir, it is important that the government of Canada and the people of Canada get a clear view of our position in the economic world as it exists, and obviously none of us is very clear at the moment as to what that world is. None of us is very clear as to what kind of a world Canadians will be doing business in, and surely it makes sense not to push through a very complex bill, a complete tax reform relating to commercial activities when apparently the future is so obscure to the Prime Minister, to the Minister of Finance and to the Secretary of State for External Affairs.

Let us provide justice for individuals in terms of their personal income tax problems. Let us provide that kind of justice, but let us not change the general tax system relating to companies and partnerships until we know the context in which we are dealing and operating, until we know the industrial strategy that the government intends to bring forward. It will then be appropriate to deal with it, but not necessarily through a bill such as we have today, but a bill that we will be able to discuss in terms of the actual context within which Canadians will be operating. I suggest that it makes very little sense for the Minister of Finance to try to jam this bill through at this time when he cannot possibly know, in view of what he has said and of what the Prime Minister has said, the conditions under which Canadians will be trying to do export business.

• (3:40 p.m.)

Mr. David Lewis (York South): Mr. Speaker, I enter the debate at this stage with a speech, which I hope will not be very lengthy, for three reasons which will become evident as I continue.

When the government informs Parliament and the people of Canada that it is engaged in a total reappraisal of its economic relations with the United States which may, as developments occur, become necessary, I think the whole sense of the bill before us becomes rather obscure and difficult to understand. I suggest to you, Mr. Speaker, that there is no way in which such a reappraisal, if it is taking place in the ranks of the government and if it results in some new direction of government policy, can be achieved without affecting the tax structure of Canada.

The tax measures now in this complicated and unreadable bill—I challenge anyone to read this bill in the course of a week and understand at least half of it—really concern in part our economic relations with the United States because they still give emphasis to the resource industries; they still make important tax concessions to the large foreign controlled corporations that yank Canada's wealth out of the ground and ship it elsewhere. That, Mr. Speaker, is one of the basic facts of the present tax bill. As was said during the debate on the budget by members of my party and the hon. member for Duvernay (Mr. Kierans), the general thrust of the proposition of the government is to continue to tax the large corporations and the resource extractive industries lightly and to continue to tax ordinary Canadians heavily. That imbalance, that inequity in the tax system, is directly related to our economic relations with the United States. It is obvious that when one gives corporations that have their headquarters in the United States continuing tax concessions, one invites them to continue controlling our economy and indeed to increase that control.

Therefore, Mr. Speaker, I say, since it is my wont to speak pretty frankly and strongly, that the government is not being frank with us when it says it is reappraising our economic relations with the United States and when it says that, it is just talking about something that is a theoretical, academic exercise undertaken by the mandarins and their assistants in the various departments as a matter of regular routine rather than as a matter of meaningful reappraisal of our position vis-à-vis the United States. Either that is what is happening or the Secretary of State for External Affairs (Mr. Sharp) was boasting about something that is not really the case, playing games with words and with the people of Canada. Either that is the case or the government must withdraw the tax bill now before us and look at it again in the light of any reappraisal that is really taking place in government ranks.

That seems perfectly logical to me, Mr. Speaker, because no reassessment of our economic relations with the United States, no program of action and policy following such a reassessment that changes the direction of Canada's economy, that I can conceive of would not involve the Minister of Finance (Mr. Benson) and his tax

measures. Any such reassessment must involve some changes in the tax structure vis-à-vis individuals, vis-à-vis corporations generally and vis-à-vis foreign owned corporations in particular. Again I emphasize, I cannot imagine it resulting in any policy which would not require a new kind of tax approach to the resource industries. We have emphasized again and again, and I merely restate it as briefly as I can without the details, that the continuation of the forgivable taxes, the deferred appreciation, the speeded up exploration costs, the speeded up depletion allowances and the deferred taxes on resource corporations in this country is an iniquitous provision both because it is inequitable in the tax structure and because it continues to sell out Canada's economy to foreign corporations, mainly American.

One cannot discuss this bill without dealing with the over-all economic situation that faces Canada. In fact, Mr. Speaker, I feel we are being a little like Alice in Wonderland discussing a huge unreadable and almost unintelligible tax bill at a moment in our economic history when we have had far too high unemployment for the month of August and a threat of massive unemployment in the autumn and winter months. I feel that the government is making this Parliament deal with a subject that is not immediate, which, as far as I am concerned, will have value mainly for the corporations some time hence, when what we ought to be dealing with is the immediate concern of unemployment in Canada and the dreadful—I repeat, Mr. Speaker,—the dreadful situation that the workers of Canada are likely to find themselves in during the next two or three months and for some months to follow. We are told all the time by the Minister of Finance and the Prime Minister (Mr. Trudeau) that the government is in the process of working up a program to create jobs this winter and then, there is this delay. Mr. Speaker, I say to the government and the Minister of Finance who is here, that I cannot understand the reasons for that delay. I cannot see anything ahead but great trouble and hardship as a result of that delay.

In answer to a question which I put to him the other day, the Prime Minister said in effect that there are many things the federal government can do on its own on the question of employment this winter. He did not say that is what it is going to do, I appreciate that. He did not say the program it was discussing was going to be exclusively one that should be implemented by the federal government alone in every respect. However, he did say—which is sometimes his wont—what I said which did not answer the question at all. Since then, I have tried to think and understand what the federal government could do to create jobs this winter without the participation of municipal and provincial governments of Canada.

One of the things the federal government could do, Mr. Speaker, is to introduce some meaningful and sizeable tax cuts immediately, affecting the low and low middle income groups in this country. It could do that without consultation with the provinces and the municipalities. I say to the Minister of Finance that this should be done and it should be done immediately. If the government were to come forward with a program to seek tax cuts in addition to those proposed on an inequitable basis in the present tax bill, I am sure that all members of the opposition—and I can speak for members of my own party—would pass such a bill if it had the effect of cutting taxes for the low and middle income groups in Canada with the least possible debate and in a short time. The purchasing power of the people would thereby be increased immediately for the purpose of stimulating the economy in a very short time. Of course, there is always a time lag between the date tax cuts take place and when their effect is felt on the market and on the economy. We, in our party, would be willing to consider that kind of proposal with the least possible debate, unless it were as horrendous in its inequity as some other proposals which have been produced by the Minister of Finance. Obviously, he does not intend to do any more than is suggested in this tax bill. Otherwise, I cannot understand why he would not already have told us that he intends to make the necessary amendments to the necessary clause of the tax bill in order to produce those tax cuts without delay.

• (3:50 p.m.)

The other thing that I suppose the federal government could do on its own would be to spend some money on its own public works programs. It could build some more fancy, federal office buildings—at least that would produce some jobs. Yet I want to argue this afternoon that I am not interested in make-work proposals. There are necessary things that must be done for the welfare of the people of Canada, and any program of winter jobs ought to be directed towards those objectives.

Even the large amounts of money which might be spent by the Department of Public Works or some other departments of government in connection with programs that the government could undertake would obviously not create many jobs in Canada. I therefore assume, and perhaps I am naïve in making this assumption, that any programs for jobs this winter announced by the federal government would include, no matter what else it may or may not include, some money which is to be made available to the provinces or municipalities with respect to various works that the provincial and municipal levels of government may carry out this winter and start immediately. I hope that assumption is correct. If it is not, we will not get a program from the government; we will get a shadow. We will merely get useless suggestions from the federal government for work this winter because the provinces and municipalities will not be involved. I say that because the area in which the federal government, by itself, can produce jobs is so narrow that it will not even touch the issue of unemployment this fall and winter.

I must, therefore, assume, and my colleagues may disagree with me for being so generous, that the government is not unintelligent and that it is sufficiently intelligent to know that it must bring the provinces and municipalities into the picture for any valid, useful and large job creating program. If that is the case, Mr. Speaker, I say to the government that its failure to call an earlier conference on the unemployment question, and I do not care whether the conference was to have been between ministers of finance, treasurers or heads of governments across Canada, was unforgivable. The government ought to have called an earlier federal-provincial conference. Its failure to call that conference last month or, indeed, within the next few weeks, for the purposes of working out collectively a program that would create a massive number of

jobs this winter, constitutes a betrayal of its duty to the people of Canada in view of the present unemployment situation and the unemployment situation that is to come.

The Prime Minister has tried to blame other first ministers for the fact that an earlier conference is not being held. According to my reading of the situation, and I have seen the correspondence that has been made public, this government has never asked for and never called a conference to deal with the unemployment situation. The discussions were to be on general economic subjects. If the government intends to make a proposal, present a program or offer some finances in order to create jobs this winter which will involve implementation in part or in whole by provincial and municipal governments, then the present delay on the part of the government in announcing its program is reprehensible. I cannot see how provincial and municipal governments can make ready their plans for jobs in November, December, January and February, if they are not told how much money the government of Canada will make available for that purpose. It should make that known before the end of October, and we are now in the middle of October. The delay, in my humble view, is unforgivable. In my submission, it indicates a hesitation on the part of the government in dealing seriously with the unemployment situation that faces us now and will become more serious in the months ahead. This again indicates the government's failure to consider in human terms this problem affecting millions of Canadians, and its failure to deal sensitively with this massive unemployment situation. It has failed to display the sense of urgency and emergency which the situation requires.

There are no magic ways for dealing with the unemployment situation, Mr. Speaker. Nobody can wave a magic wand and settle these problems. As we discuss this tax bill, the changes in the tax structure which are being made and the inequities which still remain, I wish to put forward some suggestions which I believe are important. First, the government must present a program that will guarantee at least an additional one quarter of a million jobs during the four or five months of winter. Any program that provides additional work for fewer than a quarter of a million of our people will not scratch the surface, since in all likelihood our unemployment this winter will reach well over the half million mark, and perhaps come closer to the three quarters of a million mark, both because of the internal economic situation and because of the reactionary, protectionist Nixon policies of the United States. That is the first point I make, Mr. Speaker. At least a quarter of a million additional jobs must be created by any program that the government will propose.

My second point relates even more directly to the tax bill before us. If it becomes necessary in some way for the government to find the funds which will be necessary for carrying out my suggestion, the government has the responsibility of doing so. My studies and inquiries have shown me that this kind of program cannot be accomplished without a massive injection and expenditure of funds. I am talking of amounts between three quarters of a billion dollars and one billion dollars. Any program that is smaller than that will no more than scratch the surface of the unemployment situation, merely raise the expectations of people which will not be realized and again betray the desirable as well as justifiable hopes of the Canadian people. They hope that something will be done. I submit that much of this money ought to go into an increased housing program. It ought to develop, particularly, low cost housing both for renters and for those who may be able to buy a house if the down payment is reduced sufficiently, if interest rates are reduced sufficiently and if the income to which the house purchase is related is made more reasonable and practical, in the light of the present situation. I am sure everyone here will agree with me that nothing can create jobs more quickly, and even here there will be quite a time lag, than a massive housing program.

I am aware, and I want to say it before anyone else does—although perhaps nobody else will bother to say this—that housing starts this year have been running at an annual rate of around 220,000, 230,000 or 240,000 units.

Mr. Benson: I think the rate was at better than 250,000 units as of last month.

Mr. Lewis: It may even be 250,000 units. That performance is much better than the performance of recent years. I do not deny that. I suggest to the government, none the less, that it ought not to be complacent about this, because the need for housing is away beyond 250,000 new units per year. The need for housing is so great and urgent in many parts of this country that you could create jobs this winter and meet the pressing need of the Canadian people. That is what I meant when I objected to any criterion that created jobs by make-work programs, by building unnecessary buildings and by erecting buildings that are fancier than the situation requires. That is throwing money away even though it may create jobs. As far as the social good for Canadians is concerned, that does not accomplish anything. Building homes, renovating homes which are now unliveable, creating an environment for the Canadian people in which they can live in decency, providing day care centres for working mothers or fathers, providing necessary parks for the children of Canada and necessary facilities for amateur sports in this country will not only create jobs, but meet urgent social needs in this country. That is the kind of program for this winter that my party suggests the government ought to propose before long. It is too late already.

• (4:00 p.m.)

Some hon. Members: Hear, hear!

Mr. Lewis: The long delay in making the payments under the Temporary Wheat Reserves Act is related to the economic situation, the tax situation and the unemployment situation. The financial bind in which the farmers have found themselves for the past couple of years has directly resulted in lay-offs at equipment manufacturing plants in Brantford, Toronto and elsewhere in this country. If the government had not broken the law as it did, without conscience, but had paid out the money under the Temporary Wheat Reserves Act when it should have, many farmers in western Canada would have been able to buy equipment and parts and the workers in eastern Canada who produce the equipment and parts would not now be walking the streets in idleness. That, too, is a

matter which is the responsibility of the government and greatly adds to the unemployment rolls in this country.

Fourth, with regard to the whole economic situation which faces us, any plan for jobs this winter must not merely turn over large sums of money to some agency. There ought to be careful planning. I again plead with the Minister of Finance and the Prime Minister that they call without delay a meeting of whatever representatives of all the governments of Canada can get together in order to set the policies and programs governing winter employment, jobs on the scale to which I have referred. The time is long overdue to get out of the constitutional straitjacket into which the Prime Minister has put himself, that is, merely because the municipalities are constitutionally the creature of the provinces he cannot take steps to have the municipalities participate in this kind of conference.

Some hon. Members: Hear, hear!

Mr. Lewis: This is nonsense. Anyone who knows Canada knows that one of the areas in which it is possible to do job creating and socially useful work in winter or, in fact, at any time of the year, is the municipalities of Canada. They need a lot of help. Whether it be sewers, streets, urban transportation or the fight against pollution that requires waste treatment plants, most communities in Canada, large and small, do not have any or sufficiently modern and effective plants. The areas of municipal involvement, housing, community planning, renovation of houses all involve the large urban centres and large urban regions.

I have studied the constitution, and over the years I have studied the cases affecting the constitution. I have not seen anything in logic which prevents the federal government from inviting representatives of the federation of municipalities of this country to be present at a conference which will discuss the priorities governing the creation of jobs this winter. They should be there, and not just the provincial representatives.

Some hon. Members: Hear, hear!

Mr. Lewis: These are some of the things that can and ought to be done without delay.

In conclusion, Mr. Speaker, I suggest that a general discussion of the tax bill looks almost irrelevant at this point. If the Minister of Finance wants to be relevant to the present situation in Canada, the threat to Canada's economy and Canada's employment picture from the employment policies, he ought to make immediately some decisive changes in the bill before us. He ought to propose immediately some massive changes in the tax structure as far as it affects the low and middle income groups. He should reduce the tax burden on them without delay. Indeed, this should be effective from the beginning of this year, January 1, 1971.

Then, Mr. Speaker, in order to make the tax bill have any relevance to the present economic situation in Canada, the minister must deal with those clauses in the bill that continue to give, as I have already said, the inequitable, undesirable Canada sell-out tax concessions to the major foreign-owned resource corporations in this country. That has to be adequate if there is to be any meaningful reassessment of our economic relations with the United States.

Finally, Mr. Speaker, this bill can be more relevant only if the government, either through the Prime Minister, the Minister of Finance or any other minister, because as far as I am concerned they are all equally competent—it is difficult for *Hansard* to hear the quotation marks around the word "competent" as I enunciated it—presents a program for jobs this winter. The delay is already far too long. It is unforgivable that it has been delayed even this long. If it is delayed more than a day or two beyond today, the government will again carry the responsibility for a winter of misery, hardship, insecurity and dislocation for a large section of the Canadian people from coast to coast, particularly in the disadvantaged areas of this country such as the Atlantic provinces, parts of Quebec and other parts of Canada.

Before I resume my seat, Mr. Speaker, if the government has a program for jobs this winter, I plead with them not to delay it any longer. Let us hear about it, not because we are curious to know what it is, although we have a right to that kind of curiosity, but unless it is announced immediately and gives the provinces, municipalities and private organizations, if they should be involved, the necessary time to make the plans and arrangements, the program will be less than a success, perhaps even a total failure.

• (4:10 p.m.)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, the legislation now being discussed has undergone a very long period of gestation. Indeed, in the normal course of things, natural gestation lasts approximately nine months, but that of this pretty legislation, which has a rather impressive thickness, is the fruit of some ten years of labour. And I am convinced that this House does not expect—especially not this government—that it may be passed within a few hours.

I should like, during the few minutes put at my disposal, to review the aspect of this bill which concerns particularly credit unions and co-operatives. That is a most interesting field for us and one that we must consider seriously so as to analyze the legislation now being considered and, if it is passed by this House, to determine its consequences and advantages, if required, so as to make the best possible use of it.

Obviously, the movers of this very complicated legislation should give much more explanations about it so that the interested parties may know its true implications. First there is the whole population, if we think of the important changes brought to the personal income tax act. Then there are the corporations, companies, industrialists, business firms and especially co-operatives and credit unions whose taxation system is running the risk of being radically changed. It is important to look particularly into the amendments suggested for these institutions in this piece of legislation as well as into their demands regarding the system contemplated by the government.

Let us deal first with the co-operatives. We see that the government has introduced two new essential elements in the present taxation system, namely: the principle of capi-

tal employed, and new limits on the payment of dividends or refunds.

In practice, for the calculation of the taxable income, the profit, after deduction of dividends or refunds to members, shall not be below 5 per cent of capital employed (i.e. 5 per cent of assets less liabilities), this 5 per cent limit to be reduced only by the inclusion of the amount of interests paid to members. Let us point out that the 3-year exemption period allowed to new co-operatives is completely eliminated.

Under the present system, the limit is not 5 per cent, but 3 per cent, and it allows co-operatives to pay their members, as dividends, a greater part of their profits. Moreover, it is possible to deduct from the 3 per cent, in addition to the interests paid to members, all kinds of interests except those paid to banks and credit unions.

If the legislation is passed as drafted, a greater part of the profits of the co-operative itself will be taxable at the same rate that applies to ordinary corporations, that is 50 per cent, except, of course, for profits under $50,000 that are taxable at 25 per cent, as previously provided.

Therefore, for the same amount of profits reported by co-operatives throughout the country, the government will be able to get significantly higher revenues, while showing no concern about penalizing this way, first, the co-operatives as institutions by depriving them of an important part of the resources they urgently need to expand and, secondly, the hundreds of thousands of members whose individual and collective effort would have been rewarded by these new restrictions in respect of the distribution of benefits or dividends.

To get a clearer view of the probable effects of the government's proposed amendments, let us consider the example of a co-operative whose total capital is $800,000 distributed in round figures as follows: shareholders assets, $500,000; long term debts, carrying interest at 6 per cent, $300,000.

Under the present tax system, this co-operative pays income tax only on profits which, after deduction of dividends, may not be lower than 3 per cent of the total capital, the amount from which it can deduct the interest paid on its long term debt, which breaks down as follows: capital stock, $800,000; shareholders, $500,000; long term debts, $300,000.

Tax is therefore calculated as follows: 3 per cent on $800,000, $24,000; 6 per cent interest on debt of $300,000, $18,000.

After subtracting the taxable profit of $6,000 according to the present table, tax payable would be $1,500.

The situation might change considerably as a result of the propositions contained in Bill C-259. The rate is no longer 3 per cent but 5 per cent and it no longer applies to the total co-operative capital but only to the portion corresponding to the shareholders capital. On the other hand, because of the concept of utilized capital as a basis for calculation of taxable income, the co-operative can no longer deduct from that amount the amount annually allocated to service of the long term debt, and consequently the figures would be the following:

Total capital: $800,000; long-term indebtedness: $300,000, computation of tax: at 5 per cent of $500,000, $25,000; tax payable: 25 per cent of $25,000, $6,250.

The taxable amount is therefore increased by $19,000 and the tax payable increases from $1,500 to $6,500, which is over 400 per cent in the case I have just outlined. If, for purposes of normal development, a co-operative decided to provide a mid term, that is a policy for the distribution of patronage dividends, this could lead to an unfortunate situation where a variable part of the co-operative's profits would be taxable at the same time as the dividends legitimately received by its members. Obvioulsy, at the moment the possibility exists, at least in theory, of double taxation. Furthermore, a large part of the dividends are usually re-invested and thus re-integrated into the co-operative's capital and the co-operative can use those funds to buy back the shares of those members who during the year decide to withdraw.

• (4:20 p.m.)

Thus to compel co-operatives to reduce unduly the amount of such dividends could have the following direct consequence: on the one hand, some co-operatives would find it impossible to reimburse their members, and financial and administrative problems would follow, and, on the other hand, to prevent any significant development of a given co-operative which could only rely on its usual income which is absolutely necessary for normal expansion.

That example must be considered as a typical case around which can exist all kinds of intermediate conditions, according to the situation of each co-operative, its importance, its previous commitments, the size of its debt, if necessary, etc.

However, the legislators should be thoroughly convinced that the tax reform proposals of the Minister of Finance (Mr. Benson) are liable to change greatly not only the overall condition of the Canadian co-operative movement, but that of hundreds of co-operatives which have not yet reached the development level enabling them to sustain the heavy blows striken by the new taxing system, unless some of its more controversial aspects are altered.

The authorities and representatives of the various co-operative movements throughout the country have widely taken part in discussions intended to lead to a global tax reform, the principle of which is greater tax equity, so that each category or stratum of society might contribute to the activities of the state according to its respective real possibilities. Needless to say, everyone recognizes that principle and doubtless the leaders and members of the Canadian co-operative movement share it.

Still, that principle, although fundamentally sound and reasonable, must not be laid down as some kind of absolute; it would only lead to rigid positions on the part of the government, and many frustrations for a large sector of the population.

The co-operative movement, if one is to judge by the countless protests against the provisions of clause 135 and the principle of capital employed seems to be one of the main victims of this wish for unconditional tax equality. Co-operative members singled out, in particular, the following points in the bill: the notion of capital employed threatens to reduce considerably the amount of patronage dividends to be paid the members in connection with transactions amongst themselves, and therefore threatens directly the ability for a large number of co-operatives to

reimburse the social capital their members request, and indirectly their ability to expand and develop.

Any further increase in the co-operative's reserves leading to an increase in what has been called the employed capital would mean, rather oddly for that matter, that in a given fiscal year, a co-operative would find itself in the obligation of paying more in income tax although during the same year its real profits had remained static or had decreased. Now that is a wonderful system for the Canadian treasury to collect taxes even when production decreases during the year.

Instead of being forced to adopt the methods of ordinary corporations and to deduct from their taxable income the interest paid on the capital supplied by their members, the co-operatives would like to see their own operating rules respected and to be allowed to keep on distributing their annual operating surplus in the form of patronage dividends.

It must not be forgotten that co-operatives are based on principles and concepts fairly different from what is found in ordinary commercial or industrial corporations. In the first place, a co-operative is an association of men instead of being a simple converging point for capital. The factor "work" and the "collective effort" concept prevail over the notion we consider erroneous of capital for the sake of capital. Men associate to do business, to gain advantages and not first and foremost to make profits. And if the associated individual draws benefits, he must automatically and necessarily take them into account when filing his income tax return and, through the personal income tax return, the government levies the share it wishes each individual to contribute to the financing of the affairs of the state.

The co-operative system can make a large contribution to the improvement or, at least, the humanization of our present capitalist system which is so much criticized in some areas, especially by the youth which will have to accept or reject what they will have been left with by the preceding generation.

If this principle of fiscal equality, which is generally recognized and which is not endangered by any serious threat because it is accepted by everybody, is furthered too blindly and perhaps too rapidly, it would be rather surprizing to see the government commit by the same occasion serious inequities by not amending the discriminatory measures toward the co-operative movement that it is about to have passed by this House. These measures do not take into account either the characteristics or the methods particular to the co-operative associations. The new taxation pattern does not seem to correspond with their specific nature and will force them to relinquish their distinct characteristics or simply disappear as co-operative associations as such. A fiscal mechanism would be introduced in the relationship between the co-operative and its members by modifying the redistribution pattern of surpluses which is peculiar to co-operatives. Because of this mechanism, they would be forced to contravene the laws by which they are regulated.

• (4:30 p.m.)

There is here, at the very least, an obvious contradiction, all the more as the House, through the Finance, Trade and Economic Affairs Standing Committee had expressed the wish, when considering the white paper on tax reform, that while no tax concession should be granted to organizations such as co-operatives, in the future, their activities should not be hindered nor should they be heavily taxed.

[Mr. Lambert (Bellechasse).]

It is therefore a question of vested interests, and it would be prejudicial, to say the least, that in wanting to be too fair on one particular point, we were grossly unfair on other aspects of the same problem. We therefore suggest that the government, while not overlooking the basic purpose of tax reform, introduce the new taxation system of corporations gradually and selectively, unless it is willing to reconsider on the whole the first clauses of Bill C-259.

The step that the co-operatives are asked to take appears definitely too big, and many of them, not so well organized or more recent, may simply disappear, and this would kill the co-operative movement, which would not be questioned. Special consideration should be given to consumer co-operatives with rather small assets and that are non profit-making.

In addition to this progressive concept, it would also be logical to establish some selective feature, so that all co-operatives would not be on an equal footing and some effort would be made to take into account, among other things, the development level of each one, and that in this way some consideration would be given according to fair and realistic criteria, to the tendency of each to compete with corporations or ordinary commercial and industrial firms, since that is the fundamental argument brought forward by the latter.

It may be correct to state that some co-operatives, super co-ops, realize some very substantial profits on which they should be taxed accordingly, especially where they are competing with ordinary companies which do not enjoy the same tax privileges. This situation should obviously be straightened out, which is perfectly in line with the guiding principles of any tax reform which is to be equitable. But there is a risk of losing sight of this principle of equity, if the same provisions should apply fully to several hundreds of co-operatives which have not yet reached a degree of development allowing them to bear the burden of these new tax measures. In those cases we would run the risk of destroying the very spirit of the co-operative movement which it was so difficult for us to inculcate upon the people. Therefore we should not chance freezing or paralysing a basically sound and human sector of our economy by being adamant on a principle concerning tax reform.

Not only co-operatives are endangered by the measures proposed by the Minister of Finance. Caisses populaires and credit unions are running the risk of being squeezed out before long because the bill remains very uncertain about the tax system that will be applied to them. Those institutions themselves have recognized that they should, from now on, be taxed according to their profits. Anyway, they will be taxed on the same basis as corporations, which is, at a rate of 25 per cent on profits up to $50,000, and of 50 per cent on those in excess of this figure—which will be a substantial change from the non-taxation position in which they have been to this day.

However, those organizations are asking for the establishment of a basically fair taxation system—a system

which would not open the way to situations of double taxation. In this connection, it is recommended that interest paid to members, as well as the amount of compulsory reserves accumulated under provincial laws, be deductible from the income of *caisses populaires*. By only allowing deduction of so-called normal reserves, the amount of which they would set in arbitrary fashion, the federal government might run counter to well established provincial laws which set the amount of such reserves at a higher level. In my opinion, we must avoid creating such distortions in the various measures that rule the activities of Canadians, whether it concerns co-operatives or credit unions. Reducing the amount of tax deductible reserves will unfortunately oblige those institutions to pay smaller dividends to their members. Another consequence of the proposed legislation will be to force former members of credit unions to get credit elsewhere at considerably higher rates.

On the one hand, we therefore risk further choking the small wage earner who greatly benefits from the healthy operation of the credit institution to which he belongs and, on the other hand, as is the case for co-operatives, we seem to forget the judicial nature of credit unions and caisses populaires. We would thus tend to deprive them of their co-operative status to consider them as banks or finance companies. As a matter of fact, if caisses populaires enjoyed the same privileges as chartered banks, as far as creating money is concerned, I might then think they could pay income tax as banks do, but that is not the case. A caisse populaire does not have the power to create money, therefore it cannot make any profit on the creation of credit or exploit it. It can only lend its members' money. I want to point out that the shares of the members of such institutions should not be considered as the equivalent of shares in a company since they are, in principle, redeemable any time and constitute, for all practical purposes, a saving which clause 137 of omnibus Bill C-259 does not seem to recognize.

We suggest that the government specify as quickly as possible in a clearer language the points that are still obscure in some clauses with regard to the taxation system applied to caisses populaires and credit unions in order that these institutions may know exactly what they can expect from the federal tax system, even if only to help them better plan their activities on short, middle and long terms. Among the points which require clarification there are the deduction of dividends on the authorized capital before computation of the taxable income and the status of investments made by credit unions. We will have to revise as in the case of co-operatives, the concept of used capital and to remove for credit unions the obligation of doing business in a single province, as is presently the case, since from now on they will be taxed on the same basis as any other corporation. Finally, the credit unions should be authorized to invest in municipal, school board and Crown corporation bonds.

Many credit unions, Mr. Speaker, have been established at the cost of a great many scarifices on the part of initiators, because they had to cope with many difficulties, namely poverty in the parochial environment, where promoters wanted to establish a caisse populaire to serve the local population.

• (4:40 p.m.)

I can well remember the establishment of a Caisse in a new settlement even though headquarters which were authorized to decide whether a caisse could be established in such or such a parish, had dimissed the idea on account of the poverty of the people. So the promoters organized a party to raise the funds required by headquarters, to pay the expenses of an agent and enable him to proceed to the establishment of the caisse in that parish.

That, Mr. Speaker, is a proof of the confidence bestowed upon the Caisses populaires and the proof of great dedication, showing the earnestness with which people may want a credit union in their area. The travelling expenses of a responsible person, authorized to open such a caisse, are defrayed.

And that is what actually happened. That man went to the parish and the Caisse was established. For 30 years now it has rendered innumerable services to the community there and still serves it.

That goes to show that Caisses populaires are most of the time the outcome of dedication and sacrifice. That is why I deem unfortunate that this government, who have a pressing need for money, due to the wasting in many cases of public funds, should be obliged to bring forward a tax reform under which the co-operative movement, caisses populaires and credit unions are equally taxed.

As regards most of the Caisses, managers worked voluntarily at the outset of operations. More than once, I have seen a manager working full time as a voluntary worker, for a 12, 24 or 36-month period, in order that the caisse may survive and provide the services that people were expecting.

The administrators, the counsellors, the credit officials have been working and are still working without pay. Dedication alone made a success of the Mouvement Coopératif Desjardins as well as of other co-operative movements which have benefited from many people's dedication, whether they be professionals, businessmen, workers, or farmers and all of them have given their time to run those co-operatives which have rendered many services to our citizens.

I say it is absolutely necessary to take into account the social role played by co-operatives and caisses populaires instead of considering only the material aspect of the situation and therefore considering them as corporations and applying an unconditional tax levelling which would not be necessarily beneficial to the community. These organizations where a great deal of free dedication is prevailing, are moreover a guaranty of stability against the ever-increasing control of our economy by foreign big business and this is why we should not hinder them unduly. Recently, we again witnessed the dedication and enterprise of co-operatism.

Part of the Gaspe population is facing a difficult situation. Thanks to organizations like the Catholic Farmers' Union and other co-operative organizations, they want to set up a cardboard factory at Cabano to make use of the environmental natural resources, that is the broad-leaved trees, to produce cardboard since they are assured of being able to sell that production in certain European countries. This firm is presently facing a situation so difficult that the issue was raised in an article published

by the newspaper *Le Soleil* of Wednesday, October 6, 1971, and I quote:

Without the help of the government, the Cabano cardboard factory will be taken over by foreign interests.

Mr. Speaker, the factory has not been established yet and one can already foresee foreign interests taking over its operations and profits.

This is why, as I say, we must be careful before passing this bill so we do not nip in the bud those projects resulting from the initiative of people anxious to render great services to the province and the country. We must rather allow this project to become reality and make sure that those people get the services that they have a right to expect.

I hope, Mr. Spaker, that the minister will be prepared to give those thoughts due consideration and propose himself the necessary amendments. I also wish to point out to the government that it is not good for the Canadian economy to tax too heavily private enterprise for it will only discourage those who have initiative and talent for business. Unfortunately, we hear too often businessmen say, why strive to develop a business or an industry because the government takes away through taxation too large a share of those profits we have worked so hard for.

Recently the Canadian Chamber of Commerce held a congress during which its president stated the following:

The business heads must act more vigorously to avoid new legislation putting an end to their operations.

Never in the course of our history have the skills of Canadian businessmen enabling them to efficiently manage their enterprises, provide for expansion, make a reasonable profit and sustain competition been so severely put to test by legislation.

If the excessive burden and the interference of governments are not alleviated, our businessmen will no longer be in a position to exercise their main functions, that is to promote business and ensure economic development.

Mr. Speaker, here we have the president of a Canadian organization who, in very clear terms, sounds the alarm to warn all Canadian businessmen that the situation is dangerous and tell the government that it is taking the wrong direction and risks, through its legislation, discouraging, as I said a while ago, all those talented men of goodwill who really want to make their contribution to Canada's economic development. That is a warning, I might say, that should be heeded by the government.

The important question is the following: Then, how can the country's expenses be financed if co-operatives, caisses populaires and private enterprise are already fully taxed? The government needs money. Where will it get it? Here is a very wise solution, a solution that ought to be applied one of these days, and the sooner the better.

Here it is: a tax reform is more pressing than ever, but we should first have a monetary reform to modify the method of financing the public sector. Greater use of the Bank of Canada is imperative for the creation of new credits entailing administration charges only as interest, which would greatly lower government expenditures.

This afternoon, in answer to the question of my colleague, the member for Compton (Mr. Latulippe), who asked him whether he felt that the Bank of Canada should reduce its interest rates that chartered banks might lower theirs in order to give our economic activities a new impulse and reduce inflation, the Prime Minister (Mr. Trudeau) replied very candidly that the rates of interest are set by the Bank of Canada.

Mr. Speaker, is the Bank of Canada an institution of Parlement? Should it not submit itself to the instructions of the government? One may also ask whether it is subject to the whims of chartered banks. If that is the case, then neither the government nor the bank can decide, but rather chartered banks which have the privilege of controlling credit in the country and making the most of it to their advantage while penalizing everybody else.

It is against this state of affairs that we protest; as long as it lasts, it will be our duty to warn the government that they are not entirely in the right direction and if they are able then to take steps to reform or change the present institutions, we will be here to approve them.

I was listening in this very House, a few days ago, to the hon. member for Edmonton West (Mr. Lambert) speaking about an international monetary reform. I support him, but if we proceeded first with a domestic monetary reform, this would contribute to the solution of international problems.

Mr. Speaker, I would have much more to say. I could speak about taxes affecting individuals and families as such. I have no time to analyse today this aspect of the bill, but I shall come back to it at the report stage to lay down the rights of individuals and families and show once more that these categories of people are overburdened with taxes and cannot enjoy a secure and free normal life.

[Mr. Lambert (Bellechasse).]

• (4:50 p.m.)

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Compton (Mr. Latulippe)—Finance—Government attitude on negative tax formula; the hon. member for Egmont (Mr. MacDonald)—Agriculture—Potatoes—Assurance to producers respecting seed export market; the hon. member for Timiskaming (Mr. Peters)—Air Transport—Establishment of Nordair as regional carrier for northeastern Ontario and northwestern Quebec—Ontario application for regional charter.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon

the amendments to that act, be read the second time and referred to the committee of the whole.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, the debate on this tax bill is almost an anti-climax. What seemed so important this past few years, the long awaited revision of our tax structure, has been dwarfed by a single national issue, the future of Canadian-American relations. The average Canadian may not know a great deal about the complexities of international fiscal affairs, but there is no doubt that there is a feeling in the land that the Ottawa experts, politicians and mandarins alike, have critically miscalculated the United States reaction to its own problems. There has been the government's failure to solve inflation, plus the employment crisis. There has been an obvious lack of effective communication between Ottawa and Washington. This has not been helped in any way by the Prime Minister's (Mr. Trudeau) obvious hostility toward the Americans. There is substantial evidence, and it is feared by all, that we may well be led into another great depression.

The problem with this tax bill is that it is tailored to a decade that has passed. It is perhaps perverse misfortune that the tax review and tax changes have come at the beginning of the decade of the seventies. Ever since 1968 there has been slow, vague, but unmistakable evidence that equity was not the only prerequisite for tax changes. The mere scrapping of much of the white paper on taxation indicates that the government, I believe much against its will, has given some recognition to the necessity of economic growth.

What are the two most important things that have to be considered in relating the tax bill to our economic needs? The crux for Canada falls into two main problems at the internal level. The first is that Canada has the fastest growing labour force relative to population in the western world, but the cost of creating jobs for those entering the labour force is on the rise. The investment required to create a new job in conventional manufacturing is around $25,000, and in advanced, technological manufacturing around $75,000. Technological advance accelerates the investment required to create jobs with each passing day.

Much of our trouble is a consequence of a sharp rise in the birth rate a generation ago, something for which even the politicians cannot be blamed. A decade from now policies and social attitudes will need to be altered to take account of an opposite situation, a slowing of the labour force growth resulting from a steep fall in the birth rate since the early 1960's. Indeed the present taxation proposals might well be more applicable ten years from now than they are in the decade of the seventies. A perusal of birth rates indicates an increase from 1956, when there were 461,000 births, to a figure of 479,000 births in 1960, followed by a steady drop to 362,000 in 1968. So, it can be seen that there will be a large number of young people entering the labour force during the seventies, estimated by some people as between 2½ million and 3 million. Whether or not jobs will be created for them will depend on our economic system, on the stimulus that business, both private and government, can generate to create new jobs. In my opinion, the effect of this tax bill will not be nearly sufficient to have this result.

There are other interesting developments in our society that may have an influence on this group now coming into the labour market. The finding of jobs for this group will be difficult. Many may remain unemployed, or at least under-employed, for a great part of their lives. The trend towards education may turn some of these people into so-called perennial students, at least until they are in their thirties or even forties. The rise of the drug culture, and an increase in the so-called hippies or drop-outs, may be larger than usual. Indeed, it may well be that many of the people who were born in the 1950's and 1960's will never really be gainfully employed, at least in the context experience by those born prior to that time.

There is little we can do about the numbers entering the work force, unless by some control on immigration, but there is something that we could do through this bill about the second most important feature of our economy in the seventies. I refer to the enormous welfare costs that we have experienced, that we are going to experience, and that will expand even further. I think it is important to give careful thought to the proposed tax changes because it is fairly obvious that the new tax structure will have to generate the revenues to carry the welfare system. Successive federal governments have laid the foundation for and erected most of the structure of the most comprehensive and generous welfare scheme in existence. Generating the income to finance it is already straining our resources. Perhaps the awareness of this fact had something to do with the crunch issue in tax reform—economic growth versus social equity. I believe that the recognition of these two main facets of our Canadian life in the seventies has to be considered when we discuss changes in the taxation system.

The high costs of government are nowhere more apparent than in the latest official projection of Statistics Canada. This year governments collectively will claim revenues amounting to about 46 per cent of the nation's total production of goods and services, or 42 per cent if pensions and hospital premiums are excluded from the accounts. It seems that when new government departments are established, or old ones upgraded, they must produce programs costing many millions of dollars if they are to be taken seriously. Sometimes one program is put forward as a substitute for another. For example, family allowances were notably wasteful. Much of the money went to people who did not need it. Under the revision undertaken by the Minister of National Health and Welfare (Mr. Munro) they will certainly be more purposeful, and this will cost the taxpayers $150 million more the first year. Again, Mr. Speaker, the Minister of Labour (Mr. Mackasey) has taken some of the insurance out of unemployment insurance. The creation of jobs and the control of government spending will be most important in the decade of the seventies. This tax bill does not in any way recognize the needs of the decade. Even if the bill deviates from the white paper, it would appear to be far too equity orientated and not growth orientated.

• (5:00 p.m.)

There are numerous ways in which this tax bill could be upgraded into a more useful document. I would like to enumerate a few of the areas in which this legislation is deficient. The first obvious area is that of unincorporated

business. This comprises somewhere in the neighbourhood of a million to two million Canadians, and includes the many small storekeepers, the small entrepreneurs, tradesmen and farmers. The new income tax legislation absolutely ignores them because the income tax group in which most of these people would fall will be more heavily taxed than previously.

The progressive income tax is orientated to those who are consumers alone and not to those who must, after their income tax is paid, provide the capital necessary to carry on their small farm, their business or their enterprise. We have heard much about the movement of people in Canada from rural to urban areas. Because this individual, unincorporated entrepreneur is so important to rural investment in Canada, because we are a nation with a sparse population scattered over many hundreds of square miles, we must pay, economically and socially, more attention to this group. The present tax bill will do nothing for these individual businessmen and farmers, and I believe that this is a pity.

Recognition is given to some extent to people who invest in large companies by means of dividend tax credits, but nothing is changed or improved for the group of people who are the unincorporated businessmen. This is a pity because even the most rabid believer in government does not see the small, unincorporated business person or farmer as a cartel or a threat to the economic well-being of Canada.

I would point out that those people who are on salary or wages are in positions where the capital which is provided is sustained by other means than their own, and are in a preferred position as opposed to the unincorporated businessman so far as capital is concerned. These salary or wage people have the option of saving or not saving after their income tax is paid, but this is not so for the unincorporated businessman who must, out of his income after his income tax is paid, provide the capital necessary for the expansion and sustenance of his small enterprise.

This is an area in which the tax bill does nothing, and indeed with the increased tax that most people in this $5,000 to $20,000 bracket will pay as a result of the inauguration of the capital gains tax, they will be worse off than they were previously. As the capital investment needed to provide income increases, the proposed tax structure, so far as these people are concerned, is a retrogressive step. Mr. Speaker, these people should receive more attention from the country to weather the international situation which we are facing and provide a reasonable standard of living without absolute reliance on international trade and finance.

I would next turn, Mr. Speaker, to what I feel is a serious defect in the tax bill and that is the treatment of the small, incorporated business. In my opinion, the treatment accorded the small incorporated business is really no treatment at all from a tax point of view. This is understandable considering that the revenue department expected that the great bulk of the increase in revenue needed to make up for the reduction in the personal income tax would come as a result of the changes in the tax structure relating to small incorporated business. This perhaps explains why the tax department has virtually made a mockery out of the suggestions from the Parliamentary Committee on Finance, Trade and Economic Affairs which, having heard a great number of representations, suggested that the reduced rate of income tax on the first $35,000 of the profits of an incorporated business was valuable in our economy. Mr. Speaker, the new tax changes would indicate that while the government is paying lip service to an accumulation of capital by the small incorporated business it in effect is effectively preventing the function of this most important facet.

From personal experience, I know that many small incorporated businesses are incorporated solely because of the limited liability feature in the event of bankruptcy. Having studied, in a personal way, the tax structure of small incorporated businesses, I can see very little advantage in the long run, so far as taxation is concerned, in having the business incorporated if the company does not expand. It was useful for a company that was expanding rapidly and needed a fair amount of capital generation. What is wrong with the present proposals? Mr. Speaker, it seems to me that they are too complex and too vague to be of much value. If a company had a good growth pattern, and this I believe is what is needed in our economy, the owner would be discouraged from taking advantage of the reduced taxation on the first $50,000 because it would severely limit his ability to manoeuvre in the future.

I would regard this portion of the tax reform measure as being extremely retrogressive, and if the government feels that the reduced taxation of the first $50,000 of income is good for the economy on the one hand, then it has largely reversed itself by hedging this feature with so many restrictions that it will lose much of its value. If the government intends to restrict the sale of Canadian companies to foreign countries, which is synonymous with America, they are going about it in a heavy-handed way. Whatever we may decide about American capital in Canada, this particular device of preventing the sale of Canadian industry does not seem valuable. Mr. Speaker, I would suggest that the various restrictions on tax relief for small businesses are so confining that they defeat the purpose of furthering business incentive in a substantial way.

Turning now to the effect of the tax bill on Canada's extractive industries, I would like to say a few words on this subject, Mr. Speaker. Much has been said by the economic nationalists to the effect that every bit of ore mined in Canada should be fully manufactured into consumer goods before being exported. Indeed, it would seem that the economic nationalists believe that we are able to do this. They say that the great employment opportunities are in manufacturing but, Mr. Speaker, Canadian manufacturing, no matter how you look at it, is, on balance, a high cost industry. The extractive industries, the pulp and paper industry and the agriculture industry, have allowed the people of Canada to accumulate the wealth to consume the products that our high priced manufacturing industry produces. Without the exports from the resource industries, there would be a much smaller manufacturing industry in Canada than now exists.

From my observations of the mining industry and the oil and gas industry while on the parliamentary Finance Committee, I would assert that taxation is a cost of doing business. If we increase the taxes, the mining industry will contract; if we decrease the taxes, the mining industry will expand. Assuming that there is a market for the

products mined, it seems obvious that increased taxes can only be borne when the price of the mineral rises on the domestic or international market or that more lucrative grades of ore only will be mined. If the tax on the resource industries is substantially increased and there is not a corresponding increase in the price on the international market of that product, then mining will decline. There may be some argument for the contraction of mining as a conservation measure but I think it should be achieved apart from the taxation structure.

Perhaps what makes the debate on resource taxation so obscure is that the areas dependant on the resource industries are so far removed from the high population centres of Montreal and Toronto. Mining towns in my province of Manitoba, like Lynn Lake, Flin Flon and Thompson, would not exist without ore to be mined and a market found for it. On September 21, the *Globe and Mail*, reported Mr. Goodeve, Treasurer of McIntyre Porcupine Mines Limited as having said:

• (5:10 p.m.)

The tax reform package will make the development of new mines less attractive by lowering the return on mining investment. Certain marginal mines, which would be economic under present conditions, will no longer be viable under the new tax regime.

But these effects probably will not be felt immediately because the new system is to be phased in gradually. 'The most basic uncertainty regarding the new provisions relates to exploration, yet its impact will be more immediate because the investment decisions which must be made now are concerned not with the short-term but with the eventual rates of return from discoveries not yet made, which must compare favourably with investment opportunities elsewhere.'

I think that Mr. Goodeve has made a signification charge against the taxation bill and it is up to the government to prove that his statements are wrong. Similarly, in oil and gas, the proposed taxation changes have been accepted only to the extent that they are much less punitive than the original white paper.

It has been estimated that the oil and gas industry of western Canada has provided for a million more people on the Prairies than we would presently have. When it is remembered that that industry was almost completely developed with American and western Canadian capital, and that the eastern financial groups showed no interest in western oil for many years, I think we have to look carefully at the effect of increasing the flow of taxes to Ottawa and correspondingly decreasing those to the provinces. Last year the estimated reserves of oil, excluding the tar sands, in Alberta, the main oil producing province, declined. This decrease it is suggested came about largely because the White Paper on Taxation caused cessation of drilling and exploration. Mr. Speaker, we hear much of Canadians being hewers of wood and drawers of water for the Americans. By this tax bill the government has indicated that it wants western Canadians especially to be hewers of wood and drawers of water for central Canada. Although we may have our problems with the Americans, at least we can control them politically in western Canada. The same cannot be said for the Ottawa, Montreal, Toronto axis.

Now, Mr. Speaker, in its statement on co-operatives, the government has adopted a very severe attitude. It is particularly damaging to the prairie regions because of the great importance of producers' co-operatives in that area. The government's proposal will be damaging for all regions. I wish to speak mainly about producer co-operatives and about wheat pools, which are co-operatives. In order to raise the taxes that will be imposed on the wheat pools of the three prairie provinces, which are involved in grain handling there will have to be a substantial increase in the handling charges on grain. This will come at a time of particularly severe crisis in the western economy.

There are great discussions about the need for modernization of the western grain handling industry and massive expenditures would seem to be necessary for this. This particular taxation change, in so far as it effects the wheat pools, means that if the western grain industry is to be modernized, there will have to be a drastic increase in the handling charges for grain. Mr. Speaker, in effect the farmers are going to be hit by a double blow. As it is, the Wheat Pools are responsible for about 50 per cent of the grain handling volume in western Canada. In any case, the farmers will have to pay for modernization of the grain handling system by increased tariffs on grain and, as well, provide massive increases of money for the co-operatives to meet the new tax levies. As well, other producer co-operatives that provide a service to the western farm industry are similarly concerned.

The co-operatives and credit unions, Mr. Speaker, have stated their case most forcibly to the Minister of Finance (Mr. Benson), and I would hope that some reason will prevail. There are substantial ways and means by which the taxation of co-operatives could be changed. I would hope that there will be a full discussion of these clauses at the proper time, that the government will introduce appropriate amendments and at least be more reasonable with regard to its tax on co-operatives and credit unions.

There are a good many areas in the bill which, in a minor way, could be attacked. Those areas are severely restrictive of growth. I refer to areas such as depreciation allowances for buildings, which I feel are too severe, although I admit certain changes ought to have been made. These should be depreciation allowances for buildings different from those brought forward. There needed to be changes in that high income individuals have been able to buy, say, apartment blocks without any fear of having to pay tax. Yet I submit that the clause dealing with this is far too severe. The government seems to have brought forward a cannon, whereas a peashooter would have been much better in this situation. I think, as time goes on, it will be shown that clauses such as this are very restrictive and will impede the growth of small businesses, particularly in the smaller communities.

There is, however, a final and important area that I should like to talk about, namely, the proposal for the taxing of our international accounts. It would appear that the government wishes to renegotiate the tax treaties so that it can levy a tax on capital gains on defined Canadian property and offer to restrict Canada's withholding tax on investment and passive income to 15 per cent, in place of the 25 per cent provided for in the new tax legislation, in the years after 1975. The proposed new legislation significantly changes the treatment of investments by Canadian taxpayers in the shares of non-resident corporations that could be described as foreign affiliates. The present provisos regarding dividends which are deductible in comput-

ing taxable incomes received by Canadian corporations from a non-resident corporation in which the Canadian corporation holds more than 25 per cent of the voting shares would be narrowed considerably after 1975. The proposed new law provides that after 1975 only dividends from foreign affiliates in countries with which Canada has a new tax treaty will be deductible in computing taxable income. The proposed new law also includes in a Canadian taxpayer's income an arbitrary amount of "property income" with respect to each of the taxpayer's foreign affiliates. The rules are painted with a broad brush but appear quite arbitrary. The new provisions treat the "passive income" derived from foreign investments more harshly and, in effect, penalize non-operating business incomes.

The proposed law also provides that the capital gains of a non-resident will be taxable. Finally, after 1975, foreign tax credit on the investment income of individuals will be limited to 15 per cent, with the excess being treated only as a deductible expense. In view of the various moves by the United States which will encourage production and investment at home, Bill C-259 is totally inappropriate. Canada is threatening to increase the rate of withholding tax on investment and passive income to non-residents to 25 per cent, just when we need more savings and investment to replace the gap that will be left by the United States programs. Further, the proposed capital gains tax on foreign investments would be more onerous than that imposed by the United States.

Why should foreigners invest in Canada when better tax treatment is available? Canada is hoping to pressure other countries into re-negotiating tax treaties when these other countries are beset by serious global monetary problems. At this time, when it is important for Canada to establish new opportunities to make up for less investments from the U.S., we are going out of our way to antagonize alternative markets and sources of capital. We are penalizing, too, foreign affiliates of Canadian companies, so that retaliation will ensue.

Under the tax bill, foreign affiliates of a Canadian company would have their profits taxed in Canada at the same rate as if the manufacturing were carried on in Canada. This could put such corporations at a disadvantage, compared to other companies located outside Canada. If the foreign affiliate were located in country X with a 20 per cent corporate tax rate, other companies located in country X would be paying taxes at the 20 per cent rate, but not Canadian companies. At a time when virtually everyone agrees that Canada can get the required scale and specialization to compete internationally only through the development of its own multi-national corporations, the tax bill offers nothing. In fact, as mentioned previously, there are positive handicaps offered to such companies which would be severe roadblocks.

I should like to quote from John Meyer's column in the Montreal *Gazette* of October 12, 1971. He said this about the American surcharge:

• (5:20 p.m.)

On the other hand, some of the conditions—at least two of them—would be very much to Canada's advantage to acknowledge. The first of these is an end to the discrimination against foreign investors, and Canadians investing abroad, which is written into the tax reform legislation.

There never should have been that discrimination in the first place. We'd be wise to get rid of it.

He goes on with other points. This tax bill will not, in my opinion, provide adequate stimulus for jobs in Canada in this decade. It tends to favour the manufacturing industries of central Canada at the expense of the periphery of the country. It assumes that manufacturing is better than resource development per se. At a time when the countries of the world are becoming more interdependent on one another, it assumes that Canadians should look inward. Since the present federal government has its head in Montreal, perhaps it is only natural that it is carrying on a 200-year exploitation as in the days of the Northwest Trading Company, whose line extended out of Montreal through the Ottawa valley and on through Winnipeg, the Prairies and the mountains to the Pacific ocean.

This tax bill will only increase the tendency to fragmentize our country. To western Canadians, the pull of the continent is north and south. The tax bill does not recognize this in any way. Indeed, how could it, considering the authors? it is an inward looking document and will not greatly enhance the goal of a strong independent Canada.

Mr. R. E. McKinley (Huron): In taking part in the debate this afternoon on Bill C-259, Mr. Speaker, it seems that one of the major issues and difficulties facing the House at this time is the unintelligibility of this bill. There are many people in this country who do not completely understand what this bill means. I am one of those who do not completely understand all the implications of it.

As we proceed, many members will be forced to vote on provisions of a bill that is very difficult to understand. One tax consultant, Mr. Ferguson, conceded in the August issue of Canadian Business:

Most people in the business world think this law is a great improvement over the White Paper. Whether we are right or not may take years to learn. After all, we are still having appeals about the interpretation of the 1948 law. This new Tax Reform Bill will prove no easier to interpret, and without any question it will be much more difficult for the Department of National Revenue to administer.

More re-writing of the Income Tax Act is not too many years in the future.

Another specialist has summed up this bill with regard to its intelligibility as follows:

Have you been puzzled by the strange silence since Mr. Benson's tax reform Bill was published?

We really have not heard as much about the bill as we did about the white paper.

The reason is that people are waiting for the tax experts to tell them what it means. But after two months of intense study the tax experts are still stupefied with bewilderment.

Well, you may say, so the tax experts are not as clever as they thought. If they have to work a little harder, what's wrong with that? If the tax experts are suffering some temporary agony, they richly deserve it. Besides, they will be more than adequately paid for their trouble.

Unfortunately, things are not this simple. First let me explain that I am not complaining about that kind of tax reforms Mr. Benson wants to give us. I agree with most of those reforms. At least I think I do. The trouble is, I can't tell if the Bill says what Mr. Benson says it does. The Bill is so huge, so complicated, and so badly drafted that it is almost unreadable.

An example of the Bill's tortuous wording is the section describing what a capital gain is. That section, number 39, is about half a page long. As statutes go, that isn't too bad. However, after reading four lines, the reader is directed to turn back to section 3 and read in another page of type. If this were not bad enough, you are told at the same time to read section 3 as though it said the opposite of what it does say.

Rather strange circumstances, Mr. Speaker.

The explanation for this, I think, is that the draftsman, working under great pressure, took what to him was a helpful shortcut. He probably understands what he was saying. But, for several years afterwards, taxpayers, their advisers and judges will have to do these mental gymnastics a thousand times over. Little drafting shortcuts like these are going to cost the country a great deal.

I know that many will say that the tax experts are merely adding hypocrisy to their other sins by complaining. But we are not so selfish and irresponsible as to believe that an economic bonanza for us is necessarily good for the country. None of us want to be the beneficiaries of a law which imposes a higher than necessary compliance cost on the rest of society. As Canadians, we want the laws to be such that most people can understand and comply with them without the constant attendance of a professional adviser.

Everyone knows the amount of money it takes to hire professional help to complete an income tax return.

Few people realize it, but the weakest link in the legislative process is legal drafting. Statute-drafting is the least glamorous and most exacting work a lawyer can have. As a result, practitioners of the art are few, under-valued and grossly over-worked. This, combined with the pressure to get large volumes of legislation through Parliament as quickly as possible, produces many laws which are unclear.

Usually these shortcomings don't matter too much. Most statutes, after all, touch directly only a few people or, if they apply widely, affect one only infrequently. Judges, lawyers and government officials manage to make the laws work reasonably well most of the time. The nuisance and expense occasioned by flaws in a statute are rarely a major problem.

There is a difference between income tax law and criminal law, for instance, Mr. Speaker. It is more necessary that income tax law be easily understood since it affects almost everyone in the country at one time or another. It seems to me that legislation of this sort should be framed with precision and at the same time made as simple as possible. Any cost occasioned businessmen or manufacturers in filling out complicated tax returns will be added to the cost of the products they sell; indeed, there is no other way in which they can reimburse themselves. Thus, any errors or complications in this legislation will cost a great deal of money in the future. The legislation may be a bonanza for our lawyers and accountants but I expect it will cause them a good many headaches too. Many people have contended that this bill should be rewritten. In view of the attitude of the government, I do not think this is likely; the government has already proven it wants the bill passed.

• (5:30 p.m.)

The impetus for this tax legislation came from the Carter commission set up a few years ago by a former government. The commission reported in 1967 and proposed many changes. Then the government published a white paper entitled "Proposals for Tax Reform", I believe in November 1969. I am sure all members are familiar with the response made to that white paper. Thousands of submissions on it were sent to Members of Parliament and to the minister. As I recall, he had to hire staff to help him answer the submissions that were made.

The House of Commons Committee on Finance, Trade and Economic Affairs, and also the Senate Committee on Banking, Trade and Commerce, heard many submissions and held hearings across Canada on the white paper. The findings of these committees were reported back to Parliament and, I think, acknowledged to a certain extent in the legislation now before us. Certainly the minister seems to have listened to some of them. I believe he has also listened to many of the representations of Conservative members on this side of the House. Compared with the proposals in the white paper, the legislation before us is a considerable modification.

Some parts of the legislation particularly concern me and I should like to turn to these now. One concern is how the legislation will affect farmers. I should like to give hon. members a rundown on the hardships farmers will suffer under the legislation. Farmers and fishermen will still be able to compute their income on a cash basis, as they always have. They will still be entitled to use the averaging basis for computing income, which means they can average their income over any five-year period that they may choose.

Under the former law a farmer could classify his cattle as a basic herd. Any gains or losses would be treated as a capital gain or a capital loss and such gains would be exempt from tax. Under the present bill the basic herd and straight line depreciation provisions will be eliminated and livestock farmers will have until December 31 this year to establish their basic herd. Following that, any gain on the basic herd will be tax free but no new additions to the herd will be allowed. In addition, assets acquired after December 31 must be depreciated in accordance with the diminishing balance system. If proceeds from the sale of assets depreciated on a straight line basis exceed their valuation, then the amount of the excess is regarded as a capital gain.

I think this will be the greatest hardship the farming community will suffer under the new legislation. At the present time a farmer can purchase a combine or a tractor, and since it has a motor it is depreciated at the rate of 20 per cent. Therefore, in five years this machinery would have been completely depreciated. At the same time, it would retain some commercial value and could be traded in on a new machine. In turn, this would mean another farmer who could not afford a new machine could buy a used one. This was regarded as a capital gain and the farmer did not have to pay tax on the amount he realized on the machine.

Under the provisions of the new legislation the proceeds of sale will be taxed as a capital gain, and as I understand the situation the farmers will be very reluctant to trade in any machine for a new one if it still has some commercial value. This will mean that the machinery manufacturing companies will lose business and their employees will suffer. In addition, more farmers will look to custom combining instead of purchasing their own machines. I believe this will be one of the major hardships suffered by farmers under the legislation.

Other capital gains will also be subject to tax. Hobby farmers will be able to deduct only $5,000 of any loss incurred. In this regard I wish to raise a grievance with the Minister of Finance (Mr. Benson) or, more particularly, with the Minister of National Revenue (Mr. Gray).

Some tax offices want to be assured in black and white that losses claimed by farmers for income tax purposes did occur in anticipation of their making a gain. It is sometimes quite difficult for the farmers to do this and some of the income tax offices, particularly the one in Kitchener, have been very difficult in this regard. Even when reasonable proof has been furnished, the attitude of these offices has caused farmers tremendous hardship. The offices say the tax will be given back when the farmers actually show a profit as anticipated. This represents a considerable hardship for those involved.

In a general way, any advantages to farmers in respect of income tax will be wiped out under this reform, and we all know that the agricultural industry is not tremendously prosperous. It is an industry which under this government, is engaged in providing cheap food for the rest of the country. I do not believe that is a proper activity in which farmers should be engaged. They should be entitled to as much income as people who belong to unions and will not work for less than $5 per hour.

• (5:40 p.m.)

Valuation day will prove to be another difficult time for farmers. I am not sure I can be in favour of a capital gains tax in view of the situation in which we find ourselves in this country. This is a young country which requires growth and risk capital to develop in the manner we would like. Under the capital gains regulations in the bill a farmer will be allowed an amount similar to that allowed a person owning a house in the city, in accordance with the terms of the white paper. Under this silly recommendation in the white paper they were to be allowed $1,000. This simply means that a lot of people would be doing a great deal of bookkeeping for nothing.

Since the white paper and the presentation of this legislation, that condition has been wiped out for home owners. It has been left in respect of the farmer, who can have a gain of $1,000 on his house, a barn and an acre or so of land, free of capital gains tax, but pay capital gains tax on the rest of the farm. A great many farmers have more than one house and a barn, but the legislation states that only the house the farmer lives in, one barn and a few acres may be exempt from capital gains tax. The change I suggest is that all the buildings on the farm, whether they be one or two sets of buildings, four, five or 20 sets of buildings, should be exempt from capital gains tax.

An article in the *Globe and Mail* of July 1 suggested that a farmer whose children did not want to carry on the family farm would have to sell his assets and pay capital gains tax on $50,000, for example. He might then reinvest his capital in the market, liquidate three or four years later and find that so far as his investment was concerned he had suffered a loss of $50,000. In all fairness he should not pay any tax because he is no further ahead. He has paid the capital gains tax and has suffered a non-taxable $50,000 loss, therefore he ends up even. Another farmer with the same experience but in the reverse order, having suffered a $50,000 capital loss and later made a $50,000 capital gain would not pay any tax because the legislation provides that a loss can be carried forward indefinitely. This does not seem to be an equitable situation and the legislation should be revised to provide the same treatment in both cases.

[Mr. McKinley.]

My information is that one of our large wheat pools is among the few organizations which has supported this tax reform on the assumption that because farmers represent a low-income group with higher exemptions, many farmers will not pay tax. This is a very foolish way to judge the legislation. We should be making an effort to put farmers in a taxable position.

It has been suggested that the capital gains tax will hit farmers and small businessmen particularly hard because most of them, as we all know, endeavour to retire on the proceeds from the sale of their farms or businesses built up over a lifetime of hard work, and without high living. Now they are being put in a position where the proceeds from all this hard work will be whittled away by capital gains tax. It is suggested that farmers and small businessmen should have a registered retirement plan, the premiums of which should be deducted from the proceeds. We know there is in existence a registered retirement plan, but a sensible solution to the difficulty would be for the government to allow, through this tax legislation, the retired farmer or businessman to sell his assets and invest in the retirement plan before any capital gains tax is charged.

I should also like to refer to the treatment of co-operatives and credit unions under this legislation. These movements have been formed by people getting together for many reasons, one of which is to continue operations when things are difficult. Under the present income tax laws, co-operatives are exempt from tax for the first three years. That advantage will be wiped out as a result of this legislation. We can only assume we will see few, if any, new co-operatives. I do not think this will be good for Canada.

Under this legislation consumer dividends will remain exempt as long as they are distributed. Patronage dividends on production goods can be considered as exempt, but the goods must be taken in as income by the recipient and are taxable at the recipient's personal rate. Patronage dividends for production goods will remain as income under this bill. The capital principle has been drastically changed. At present, co-operatives cannot reduce their taxable income below 3 per cent, but the formula for calculating the tax under the bill we are discussing will include essentially every equity, such as shares, loans to members and general reserves, and the rate has been increased to 5 per cent from 3 per cent. This creates a tremendous hardship for co-operatives.

The only deduction allowed will be the interest paid on loans to members. These changes will have an accumulative effect on loans and co-operative earnings in that the earnings will have to be distributed as patronage dividends on purchases made by members of co-operatives. This means that the earnings of the co-operatives will gradually have to be distributed on the basis of the equity owned by the members. It would force them into a pattern of investor-owned corporations rather than the service corporation which they were initially established to be.

• (5:50 p.m.)

When co-operatives reach the point that this legislation forces upon them, their value as co-ops will be gone. I trust amendments will be made and presented to the government to try to alleviate this situation. When this

situation is reached, if it comes, it would be better for co-ops to incorporate as ordinary corporations. It is hard for me to believe that the government really understands what it is trying to do or what the legislation will do, and I hope the government will find some reason to reverse its stand in this regard.

One thing which I think the government should keep in mind at all times with regard to co-operatives is that any dividends paid to the private members of the co-ops are taxed at the regular personal income tax rate, the same as any other dividend. This, in my opinion, together with other taxes that co-ops pay, should be all that the government should try to get from these bodies which are basically service organizations to groups which are usually farming communities. However, now they have appeared in urban centres and they provide many services to citizens of Canada. On occasion the minister has indicated that he may see fit to make some changes in this regard.

I should like to suggest that the same consideration should be given to credit unions. Credit unions are small organizations of groups of people in a town. They could be church groups or any other group, but they come together primarily to provide a service to each other. Basically they come into existence because people have not been able to receive the services they require from banks in the community. This legislation will hit them very hard, and we hope the minister will see fit to make changes in this regard.

Credit unions have advised me that they do not require permanent capital to conduct their operations. They make loans only to the extent that members can borrow. This is regulated by federal legislation at present and they have only members' savings available to lend. They exist only to promote the economic and social interests of their members, individuals united under a common bond. Although they are chartered as legal entities and exist as incorporated companies, they have no incentives and no independent economic goals other than the welfare of their members. There is no need, then, to accumulate earnings in the credit union, and traditionally these have been allocated to members.

Again I would mention that the allocation of any of these earnings by credit unions to members would be taxed on the regular personal basis. I cannot understand why any government would feel the need to create such hardship for credit unions, thus preventing their being useful to their members, because any advantage that would be gained from borrowing or from putting savings into the credit union would be completely wiped out. They have in the past served a very useful purpose in our country and I hope will do so in the future if the opposition can get their ideas through to the government so it will make some changes.

I should like to read a letter which credit unions received from the Prime Minister (Mr. Trudeau):

> On the occasion of International Credit Union Day, I am very pleased to send my greetings to credit union members in Canada and throughout the world.
>
> Credit unions have experienced enormous success because they encourage both regular savings and the wise use of credit. But even more important, credit unionism encourages self-help, mutual assistance, and personal involvement. In this sense credit unions are more than financial institutions, they are a positive social force within our communities.
>
> To over 38 million members of the credit union movement in many countries of the world, I send my best wishes for continued growth and prosperity.

I cannot believe that after sending such a letter to the credit unions the Prime Minister would wish to turn around and force through the House, by his majority, legislation which would practically put credit unions out of business. I trust that amendments will be forthcoming at the committee stage and that the government will accept those which will alleviate the hardship imposed on credit unions and co-operatives through this legislation, so they may continue to serve their members as they have for many years.

Mr. Speaker: Order, please. I regret to interrupt the hon. member. It being six o'clock, I do now leave the chair, to resume same at eight o'clock.

At six o'clock the House took recess.

[*Translation*]

AFTER RECESS

The House resumed at 8 p.m.

Mr. Roland Godin (Portneuf): Mr. Speaker, a few days ago the Canadian Parliament passed Bill C-262, an Act providing that the government would pay out $80,000,000 to counteract the effects of the 10 per cent American surcharge on imports from this country, and support employment in Canada.

Now as the problem today is to tax Canadians more heavily, there is before the House a legislation which is altogether different, namely Bill C-259, entitled "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act."

This document contains 710 pages. Indeed, it is the bulkiest ever introduced in this House. Those hon. members who have been sitting here since 1965 will be able to boast of having seen everything and of having been through the mill.

In 1958, we examined Bill C-150, recognized as an omnibus bill, about 1-1/4 inch thick, which gave the green light to a very particular group of individuals. Now we are faced with a 3 inch thick bill bringing certain changes to the Income Tax Act.

After passing a bill favouring certain abnormal Canadians, the government is now ready to pass a bill introducing some changes into the Income Tax Act, namely favouring the messing around with money taken from the pocketbook of normal Canadians.

To maintain the employment level, the government, by presenting an 8 page bill, intends to pay out $80 million in grants. At the same time, it proposes, through a 710 page bill, to tax Canadians more. If an 8 page bill yields $80 million in grants, how many billions could the government collect with a 710 page bill?

Members who have spoken before me have tactfully stated that the bill now under study is confusing but in my mind it is not confusing at all as it is clear that it is simply a bill to collect more money from Canadians.

The way the Minister of Finance (Mr. Benson) introduces this bill astonishes me. When he accepted the post of Minister of Finance, we thought for a minute that this Canadian would assert himself; but his actions prove the contrary. In introducing this bill to us, he simply proves that he bows to another power.

On August 26 last, at the Royal York Hotel in Toronto, the hon. minister said, and I quote:

> As I said in my speech on the budget, the publication of the white paper was an important step in the evolution of participatory democracy in Canada. Thanks to the ensuing debate and discussions, it has been possible to develop a program of tax reform which, in addition to meeting the needs of Canada, also reflects the views of Canadians.

Mr. Speaker, if we merely refer to that quotation, the bill now under consideration owes its birth to participatory democracy, debate and discussion. According to the minister's statement, this bill reflects the views of Canadians.

Mr. Speaker, I challenge the minister to disclose the contents of most letters which he has received. As for mine, they are available. The earliest goes back to last year at the time when the minister tabled his white paper on tax reform. I still receive some every week and I faithfully keep them.

My constituency is made up of 27,000 families, according to a report published by the Post Office Department in September last. The population of Portneuf is higher than that of Prince Edward Island and I have not yet received a single letter asking me to support the bill of the Minister of Finance.

It is obvious that for the Minister of Finance the needs of Canada are identified with those of big business. For the Minister of Finance, this reform is merely one which reflects the views of his friends who contribute to the electoral fund.

Mr. Speaker, I am still waiting for a letter urging me to support Bill C-259, and I say again that in all those that I had, the reverse is asked as regards the reforms proposed by this present Liberal government. Further to letters from ordinary citizens, I have received some from presidents of industries. The majority of firm directors have never been so concerned with public life, because they feel involved with Bill C-259. They are aware of the fact that 50 per cent of them will have to close shop if the bill passes.

This famous bill could be adopted; so there is reason for concern and that is why Canadian industrialists are worried at the present time. Their letters to us are evidence of this. Whether those industrialists live in the Montreal region, in Portneuf, in Rivière-à-Pierre, in Saint-Raymond, in Pont-Rouge, in l'Ancienne Lorette or Loretteville does not make much difference, the effects of this 710 page bill will be the same.

The Canadian Chamber of Commerce attempted to stop the government from taking this action through a well prepared brief sent to us on April 16, 1970.

[Mr. Godin.]

Among the correspondence that I have received since then about Bill C-259, there is a wire sent by Mr. André Martel, president of the Société Coopérative Agricole de Sainte-Catherine. I have in hand two other telegrams, one sent to me by Mr. François Racette, president of the Meunerie coopérative agricole de Saint-Augustin de Portneuf, and the other by Mr. Jean-Paul Julien, president of the Coopérative agricole de Pont-Rouge.

I personally met with other managers, especially with the manager of Les Écureuils Co-opérative.

• (8:10 p.m.)

All these came as a result of the action taken by the executive director of the Coopérative Fédérée de Québec, as evidenced by a letter dated August 19, which I will take the liberty to quote:

> To all managers of farm co-operatives:
>
> Dear Sirs:
>
> Please find enclosed the following papers:
>
> (1) Letter addressed to farm co-operative directors.
>
> (2) Brief explaining the position of Canadian co-operatives concerning Bill C-259.

The executive director then goes on to say:

> We expect that on receiving this letter, you will (a) immediately obtain the agreement of the president of your co-operative, and (b) send a telegram, without any delay, to the member—

The Deputy Speaker (Mr. Honey): Order, please. I recognize the hon. member for Edmonton West (Mr. Lambert).

Hon. Marcel Lambert (Edmonton West): Will the hon. member please forgive me. I do not want to interrupt his speech, but I would like to point out to him that the situation we are witnessing tonight reflects a lack of courtesy toward the hon. member.

Moreover, I feel it is a disgrace that no representatives of the Department of Finance should be in the House to hear the hon. member's speech and to answer questions as to what proceedings of the House are to follow. Although one minister has just entered the House, neither the Minister of Finance (Mr. Benson) nor the Minister of National Revenue (Mr. Gray), nor even their parliamentary secretaries are present.

I suggest that is quite an abnormal state of things, to which I want to call the attention of the House because there are certain matters we would like to discuss with representatives of that department.

Mr. Gaston Clermont (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, concerning the point of order raised by the hon. member for Edmonton-West (Mr. Lambert), may I say that the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) asked me to substitute for him today as he had to visit his riding. We know what are the responsibilities of a member of Parliament, and I believe I should mention that the Parliamentary Secretary to the Minister of Finance has been very assiduous in the House. Therefore, it is quite normal that he should devote one day to his riding, and I kept my word. I said that I would replace him all day. I have been here all afternoon and this evening, I was one of the first here at 8 o'clock. If the hon. member has any remarks to make either to the parliamentary secretary or to the Minister of Finance, I shall be glad to answer them.

[*English*]

Mr. Deputy Speaker: Order, please. The hon. member for Edmonton West (Mr. Lambert) has raised a point of order, but he did not cite any authority or standing order. I think the hon. member has a grievance, as he has stated to the Chair. The government is responsible—

An hon. Member: Irresponsible.

Mr. Deputy Speaker: —for determining how it conducts its affairs in the House, and it is for the government to determine in what manner it wishes to respond in the circumstances. I think that hon. members have made their points.

[*Translation*]

Mr. Godin: Thank you, Mr. Speaker. I was quoting part of a letter which reads as follows:

We expect that as soon you receive this letter, you will (a) obtain immediately the consent of the president of your co-operative and (b) send without delay a telegram to the member for your riding as well as to all Quebec ministers within the federal cabinet. It would be advisable to meet your member if you think he could influence favourably the ministers of the Trudeau cabinet.

That is a concerted action which requires the co-operation of every co-operative in this province and we expect that your co-operative will make it its duty to answer without delay our appeal.

Thanking you in advance, I remain

Faithfully yours,

Geo. -E Turcotte

General manager

Mr. Speaker, having been director of a co-operative for ten years, and having participated in the various activities connected with this function, I can say that in the province of Quebec alone, there are now more than 300 farm co-operatives affiliated to the Coopérative Fédérée. Some consumer co-operatives belong to another chain, that is the Fédération des magasins co-op. According to official statistics published in the report on "Cooperation in Canada in 1969", 1,690,000 citizens of this country were distributed among 2,373 co-operatives. In view of the fact that Social Credit members are not alone in Parliament, I presume that hon. members from other parties, including even Liberals, have received the same kind of correspondence as we have. I am under the impression that they intend to rise and give us their views and those of their co-operatives in respect of the income tax reform bill.

I have received a letter from the Rural Economic Council, Portneuf Chapter. It comes from Donnacona and reads as follows:

Mr. Roland Godin, MP

House of Commons,

Ottawa.

Sir:

The Rural Economic Council, Portneuf Chapter, is strongly opposed to the changes introduced in section 135 of the Income Tax Act as suggested by Bill C-259.

We think that there is no other example in the world of the concept of capital employed being applied in any tax system.

It will be impossible for the co-operatives to raise the funds necessary to reimburse capital and pay dividends with the new provisions of Section 135. It is obvious that if our co-operatives must hand out more capital than they receive, they will be forced out of business within a few years.

This method of taxation is thus anti-social and backwards; since it does not take into account the effect that a durable economic and social revival can only be achieved throughthe people. In view of those principles and their effects on the population as a whole, we believe that co-operation isthe most valuable factor of this awareness of the population.

This is why the Rural Economic Council, Portneuf Chapter, of strongly supports the views of the Conseil Canadien de la Coopération and the Co-operative Union of Canada as they were submitted on August 11 of this year.

Yours truly,

Jean-Paul Julien, President.

Mr. Speaker, I have here the brief mentioned in that letter which is in fact the brief submitted by the Conseil Canadien de la Coopération, a 14-page brief that concludes by asking for a meeting between the directors of the co-operative movement and the Minister of Finance to make known their objections to this bill and discuss the suggestions submitted in the brief.

I have also with me a letter addressed to all members of Parliament by Le Conseil de la Coopération du Québec. This letter, dated September 20, was addressed to us by Le Conseil de la Coopération on behalf of the 21 Quebec federations which operate in all our social sectors. Among these federations is La Fédération des Caisses Populaires Desjardins which has addressed a two-page letter in both official languages to all Members of Parliament. This letter was received on September 24 or 25. It reads as follows, and I quote:

Gentlemen:

Most of you are members of a Credit Union or Caisse populaire. If you are not you know certainly people from your district who are members. Almost a quarter of all Canadians are members of a Caisse populaire or Credit Union.

Bill C-259 is seeking to alter the present tax structure that applies to Caisses populaires and Credit Unions and to eliminate the exemptions they enjoy in practice. The members of the Credit Unions and Caisses populaires do not oppose taxation in itself and agree to pay their share of public expenditures. However, they wish to point out the serious concerns they feel as to the tax rates which shall be applied to the Caisses populaires and Credit Unions. They want to be sure you will keep in mind their concerns—

In connection with the main concerns of the members of the Caisses populaires, the letter stated and I quote:

I. The members of the Credit Unions and Caisses populaires are asking for a tax system equivalent to that granted to private corporations which are allowed a reduced tax rate of 25 p. 100. In effect, private corporations can almost indefinitely claim a reduced tax rate through the payment of equity dividends. Now, the provincial legislation applicable to the Caisses populaires and Credit Unions forbids them from distributing their accumulated reserves to their members thus allowing them to benefit indefinitely from the reduced tax rate.

The credit unions and the caisses populaires request that the rules be changed in order to extend the period during which the reduced rate of taxation of 25 per cent applies to them and ensure them the same situation as private companies.

Mr. Speaker, the caisses populaires, the credit unions went further, since they submitted a brief to the Minister of Finance. That brief was published on August 27 in the newspaper *Ensemble*. This is quite a comprehensive document from which the Canadian government could draw serious and essential amendments conducive to honest administration.

On the one hand, the present government enacts legislation designed to protect the consumers and, on the other hand, it enacts other legislation aimed at exterminating the associations made up of the same consumers, since those acts tend to the establishment of unfair and arbitrary taxation. In my opinion, we have there an instance of flagrant contradiction.

Everything established in this country under the co-operative system really represents the only wealth of the canadian people since they are the owners and such undertakings cannot be sold to foreigners. Moreover, the co-operative formula is very simple, and within everybody's comprehension. It enables people to get information, to be protected against certain abuses and to derive profits according to their participation. Its application unfortunately was always difficult because high finance always disliked it since it wished to keep control over economic activities.

The federal government, that acted until now under pressures exerted by big corporations, has always maintained certain restrictions on the administration of financial activities of the caisses populaires and consumer co-ops.

Thus now, for instance, owing to their low assets and their non-profit feature, consumer co-operatives are dangerously threatened by Bill C-259. If that legislation is enacted, the expansion plans of the Federation of Co-op Stores to establish sales outlets in urban shopping centres will become very difficult since local co-operatives will no longer be entitled to take part in those plans.

On January 13, 1969, newspapers reported a statement made the day before in England by the right hon. Prime Minister to the effect that, in his opinion, the best way to administer a country was the communist way.

On January 21 last, I showed in the House with evidence in hand that the American communist party was infiltrating into Canada, owing to the support of certain people whose names are on the pay list of some Crown corporations.

Newspapers published recently a statement made by Mr. George Wallace, the Governor of Alabama which was reproduced in *La Presse* of September 27, 1971 and which reads as follows:

Scrutinizing public opinion before an eventual campain for the Presidency, Mr. Wallace—

—stated, and I quote:

"We have a crypto-communist Prime Minister in Canada, just north of our border. His background is even worse than that of President Castro himself."

Mr. Speaker, we know some liberal Members admit all this privately, and they are concerned about the fact that their chief is leading us on slippery ground.

As the Liberal Party was constituted and maintained for the defence of capitalism it is nevertheless normal for true Liberals to be concerned today about the project of their leader who can no longer hide his cards.

Mr. Speaker, it is evident that co-ops are barrier for those who wish to install communism. In socialist countries, private enterprise is a thing of the past. Since the co-operative movement has been and still is the complement of private undertaking in our country, this probably explains the action of this government, led by the right

[Mr. Godin.]

hon. member for Mount Royal who finally made it to Prime Minister. We see his mischievious smile and with this smile he is now leading his entourage.

Mr. Speaker, the way the Minister of Finance is acting also leads us to feel that Canadians can no longer bank on him. The proof of it is that he is not even here tonight. In spite of that, I come to the conclusion that all is not lost. That the Minister of Finance should be useless, that the Prime Minister, with the co-operation of irresponsible civil servants, should prepare as barbaric a bill as Bill C-259, all that is "small potatoes" since we still have rights in this Parliament. We have the right to speak up, and the right to vote. As for voting, majority wins. This means that a bill proposed by well paid civil servants, unknown and unseen, who work according to the wishes of the Prime Minister, can be without effect unless hon. members approve it.

The Prime Minister, Mr. Trudeau, will not be the only one to support Bill C-259. It is not even necessary, because the few members of the cabinet working with him are well-known and are pursuing the same aim, that is, to abolish a system which has been tested abroad, with the results we know. However, we realize that among the members and the ministers, there are only a few who hold such views.

I therefore hope that the bill will be defeated, because I think that most will give up prostituting themselves further.

This is how I see things. I am not desperate, because I still believe that there is still a majority of honest Liberals in this House.

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, if someone were to interrupt me before I get started and say that just about everything has been said about this bill, I would find it difficult to disagree.

An hon. Member: Sit down, then.

Mr. Peters: That is not what he got up to speak about.

Mr. Knowles (Winnipeg North Centre): However, I think there is value in placing on the record in more or less tabular form the main changes that people like me think ought to be made to Bill C-259. Accordingly, it is not my purpose to roam around in the upper atmosphere of economic and fiscal policies. These questions are important, but they have been dealt with very well by others who have taken part in the debate.

I do not even intend to take time documenting our contention that this bill is not a piece of major tax reform but simply a number of changes in the present tax law. Rather, as I have already indicated, I wish to summarize six areas in the bill where I think very significant and important changes should be made. Indeed, it is because of the bill's shortcomings in these six areas, either that it does not go far enough or that it goes too far, that I think it should not be put over on the Canadian people at this time.

The first of these areas has to do with the income tax exemption levels. As everyone knows—and it has been repeated many times during the course of this debate—all that this bill is doing in that area is raise the income tax

exemption level for a single person from $1,000 to $1,500, and for a married taxpayer from $2,000 to $2,850.

When one considers that the present levels of $1,000 and $2,000 were established in 1949, 22 years ago, and when one also considers the increase that has taken place in the cost of living in that 22-year period, I suggest it is a delusion and a hoax on the Canadian people for the government to raise these exemption levels by only the figures that are set out in this bill. As a low, rock bottom minimum, those figures ought now to be $2,000 a year for a single person and $4,000 a year for a married person. It would even be better if they were $2,500 for a single person and $5,000 for a married person.

When one realizes that it has taken 22 years to get before the House a government proposal to raise the levels that have been in effect all this time, one can only ask, how much longer will it take to get another change? Will it be another 22 years for another few hundred dollars? By that time the whole meaning of exemption levels will have completely disappeared. It would be almost better for nothing to be done at all, and thus for the issue to be regarded as yet unresolved rather than hand the Canadian people these very low exemption levels.

Surely the whole concept of exemption levels is that there is a certain amount of money that people must have to get by, which should not be taxable. I contend, as have many members during the course of this debate, that that amount is much greater than $1,500 for single persons and $2,850 for married persons. This, Mr. Speaker, is one of the major deficiencies of Bill C-259. The fact that the government is going this far is one of the major hoaxes in this piece of legislation. I hope when we get into committee of the whole and reach the appropriate clauses that the government will pay some heed to the arguments that have been made and raise these exemptions to substantially higher levels.

The second area in which I feel this bill is deficient has to do with the amount that is allowed to workers for their expenses on the job. To put in a figure with a limit of $150 a year is an insult. Why bother with such a small allowance? For the average worker who has expenses that he can charge under this heading, his income bracket is lower than that of the wealthy; therefore, the amount that he will actually save in income tax will only be a percentage, whether it is 20 or 30 per cent, of the $150. For the wealthy, it is another little handout, a much larger one in relative terms yet meaningless to them. Those who are in the income brackets such that their tax rates are 40 or 50 per cent will get that much more off their income tax because of this $150 allowance.

I urge two things about this allowance to workers for their expenses for income tax purposes. In the first place, the amount should be higher. In the second place, this is one of many areas where the government should be introducing the concept of tax credits rather than the concept of a specified exemption. The wealthy do not need this concession, but those who earn wages in industry, the people for whom this measure supposedly has been designed, need far more than the $20 or $30 tax relief they may get out of it. They need a credit against their actual income tax for what they have to pay out for expenses incurred in connection with their work. In fact, even more important than the amount that is allowed as an exemption to workers is the need to move into this other approach, namely, the approach of allowing a tax credit instead of special exemptions as proposed in this legislation.

For many years members of this House, particularly members of this party, have been arguing for special consideration in respect of expenses that workers incur. I suppose we should be dancing with joy because at long last this principle is being recognized. But I assure you, Mr. Speaker, there is no such dancing, because the $150 is far too low for the average worker and because in principle it is wrong to do it this way rather than by way of a tax credit. We give tax credits to people who draw dividends and make profits in certain ways, but we seem to forget that approach to the problem when we get to the situation facing our workers.

• (8:40 p.m.)

My third area of criticism has to do with senior citizens. We welcome, of course, the improvements in the tax bill affecting pensioners. There are two main improvements. On the one hand we have the extra allowance for age made universal at age 65, and this allowance is to be raised to $650 per year from the present figure of $500. The other change affecting older people is the decision to regard income received under the guaranteed income supplement as non-taxable.

With respect to the latter, the government has agreed to make it effective January 1, 1971, and this will take care of a number of anomalies. It will solve the sort of problem that veterans under war veterans allowance face; their tax position has been worsened because they were pushed from war veterans allowance over to the guaranteed income supplement. Therefore, we welcome this change. However, if it was possible to make this kind of change that is designed to improve the position of older people effective as of January 1, 1971, why was it not possible to do the same thing with respect to increased exemptions for senior citizens generally? I would urge that such a change be made.

I realize that when we first started asking the minister to make that change retroactive to January 1, 1971, there were still five or six months left in the present calendar year and in a sense there seemed to be more point to it then than there now seems to be, when the end of the year is but 11 or 12 weeks away. But I would point out that the time when people are most conscious of the total amount they have to pay by way of income tax is when they file their returns in April. Unless the government makes this kind of change, it will mean that in April, 1972, when people aged 65 years or over are filing their income tax returns they will be hit between the eyes with the fact that the change that has been made—namely, the $650 exemption at age 65—is not for them until they make out their tax return a year later, in 1973. If there is this concern for the position of our older people which the government has said prompted it to make this change, I would urge that the change be made effective January 1, 1971, along with the change making the guaranteed income supplement non-taxable.

Having made those comments under the heading of what the bill does or fails to do for our older people, I want to urge that much more serious consideration be

given to the whole concept of tax credits rather than special exemptions. Just as I argued for this in the case of workers' expenses, so I argue very strongly for it in the case of our elderly and retired people. We welcome the $650 exemption and we welcome its being made universal at age 65. But there are people, not many but some, in that age bracket whose incomes are higher and this change will simply mean that of the $960 that they get as old age security, $650 will be tax free. We have to give this to the wealthy in order to get the principle established for those in the middle and lower income brackets.

I suggest that what we really ought to do is look at the literature that the organization known as Pensioners Concerned has put out and at the literature published by other organizations, and to realize the validity of their claim that retired people should not have to pay any income tax at all if their income does not exceed a certain figure. I think there is good reason and logic to accept the levels suggested by the Pensioners Concerned, which I believe are $3,000 or $3,500 for a single person and $5,000 for a married couple.

I am not suggesting that the income tax exemption levels be raised to those figures for all people 65 years of age and over, because this would give a tremendous bonanza to those in the upper income bracket. But I am saying that retired people whose income is not over $3,500 if they are single, or, if they are married, not over $5,000, should not have to pay income tax at all. The way to cope with this problem is not to fiddle around with the exemption levels, but to make the principle of tax credits applicable in their case. This is the only fair solution to this problem of how to establish exemptions and at the same time establish justice. I think in this area, as in the area of workers' expenses, the concept of tax credits ought to be considered at this time.

I strongly urge that this suggestion be looked upon, not just as an academic exercise that may produce results the next time there is a Carter report, the next time there is a white paper or another round of this sort of thing, because that may be 15 to 20 years away; I think that when we go into committee of the whole on this bill is the time to introduce this concept of tax credits.

In particular I urge, if I may now speak to the second and third points to which I have made reference, that with respect to the allowance to workers for expenses on the job, and with respect to the tax position of senior citizens or retired persons, that we adopt the tax credit principle. In terms of actual dollars, the amount that workers get as a tax credit should bear some reasonable relationship to the expenses they actually incur. In the case of retired people I think that the figures I have already quoted are reasonable.

I urge, as the retired people have urged, that having spent their lives helping to build up this country and having paid taxes, municipal provincial and federal, for decades on end, it would be little enough for a country like Canada to provide for these people in their retirement years a tax credit system that leaves them with the levels of income I have suggested. This, of course, would have to be complemented by pretty substantial increases in old age security—but that is another subject, not covered under this bill. But whatever is the bill that is before us, we must do a great deal more to provide security, justice and dignity for our older people than we have done so far. As far as this bill is concerned, I think that in terms of taxation we can do something for this particular segment of society. I therefore hope the points I have been making will receive serious consideration when we move into committee of the whole.

[Mr. Knowles (Winnipeg North Centre).]

• (8:50 p.m.)

I move on to my fourth point which relates to the government's intention, as set out in Bill C-259, to abolish the federal estate tax. As members of my party have pointed out on many occasions, we think this is totally wrong. We think it is wrong because it will probably lead to an estate tax war among the provinces. Even apart from that, we think the whole notion that in a society as inequitable and unjust as ours it should be possible for people to pass on great wealth to those who come after them without those who come after having to do anything about it, is completely wrong. We are completely opposed to the proposal in this bill to abolish the estate tax and we hope reconsideration will be given to that matter when we get to that portion of the bill in committee of the whole.

The fifth point I want to make is that although we welcome the decision to introduce the idea of a capital gains tax into our legislation, we think the terms of that tax as set out in the bill are not in keeping with the just society, if that idea is still around, and are not in keeping with the principles of fairness. Everywhere else the ordinary people of the country have to pay taxes on their income on the principle that a dollar is a dollar. When it comes to capital gain, of course, the government has gone soft and suggests the tax will be on only half the dollars one gains in that way. We think this is wrong and that if the principle of a capital gains tax is to be written into our legislation, it should be written in on a proper basis.

My sixth and last heading has to do, again, with something which has been a theme of a great many of the speeches made during this debate, namely, the unfairness of the government in the tax proposals it has set forth regarding co-operatives and credit unions. It has been a delight to some of us to hear many members speak about this, particularly those from the government side of the House. The case has been well made and I do not intend to repeat it in terms of details or argument, but I do urge the Minister of Finance (Mr. Benson) and the government to realize how strong is the feeling about this matter among the many hundreds of thousands of Canadians who are members of co-operatives and credit unions. The clauses of the bill which deal with this matter are quite offensive to many Canadians and I hope that when we get to these clauses something will be done about them.

Mr. Alkenbrack: Where do you stand on that?

Mr. Knowles (Winnipeg North Centre): Where does the government stand, is the real point.

Mr. Woolliams: We want to hear where you stand.

Mr. Knowles (Winnipeg North Centre): I stand in favour of the position taken by the co-operatives and credit unions.

Mr. Woolliams: You stand where the votes are, Stanley.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I promised myself, even if I did not promise the House, that my remarks during this debate would be brief and that I would try to set them out in tabular form. I am going to impose upon the house for another 90 seconds to list again the six areas about which I have been talking.

They are, the need for a higher exemption level, a better deal in respect of workers' expenses, and improvements so far as old age pensioners are concerned. They include, also, the removal of the clauses which would repeal estate taxes, putting capital gains on the same basis as any other tax, namely that a dollar is a dollar and, finally, giving a decent break to the co-operatives and credit unions of this country. The government's weaknesses on these points make this a bill which is not satisfactory, but if these six points could be met the bill might then be one which we could consider.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Carried.

Some hon. Members: On division.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Honey in the chair.

Mr. Benson: Mr. Chairman, in discussions with hon. members opposite there seems to be agreement that we not proceed with the clause by clause discussion this evening. Perhaps if we start that tomorrow right after orders of the day we can clear it up by tomorrow night.

Some hon. Members: Oh, oh!

Mr. Benson: I doubt that very much. However, there does seem to be agreement among members opposite that at this point we proceed with the next order of business and take the clause by clause discussion of this bill tomorrow or in accordance with an agreement reached by the House leaders. At that time I will make a statement and discuss possible amendments to the legislation.

Mr. Baldwin: Mr. Chairman, I think that is one of the few excellent suggestions to come from the minister.

Some hon. Members: Oh, oh!

Mr. Baldwin: We will go along with it, but I should like to make one suggestion. During the weeks and weeks of discussion we will have on this bill in committee of the whole, when some good points are made by hon. members on this side, as happens from time to time, we hope the government House leader will consider dealing with some of the good pieces of legislation on the order paper so the country may have the opportunity of seeing them.

Mr. Benson: Mr. Chairman, in brief reply to that suggestion I can say I understand my hon. friend's view, that he does not want to deal with this piece of legislation but wants to get on to something else.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I am wondering if I might make a request which could perhaps be met before we resume the discussion tomorrow. As far as I can ascertain, copies of Bill C-259 are not on our files here in the chamber. If every member of the House of Commons has to carry that book down from upstairs we will all be exhausted before we start. I wonder if arrangements could be made to get a government truck or something in order to make sure there is a copy of the bill in every member's desk before we proceed with it tomorrow.

The Chairman: I understand that will be the case and that hon. members will have a copy available. Hon. members have heard the suggestion. Shall I rise, report progress and request leave to sit again at the next sitting of the House?

Some hon. Members: Agreed.

Progress reported.

* * *

• (9:00 p.m.)

EMPLOYMENT SUPPORT BILL

MEASURE TO MITIGATE EFFECT ON CANADIAN INDUSTRY OF IMPOSITION OF FOREIGN SURTAXES

Hon. Allan J. MacEachen (for the Minister of Industry, Trade and Commerce) moved the second reading of and concurrence in amendments made by the Senate to Bill C-262, to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect.

Motion agreed to, amendments read the second time and concurred in.

Mr. Knowles (Winnipeg North Centre): Ten o'clock.

* * *

BUSINESS OF THE HOUSE

Mr. MacEachen: Mr. Speaker, I understand that discussions have taken place. Because of the desire not to begin the committee stage of the tax bill tonight, because I have not really given the House any advance notice about any other items and, further, because the item upon which I had intended to make a time allocation is about to depart from our midst, I would like merely to advise hon. members that it has not been possible to secure an adjournment of the court action which is to commence tomorrow in Regina. In view of the reluctance of the government—indeed, the refusal of the government—to involve the court in this issue, the government has decided not to proceed further with the grain stabilization bill, and it will make payments under the Temporary Wheat Reserves Act.

Some hon. Members: Hear, hear!

Mr. MacEachen: Tomorrow we shall begin the committee stage of the tax bill. If it is the wish of the House, I would be happy to note the unhappy departure from our midst of the grain stabilization bill by calling it ten o'clock.

Mr. Horner: Agreed.

Mr. Baldwin: I just want to say we would be happy to provide the usual memorial service and headstone.

Mr. Speaker: Is it the wish of the House that we move to the adjournment proceedings at this time?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Laniel): Order. I invite hon. members who wish to leave the House to do so as quickly as possible so that we may proceed with the adjournment debate and allow the hon. member for Compton (Mr. Latulippe) to present his point.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

[*Translation*]

FINANCE—GOVERNMENT POSITION RESPECTING NEGATIVE INCOME TAX FORMULA

Mr. Latulippe: Mr. Speaker, on June 16, 1971, I put a question to the Minister of Finance (Mr. Benson) regarding some tax injustice, more precisely in order to find out, and I quote:

—whether he approves the negative tax formula suggested by many authorities as a method to assure a better distribution of the purchasing power? Does the minister believe that it would be a desirable means to stimulate the economy?

The Chair then stated that my question invited the Prime Minister (Mr. Trudeau) or the Minister of Finance to give an opinion, and so we did not hear the view of the minister. So, I invite him tonight to tell the public what he thinks of that.

The negative tax is a return which would benefit those who earn less than $3,000 annually.

Mr. Speaker, we all know of course that a tax policy is required to serve first the interests of Canadians and to provide each individual with a vital minimum, as a birthright.

I think it is a reversal of the roles that is needed. It is merely a question of distribution; we should distribut the surplus of our national product, which was of $91 billion in 1971, while consumption was only of $50 billion, which gives a difference of $41 billion.

So, we must give back to the country its national balance and its economic independence. The whole world is asking for economic balance and not equality. Revolutionary experiences carried out in the name of equality have all failed.

Mr. Speaker, there is no economic future with the present system. It is our whole way of thinking that must be changed, so that our governments will not remain deaf to the representations of the people who tell us again and again that what they need is food, clothing, housing and education.

Would a negative tax provide the essential and take these factors into account? I doubt it. But I must admit that it would bring a degree of relief to the poorer classes.

[Mr. Horner.]

Above all, it would be a recognition of the importance of a number of human beings.

I think, Mr. Speaker, that we should analyze the causes of all these difficulties which are, after all, only administrative and economic problems which call for the use of the mental faculties of the ruling class.

Mr. Speaker, every individual lives within his family and within society. Everyone does something for choice or for profit. I would say that on the one hand, there is love and on the other, interest. Let us stop believing that the two are necessarily opposed. There must be a way of reconciling one with the other.

Parliament consists of 264 members elected by the citizens of Canada under the Canada Elections Act. It is the responsibility of members to see that justice prevail in 1971 among the 22 million Canadians, according to the production of goods and services in that year.

It may be normal, when exercising supreme authority, that governments are inclined, with equal opportunities, to favour their friends, their constituents or members of their political party, but without prejudice of their love for other Canadians. Interest should not do away with love!

If the Prime Minister has any feelings for the 22 million Canadians who are subjected to the "supreme" authority he shares with the other 29 ministers and the 264 members, he will no doubt see to it that the monetary, economic and political mechanisms bring about a fair distribution of goods and services among these 22 million citizens, according to their essential needs, before someone piles up too large a share of this tremendous production, after having spent what he needed to live in affluence and not in luxury. That is simple and understandable!

If Parliament had the social attitude it should have, capital would automatically become social as well as labour. Credit would automatically become social in all its institutions, in every Canadian family.

The Canadian government makes sure every month that the 22 million citizens are well administered according to the national production, according to the administrative formula recognized by all managers: The revenue is equal to expenses and net profits.

Every Canadian must get a sufficient guaranteed income to provide for his essential expenses, and to allow for a certain margin for savings, profit and contingencies, according to the formula recognized by all—

The Acting Speaker (Mr. Boulanger): Order. I regret to interrupt the honorable member, but his time has expired.

Mr. André Ouellet (Parliamentary Secretary to the Minister of National Health and Welfare): Mr. Speaker, this formula of negative taxation is one of the many methods that this government could use to achieve a more equitable redistribution of incomes in favour of those groups with low incomes.

The federal government has developed a whole series of programmes to make direct payments or to provide certain services to the Canadian population. I refer to all the social security measures that have been put forward by the various federal governments that have been in power in recent years. I am thinking particularly in terms of

unemployment insurance, medicare, hospital insurance, old age pensions, family allowances and so on. All those measures achieve a redistribution similar to that mentioned by the honourable member.

Of course, if he is talking about the love of the Right Honourable Prime Minister, he will find that all the measures that have been proposed recently by him and his ministers prove his deep love for the Canadian people.

If the government ever sets out to propose a formula of negative taxation, it will do so in the House in an appropriate form and manner and according to the usual method.

[*English*]

AGRICULTURE—POTATOES—ASSURANCE TO PRODUCERS RESPECTING SEED EXPORT MARKET

Mr. David MacDonald (Egmont): Mr. Speaker, I rise this evening to deal again with a matter of great importance to the potato producers of this country but primarily, I think, to the seed producers of Prince Edward Island and New Brunswick. As is well known, many aspects of agriculture in this country have been severely affected by two recent economic decisions, one taken by this country and one taken by the U.S.

The first was the effect of the floating of the dollar, which had a very serious effect on our agricultural exports to the United States and in effect decreased the competitive advantage that our potatoes and other agricultural products enjoyed in the U.S. Then, of course, more recently we were faced with the imposition of the 10 per cent surtax which has created a very serious problem, as has been acknowledged on a number of occasions by the Minister of Agriculture (Mr. Olson) in this House, beginning the first week of the reconvened session in early September and as late as this afternoon when the minister made reference to the special attention that was being given to the turkey producers of Canada.

I think that many members of this House, and certainly many thousands of potato growers, have been most unsatisfied with the answers given to date by the Minister of Agriculture with respect to what forms of assistance might be forthcoming for those faced with very serious prohibitions on the entry of their products to the U.S. and the amount of return they could expect for that product. The hon. member for Malpeque (Mr. MacLean), myself, the hon. member for Joliette (Mr. La Salle) and others have attempted from time to time to obtain a specific answer from the Minister of Agriculture with respect to what forms of assistance will be forthcoming.

The minister has talked in general terms about the agricultural stabilization board, suggesting that under the act assistance would be forthcoming. There have been at least two meetings of which I am aware with the departmental officials and with the ministers of agriculture of New Brunswick and Prince Edward Island, but no clear statement has yet been brought forth as to the nature of the assistance that will be provided. The minister has indicated that at the appropriate time he will make a statement indicating what assistance will be available in a more specific way, and yet assistance is required almost immediately.

We know that the potato harvest in New Brunswick is almost completed. The potato harvest in Prince Edward Island is more than half way completed. Our harvest comes a little later because of a later frost period and I am informed by the potato shippers in P.E.I. that we have already loaded ships for export, that other ships are being loaded at present and these are primarily destined for U.S. markets. I am also informed that if we do not have an indication within the next week or so of the kind of assistance that the minister will bring forward, markets will be closed off for hundreds of thousands of hundredweights of potatoes that we would normally ship into the seed importing areas of Florida, Puerto Rico and the New England states.

It is a well known fact that most potato producers produce at least 15 per cent to 20 per cent above and beyond that which they can hold in their potato-holding facilities. In other words, these are potatoes that must clear the market before the heavy frost sets in in the middle or late November. Therefore, if potato producers do not have the luxury of holding their product for an indefinite period of time, as might be done with other kinds of produce, they are forced on to market and they must have an assurance immediately as to the kind of assistance that might be provided.

I should like to mention two things that might be taken into consideration. One is the possibility of freight assistance or subsidy that might enable new export markets to be opened up as an alternative to the present U.S. ones which are becoming increasingly difficult for us. I realize that we would have to take into account the necessity of facing certain areas where there might be retaliation through increased tariffs, but I think certainly the Department of Industry, Trade and Commerce and the Department of Agriculture should be examining the proposal.

Second, if in the employment support bill we have adopted the principle of two-thirds reimbursement for industries directly affected by the Nixon surtax, the same principle could apply to agriculture, namely, a two-thirds reimbursement could at least be given as assistance in direct wages to those involved at the point of assembly, to those involved with stevedoring and the assembling of potato shipments for export. The nature of that program would not open up retaliatory measures on the part of the U.S. and would ensure that the present producers, growers, distributors and shippers would not be adversely affected or be in very great danger of losing their markets entirely.

I trust that the Minister of Agriculture or his representative can give some clear assurance this evening that action of this or a similar nature will be taken within the next few days so that the already serious situation of our potato growers will not be worsened.

• (9:20 p.m.)

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the hon. member for Egmont (Mr. MacDonald) has asked, with respect to the seed potato export market to the United States, if the minister "is not able to offer some indication to the many producers in these two provinces, as to the extent of any assurance". In reply the minister stated that such assurances had been given in a very clear fashion. Indeed, Mr.

Speaker, if I quote from *Hansard* for September 7, at page 7588 the minister said:

I give an undertaking tonight that we are going to look at these on a commodity by commodity basis and utilize the Agricultural Stabilization Board to assist in those areas which are severely hurt.

I doubt that it is possible to be more clear. Further, in his statement to the House on October 1, 1971, the minister stated that the Agricultural Stabilization Board and the Agricultural Products Board have been authorized to come forward with individual commodity programs designed to help producers adversely affected by the surtax.

With respect to potatoes, both seed and table—because they are treated the same under the surtax provisions—discussions have been taking place between the board and agricultural officials of New Brunswick and Prince Edward Island and the minister will be pleased to announce in due course, in the usual manner, any program that develops from these talks.

AIR TRANSPORT—ESTABLISHMENT OF NORDAIR AS REGIONAL CARRIER FOR NORTHEASTERN ONTARIO AND NORTHWESTERN QUEBEC—ONTARIO APPLICATION FOR REGIONAL CHARTER

Mr. Arnold Peters (Timiskaming): Mr. Speaker, on September 29, as recorded at page 8278 of *Hansard*, I asked the Minister of Transport (Mr. Jamieson) the following question:

Under our national air policy as it involves regional carriers, have negotiations been finalized regarding Nordair as the regional carrier for northeastern Ontario and northwestern Quebec?

The minister replied:

Not that I know of, Mr. Speaker. There have been discussions between Air Canada and Nordair with respect to possible exchange or co-operation for certain air routes but to the moment at least, and so far as I know, no conclusions have been reached.

I then asked:

Has a charter been sought from the Canadian Transport Commission by the Ontario government through its commercial carrier, White River Air Service? If so, what role in the regional transportation system is being filled by this application?

The reason I asked this question, Mr. Speaker, is that in northern Ontario we are being told that Air Canada will not be able to service both the area of northeastern Ontario and northwestern Quebec for the very simple reason that it has not any planes on order that will operate economically in that area. The applications that have been made have both been approved by the Air Transport Committee of the Canadian Transport Commission. They were made on September 30 and were in regard to Voyageur Airways Limited and White River Air Services, operating under the name of norOntair.

The Ontario government has got into the regional air service and is operating a circular route that starts in Timmins, or Sault Ste Marie, and covers the towns of Sault Ste Marie, Timmins, Earlton and Sudbury, returning to Sault Ste Marie. This has since been changed and the flights will originate in Sudbury. This airline is operating two aircraft owned by the Ontario government and leased for the sum of $1, and obviously it is going to play a role in the regional air service.

[Mr. Lessard (Lac-Saint-Jean).]

The Voyageur application, Mr. Speaker, is from Ottawa to North Bay and return, and also is going to play a role. But these two services that are operating in the region do not make any connection with each other, and while it is possible to get on the airline in Earlton and go to Sudbury, if you are coming to Ottawa it is necessary to get from Sudbury to North Bay to make a connection with the other airline. This is the whole problem and it is the problem the Minister of Transport outlined on October 20, 1966, and again on August 15, 1969, when he said that in this case the organization of regional service in the area might require the consideration of route service between North Bay and Ottawa and consequently have an effect on the viability of the service authorized by this decision.

We in northern Ontario, Mr. Speaker, are not interested in getting on an airplane and going around in a circle. We want to get on an airplane at any point in northern Ontario and make connection with the national service in Canada, that is Air Canada, with its lines running east and west, or Canadian Pacific also running east and west. Anything less is already being handled by small charter aircraft in the area. I think it involves a decision by the Minister of Transport to inform the Canadian Transport Commission as to the integration of the various services chartered by the Canadian Transport Commission, to integrate service that will provide the opportunity of travelling from one place in northern Ontario to either the major centres of Montreal, Ottawa or Toronto. Any carrier that has not a direct connection to those major points is not serving the needs of the region of northeastern Ontario nor, I presume, northwestern Quebec.

So I ask the question, Mr. Speaker, because I think it should be brought to the attention of the Minister of Transport that the people in northern Ontario are very concerned that he has not insisted that Air Canada buy a 20-passenger aircraft for this type of service. We in northern Ontario are very much in favour of Air Canada being able to continue the service that we receive and, what is more, in improving that service.

I believe that the more flights a day there are, the more passengers will travel on the airline. To run a passenger aircraft out of my area, leaving in the middle of the day and getting into Toronto or Montreal late in the afternoon does not serve the needs of businessmen. Most businessmen therefore drive. I suggest if we are to charter commercial flights within this region nothing can be served by having them go around like the Ontario government service, in a circle, making no connections with anything, and in fact just moving from my area about 12 businessmen who have an interest in travelling through northeastern Ontario and getting to all the major points.

It seems to me that the Minister of Transport in announcing regional policy has an obligation to see that the Canadian Transport Commission puts this policy into effect. While I am in agreement that they have reserved the right for Nordair to get into the area, we have a bigger obligation and that is not to ask an unknown regional carrier to take on an additional responsibility. We as a Parliament have a responsibility to insist that Air Canada buy the type of aircraft that will enable them to service the regional areas in which they now operate, and continue to do so. Anything less will be a dereliction of duty on the part of the Minister of Transport.

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): Mr. Speaker, on the subject of negotiations between Air Canada and Nordair, and in answer to the questions asked by the hon. member for Timiskaming (Mr. Peters) on September 29, the minister answered that discussions had reached no conclusion at that time. I must say that as far as I know, the situation is still the same and no decisions have been reached.

The hon. member also talked of his concern about the development of air service to northeastern Ontario. I am sure he has now read the decision of the Air Transport Committee of the Canadian Transport Commission on September 30. The decision was in favour of additional air service to service the points of Sudbury, Sault Ste Marie, Timmins and Earlton. The application, as he mentioned in his question to the Minister of Transport (Mr. Jamieson) was made by White River Air Services, Limited.

Briefly, the service in question was considered as an experimental service for a period of three years and there were additional limitations spelled out to the carrier to protect the public interest as well as the competitive position of other air carriers in this region. There also was direct reference to the regional air carrier policy and its application to this service. The proposed service is third level in nature and supplements the existing service in this region.

• (9:30 p.m.)

Mr. Speaker, the hon. member has made some interesting points which I will be glad to bring to the attention of the Minister of Transport. I will also provide the hon. member with a copy of the decision which I brought with me.

Motion agreed to and the House adjourned at 9.34 p.m.

HOUSE OF COMMONS

Wednesday, October 13, 1971

The House met at 2 p.m.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

COST OF ROYAL COMMISSION REPORTS FOR 1970

Question No. 1,251—**Mr. Gilbert:**

1. What was the cost of preparing, printing and distributing of the Royal Commission Reports for 1970?

2. What was the amount of revenue received from the sale of such published reports for 1970?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): In so far as the Royal Commission on Bilingualism and Biculturalism, Pilotage, Status of Women in Canada, Farm Machinery, Indian Claims and the Commission of Enquiry into Mail Transport in Montreal are concerned, the answer is: 1. The cost of preparing Royal Commission reports during 1970 was $1,204,730. It should be noted that the work of royal commissions is normally directed at the preparation of their reports and as a consequence all of the expenses attributed to various commissions can be considered to be for this purpose. The printing cost of reports for royal commissions during 1970 was $15,153. The distribution cost for individual publications cannot be isolated from the general overhead.

2. The amount of revenue received from the sale of Royal Commission Reports for 1970 was $75,707.

PUBLICATION GRANTS BY CITIZENSHIP BRANCH AND AGENCIES

Question No. 1,324—**Mr. Paproski:**

1. What grants, in what amounts, have been authorized since March 31, 1970, for publications through the department or agencies for which the Minister without Portfolio (Citizenship) has responsibility?

2. What are the criteria for such grants?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Insofar as the Citizenship Development Branch of the Secretary of State is concerned: 1. (a) Ontario Self-Help Association, $1,000; (b) National Council of Women, $4,000; (c) Fédération des Femmes du Québec, $3,000; (d) Inter-University on Canadian Slavs, $3,000.

2. The Citizenship Branch of the Department of the Secretary of State awards grants to the above-mentioned organizations using the following objectives and criteria:

(a) Objective: To increase and improve citizenship participation. Criteria: (i) It was impossible for the organization to carry out their project without financial assistance from the Department of the Secretary of State. (ii) The organization was able to continue to fulfil its other commitments. (iii) The organization's membership was representative of its constituency. (iv) The organization had the authority needed to carry out the project. (v) The organization had a clear plan of the project. (vi) The subject matter was of great importance and had applications beyond the project. (vii) The organization had competent project staff.

(b) and (c) Objective: To increase and improve citizenship participation by encouraging group discussions and further research on the recommendations of the Report of the Royal Commission on the Status of Women. Also, to ensure citizens' participation in the feedback process to Government in regard to the implementation of the Royal Commission's recommendations. Criteria: (Same as above.)

(d) Objectives: To increase and improve citizenship participation. To encourage cultural diversification within a bilingual framework particularly following the publication of the fourth volume of the Royal Commission on Bilingualism and Biculturalism. Criteria: (Same as above.)

[*English*]

INFORMATION CANADA STUDIES

Question No. 1,567—**Mr. Comeau:**

Will Information Canada carry out studies of any areas this year and, if so (a) which ones (b) what is the aim of the investigations (c) what are the names and addresses of the persons employed on these projects (d) are they part-time or full-time employees (e) what is the estimated cost of each project?

Hon. Martin P. O'Connell (Minister of State): Yes (I) Communications research; (II) federal presence.

(I) Communications Research: (a) 1. Crowsnest Pass. 2. Sugar Beet Fields, Southern Alberta. 3. St. Boniface. 4. Riverdale (Toronto). 5. Sherbrooke. 6. Schefferville. 7. Labrador. 8. Gloucester County, New Brunswick. 9. Southern Nova Scotia. (b) The objective is basic communications research on the areas in which the public lacks information and the most effective means of supplying it. (c) 1. Paul Kane, Ottawa, Ontario; Wesley Hadikin, Edmonton, Alberta. 2. Rodney C. Zacharias, Winnipeg, Manitoba; Elizabeth Steele, Fredericton, New Brunswick. 3. Richard Kozak, St. Boniface, Manitoba; John Campbell, Fredericton, New Brunswick. 4. John West, Riverdale, Ontario; Marianne Farkas, Don Mills, Ontario. 5. Michel Frenet, Montreal, Quebec. 6. Nigel Martin, Halifax Nova Scotia, Montreal, Quebec. 7. Laura Jackson, Rocky Mountain House, Alberta; Lawrence Jackson, Rocky Mountain House, Alberta. 8. Pierre Tremblay, Bathurst, New Bruns-

wick; Helen Sinclair, Toronto, Ontario. 9. Wayne Hutchison, Wolfville, Nova Scotia; Louise Normandeau, Montreal, Quebec. (d) They are all part-time contracted employees. (e) The estimated cost of each project is $7,000, including salaries for a three and a half month period.

(II) Federal Presence: (a) Quebec City and Vancouver. (b) The objective is to study physical aspects of communications with the public by the federal administration in each city. (c) Names: Quebec City, Charles Tod, Ottawa; Robert Masson, Quebec City. Vancouver, Douglas Young, Fredericton; Magdelena Leja, Vancouver. (d) Contract research or public servants working part-time. (e) Cost of each project is about $4,000.

PORT HOPE, ONTARIO—COSTS INCURRED BY ELDORADO NUCLEAR DIVISION TO ZIRCONIUM PRODUCTION

Question No. 1,657—**Mr. Hees:**

1. What was the total cost of construction, machinery, development and other costs incurred by Eldorado Nuclear Division for the production of zirconium metal billets at the new Port Hope, Ontario plant?

2. Was this plant closed down in August, 1971 after only six months operation and, if so, for what reason?

3. Was the zirconium produced ever sold and, if so, to whom and what happened to that market?

4. Will this plant return to production and, if so, on what date?

5. What costs are incurred while this plant remains idle?

6. Are the zirconium metal billets produced at Port Hope unsaleable on the world market and, if so, for what reasons?

7. Did the government survey this market before deciding to spend ten million dollars on construction and development cost?

8. How did that market analysis change from the commencement of production in February 1971 until August 1971?

Hon. Otto E. Lang (Acting Minister of Energy, Mines and Resources): Eldorado Nuclear Limited reports as follows: 1. $10,921,000.

2. No; it was closed in April 1971 following 23 months' operation at varying levels of production, for reasons outlined in 3.

3. Some of the zirconium produced was sold to customers in Germany, Japan and in Canada for both domestic use and export. These sales were made under spot or short-term arrangements. One long-term contract was obtained to supply zirconium for use in nuclear power reactors operated by a provincial government-owned utility in Canada. However, the depressed price imposed upon Eldorado as a result of a dramatic price reduction offered by a U.S. producer which had previously supplied zirconium to this utility (as compared with the price paid to that producer by the utility prior to Eldorado's entry into the market) proved too low for Eldorado to economically fill the contract. Also the world-wide delay in the coming into service of nuclear power reactors has been a factor in the failure to acquire export markets.

4. Zirconium production will be resumed as soon as contracts ensuring viable plant operation have been secured.

5. Approximately $32,000 annually, excluding depreciation on idle plant.

6. No; however, the possibility of sales would be enhanced if there were a Canadian rolling and fabricating facility to bring the billets to a more readily marketed form.

7. Yes.

8. See answer to 3 above.

OPERATION LIFT

Question No. 1,686—**Mr. Mazankowski:**

1. How many people were on staff of the PFAA office, Department of Agriculture, Regina, prior to the introduction of "Operation Lift"?

2. How many additional people were hired to carry out the administration of this program?

3. What was the total salary for that staff during the fiscal years 1969-70, 1970-71 to date?

4. Were additional funds provided for increased personnel to administer applications under the "Operation Lift" and forage payment programs and, if not, for what reasons?

Hon. H. A. Olson (Minister of Agriculture): 1. Forty.

2. 1,008 (casuals) 222.0 man-years (1970-71); 36.6 man-years April 1 to August 31, 1971.

3.	Casuals	PFAA Staff
1969-70	Nil	$325,421
1970-71	$899,794	$296,764
April 1, 1971-August 31, 1971	$ 78,100	$133,743

4. Yes.

EMIGRATION OF SOVIET JEWS TO OTHER COUNTRIES

Question No. 1,713—**Mr. Brewin:**

Will the government use the opportunity of the visit to Canada of Premier Kosygin to discuss with him the plight of the Soviet Jewry?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The Government intends to pursue the enquiries made by the Prime Minister of Premier Kosygin last May concerning emigration of Soviet Jews to Israel or other countries of their choice and to raise again the question of the reunification of Soviet citizens of all ethnic origins with their relatives in Canada.

ADDITIONAL ARMED FORCES COSTS IN QUEBEC CRISIS

Question No. 1,804—**Mr. Robinson:**

What additional costs were incurred by the Department of National Defence over and above their normal pay, operating and maintenance costs for the operation of the Armed Forces in assisting civil authorities during the period October 12, 1970 to January 5, 1971?

Hon. Donald S. Macdonald (Minister of National Defence): Additional costs incurred in Quebec amounted to $2,109,337 and in the National Capital Area $597,764 for a total of $2,717,101.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LANGUAGE TRAINING

Question No. 1,572—**Mr. Dinsdale:**

1. How much was expended by the Department of the Secretary of State by province and territory for training in each of the

following languages (a) English (b) French (c) Ukrainian (d) Italian (e) Polish (f) German (g) others, for the fiscal year 1970-71?

2. What expenditures are contemplated in each of these categories for the fiscal year 1971-72?

Return tabled.

INFESTATION OF SPRUCE BUD-WORM IN FORESTS OF NOVA SCOTIA

Question No. 1,639—**Mr. Coates:**

1. How extensive is the infestation of the spruce bud-worm in Cumberland-Colchester North and has it been determined how it reached Nova Scotia?

2. Are other areas of woodlands in Nova Scotia also affected by the spruce bud-worm and, if so (a) what areas (b) what is the total acreage affected?

3. (a) What actions are being taken to eradicate the problem of the spruce bud-worm (b) is the government involved and, if so, in what manner?

4. Are any other similar types of insects affecting the forests of Nova Scotia and, if so (a) what are they (b) how dangerous are they (c) what actions are being taken to eradicate them?

Return tabled.

MANPOWER AND IMMIGRATION—DATA ON OCCUPATIONAL SHORTAGES

Question No. 1,720—**Mr. Blackburn:**

Has the Department of Manpower and Immigration been collecting data on occupational shortages and, if so (a) since what date (b) how often have these data been collected (c) what were the shortages in Canada and in the five regions for each of the pertinent periods to date in terms of totals and broad occupational classifications?

Return tabled.

STATUTES OF CANADA

Question No. 1,793—**Mr. McCleave:**

What statutes passed by the Parliament of Canada are in effect but have not been included in the Revised Statutes of Canada, apart from those known in the rules of the House of Commons as private bills?

Return tabled.

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notice of motion for the production of papers No. 244 is acceptable to the government.

SEWAGE DISPOSAL STUDIES, MASSET, B.C.

Motion No. 244—**Mr. Howard (Skeena):**

That an Order of the House do issue for a copy of the results of all studies conducted by the government or any agency or branch thereof since January 1, 1969 relating to sewage disposal and the effects thereof and including programs for sewage treatment plants at or near Masset, British Columbia.

Motion agreed to.

Mr. Jerome: Mr. Speaker, I ask that the remaining notices of motions be allowed to stand.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

INITIATIVES TO OBTAIN AGREEMENT BY LABOUR AND MANAGEMENT ON WAGE AND PRICE RESTRAINTS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, in view of the decline in the monthly cost of living index, which is not normal but nevertheless encouraging to see, I should like to ask the Prime Minister whether he has in mind any new initiatives at this time in regard to making another thrust to obtain some agreement or understanding in the matter of wage and price restraints?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is nothing that can be announced at this time. The Minister of Finance and myself have often said that we have this matter under review. We are encouraged, as is the Leader of the Opposition, by this decline. Although we would not say that we have licked inflation forever, we are encouraged by the movement, and if we do eventually have to take other decisions we will let them be known to the House.

Mr. Stanfield: Mr. Speaker, it is encouraging to note that the Prime Minister now recognizes that inflation was licked for a very short time. In view of the apparent acceptance by leaders of organized labour in the United States of the restraint program announced by President Nixon, may I ask the Prime Minister specifically whether he is going to take any new initiatives to examine the possibilities of labour and management in Canada agreeing to some mutually satisfactory approach to restraints, particularly in view of the fact, as I say, that labour in the United States has now accepted that position?

• (2:10 p.m.)

Mr. Trudeau: I believe the House is aware of the fact that meetings have been scheduled, some of which have already taken place, between leaders of industry and the Minister of Industry, Trade and Commerce and between labour leaders and the Minister of Labour. These are some of the questions which are being discussed. It is impossible to state at this time that there is any agreement on a future course of procedure, but we are aware of the problem as put by the Leader of the Opposition.

Mr. Stanfield: I have a further question, Mr. Speaker. The Prime Minister has referred to discussions. Is the Prime Minister putting before management on the one hand and labour on the other a specific proposal regarding counter-inflationary measures, measures of restraint, which the government is prepared to pursue at this time?

Mr. Trudeau: No, Mr. Speaker, not specific proposals at this time.

Inquiries of the Ministry

UNITED STATES ECONOMIC MEASURES—GOVERNMENT PLAN TO CREATE JOBS

Hon. George Hees (Prince Edward-Hastings): It is now obvious that the Nixon economic program will have serious effects on the Canadian economy. Is the Prime Minister now prepared to announce the contingency program to stimulate the economy and provide more jobs which, as he indicated several weeks ago, he would be prepared to announce if it became evident that the situation was becoming serious?

Right Hon. P. E. Trudeau (Prime Minister): I think the hon. member is right. It is obvious that the American measures are beginning to have effect here in spite of the legislation which has just been adopted by Parliament. As to an announcement, I can only tell the hon. member that it will be made very soon.

Mr. Hees: Has the Prime Minister any plans for improving the relationship between Canada and the United States, which all indications appear to show has deteriorated during the past 12 months?

Mr. Speaker: Is the hon. member for Peace River rising on a supplementary question?

Mr. Baldwin: Yes, Mr. Speaker.

Mr. Hees: On a point of order, Mr. Speaker, the Prime Minister was thinking the answer over and had risen about halfway to his feet. Can he not be allowed to answer?

Mr. Speaker: The hon. member for Peace River.

REVIEW OF GOVERNMENT POLICY RESPECTING INDUSTRY

Mr. G. W. Baldwin (Peace River): In light of the changed situation in Canada causing an overriding necessity to stimulate the economy and provide substantially increased employment, is the government considering a review of its entire program dealing with industry generally, and in that connection has the government replied to the letter written to it by Mr. Filion, President of the Canadian Manufacturers' Association?

Right Hon. P. E. Trudeau (Prime Minister): I have received several letters from leaders of industry. I do remember one from Mr. Filion to which I did reply. I must confess I am not clear in my own memory as to what particular representations Mr. Filion made in his letter. If the hon. member will refresh my memory, I might be able to be more helpful.

Mr. Baldwin: I will be glad to send across to the Prime Minister a copy of the speech Mr. Filion made today, and perhaps the Prime Minister might like to comment on it later.

Mr. Speaker: Order, please.

[Mr. Trudeau.]

FAMILY INCOME SECURITY

CO-ORDINATION OF FEDERAL AND QUEBEC PLANS—STATE OF DISCUSSIONS—BASIS OF DISAGREEMENT

Mr. David Lewis (York South): I have a question for the Minister of National Health and Welfare. Can the minister inform the House whether discussions at the official level between Ottawa and Quebec regarding the co-ordinating of family allowance plans are still continuing or have been suspended?

Hon. John C. Munro (Minister of National Health and Welfare): They are still continuing, Mr. Speaker.

Mr. Lewis: In view of reports that serious difficulties have been encountered by the two levels of government and that disagreement is very strong between them, can the minister inform the House when the next meeting is scheduled and also what the basis of the disagreements may be?

Mr. Munro: Mr. Speaker, I would hope that the disagreements are not serious. I did note the comments of the Quebec Minister of Social Affairs. I am endeavouring now to check precisely what he did say, and what the meaning behind it was, as a basis for further discussion, but we have not gone through that procedure yet.

Mr. Lewis: Just one more supplementary, Mr. Speaker, and I will be through. In view of the importance of this question not only to social security relations between the federal and Quebec governments but also to these relations throughout the country, would the minister undertake to make a statement to the House as to the progress of these discussions and what obstacles there are in the way of agreement on the proposals of Mr. Castonguay?

Mr. Munro: Mr. Speaker, I do not know whether a statement will be necessary, but as soon as we have had further discussions and delineated what the feeling is on both sides I would be pleased to endeavour to let the House know, in whatever manner seems practical.

Mr. Lewis: Are any further meetings scheduled and, if so, for what date?

Mr. Munro: No, Mr. Speaker. No precise date has been set yet. I am just surmising that there will be further meetings.

[*Translation*]

CO-ORDINATION OF OTTAWA AND QUEBEC PLANS—SUGGESTED MEETING BETWEEN FEDERAL AND PROVINCIAL MINISTERS

Mr. Speaker: Does the hon. member for Joliette wish to ask a supplementary?

Mr. Roch La Salle (Joliette): Yes, Mr. Speaker, I would like to ask the hon. Minister of National Health and Welfare a supplementary question.

Since Quebec Health Minister Castonguay said at a press conference yesterday that the negociations failed and that only a meeting with the federal minister responsible could bring changes acceptable to Quebec, does the

minister intend to meet Mr. Castonguay and for what date could the meeting be arranged?

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): The government is considering that now, Mr. Speaker.

Mr. Speaker: The hon. member for Annapolis Valley on a supplementary.

DOLLAR IMPACT OF NEW PROGRAM COMPARED WITH PRESENT FAMILY AND YOUTH ALLOWANCE PROGRAMS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, in order to confirm the far reaching implications of the FISP program, would the minister, either in a statement or by press release outside the House, give the country a comparison by region or province of the dollar impact of the FISP program in relation to the present family allowance and youth allowance programs, in view of the fact that this was omitted in the minister's original press release explaining the new program?

Mr. Speaker: Order. The minister might be allowed to reply to the question although I am sure the hon. member would agree it is not supplementary to the question which was just asked by the hon. member for York South. As the question has been asked, perhaps the minister might be allowed to reply.

Mr. Nowlan: Mr. Speaker, I wonder if the minister understands the question. I requested this basic statistical information by letter over a week ago and I certainly thought, since we were talking about the implications of the plan as it affects Canada, that a comparison of the dollar impact by region or by province would help all Canadians understand the full implications of the plan.

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I will get out the hon. member's letter right away and endeavour to answer it to the best of my ability.

Mr. Stanfield: On a supplementary—

Mr. Speaker: Order, please. The Chair will recognize one last supplementary from the Leader of the Opposition and then recognize the hon. member for Témiscamingue.

CO-ORDINATION OF FEDERAL AND QUEBEC PLANS—BASIS OF DISAGREEMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the Minister of National Health and Welfare whether I understand him correctly. Is he saying he does not understand the points of difference between the representatives of the province of Quebec and his own government with regard to this subject? Is he saying he does not know what the differences are?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, that is not what I said. If the Leader of the Opposition was listening—

Mr. Stanfield: I was listening.

Mr. Munro: —he would know I said I had read press reports of what the minister said. I am endeavouring to check on precisely what he did say. We have not had a complete report and I am endeavouring to find out what it is all about.

* * *

• (2:20 p.m.)

[*Translation*]

THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—REFORMS TO STABILIZE ECONOMY

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to direct a question to the Prime Minister.

As everyone knows, when the United States sneeze Canada catches a cold. Is the government considering a comprehensive program in order to bring about domestic economic reforms which will enable us to develop our country without always being dependent on or in conflict with the United States? Does the government intend to initiate sweeping economic reforms to allow Canadians to live in their own way at home?

Right Hon. P. E. Trudeau (Prime Minister): Obviously, the answer is yes, Mr. Speaker. The government has already introduced many legislative proposals in the House, including the one now under study. Our tax reform proposals include some whose object is to help Canada exercise greater control over its economy.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

RESPONSE TO CRITICISMS OF DEPARTMENTAL PROGRAMS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. In view of the earlier criticisms by the Canadian Council on Rural Development and the criticism this week in the fifth annual review of the Atlantic economy published by APEC that the program under the Department of Regional Economic Expansion has not established any acceptable goals or targets or objectives, particularly those that might be jointly agreed to by the provinces, for the designated regions, I wonder what steps the minister or his department is taking to answer this obvious concern and problem that has been with the department since its formation some two years ago?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, there is only one premise that I accept, the one that APEC has published a report that I have not seen because they have not sent it to me.

Mr. Stanfield: We will send it to you.

Mr. Marchand (Langelier): They have sent it to you? They have not sent it to me. I have not seen it so I have not read it. As far as the other premises are concerned, I do not accept them so I cannot answer.

Mr. Stanfield: On a point of order—

Mr. Speaker: The hon. member for Egmont on a supplementary.

Mr. Stanfield: On a point of order, Mr. Speaker—

Mr. Speaker: Order, please. Is the Leader of the Opposition rising on a point of order?

Mr. Stanfield: On a point of order, Mr. Speaker, I can only assume, in view of the difficulties the government has in understanding communications, that APEC has not considered it worth while to send them the report.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. That is not a point of order. The hon. member for Egmont.

Mr. MacDonald (Egmont): It was a good one though. Since the program lists at least one or two officials from the minister's department who will be participating in discussions relative to the recommendations of the council next Tuesday, I assume that the minister's department will have an opportunity to study these suggestions and has already studied the earlier recommendations of the Council on Rural Development to which I referred in my first question and which were made many months ago. Therefore I should like to ask the minister what steps he or his officials have taken to respond to the growing criticism and concern about the over-all effectiveness of the department?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, undoubtedly, all such recommendations and suggestions will be taken under consideration. I have already stated in the House that we do not believe that we are guided by the Holy Ghost and therefore cannot make mistakes. We have attempted to establish worthwhile programs for regional development. Various persons and organizations offer suggestions; we shall study them, but we should not be asked to respond before the reports reach us.

[*English*]

Mr. MacDonald (Egmont): Mr. Speaker, certainly neither I nor anyone else has ever suggested that the minister's department is being advised by the Holy Ghost.

Mr. Marchand (Langelier): You are.

Mr. MacDonald (Egmont): I should like that opportunity but so far it has not occurred. As a supplementary, Mr. Speaker, I wonder whether the minister could indicate what steps are being taken to examine further or to implement proposals concerning preoccupation with the development of an infrastructure in the Atlantic region and a greater opportunity for regional participation in the planning of future programs?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, as soon as we have the APEC report as well as other reports referred to by the hon. member, and when we have studied them, we shall certainly endeavour to improve our methods so as to reach the objectives which we have set for ourselves. We have no pride to save; we merely want to help and it is possible that we find some shortcomings, but the hon. member can be sure that if we can correct them, we shall do so. However, we do not accept global condemnations which apply but to some particular cases and which have no bearing on any definite program.

[*English*]

JOBS CREATED UNDER REGIONAL DEVELOPMENT INCENTIVES ACT

Mr. David Orlikow (Winnipeg North): I wonder if the minister could tell the House how many jobs have been created by his department under the terms of the Regional Development Incentives Act?

Mr. Speaker: Order, please. The hon. member will appreciate that a question of that kind ought normally to be placed on the order paper. The hon. member for Annapolis Valley on a supplementary.

CONSIDERATION OF REPORT OF ATLANTIC DEVELOPMENT COUNCIL—REQUEST FOR STATEMENT

Mr. J. P. Nowlan (Annapolis Valley): My question is supplementary to that asked by my colleague the hon. member for Egmont. I appreciate that the minister may have difficulty communicating with the Holy Ghost, but I do not intend to ask if he has read the APEC report which was just released or the report of the Canadian Council on Rural Development which was transmitted to him in July this year. What I should like to ask is whether he would make a statement in the House on the report of the Atlantic Development Council which has been in the hands of the minister since April, 1971, that report also having set out goals and targets for the Atlantic area, because we in the Atlantic area have interests to protect and we are not being protected by the sloppy answers of the minister?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Baldwin: Perhaps the Holy Ghost sent the minister a copy.

Mr. Speaker: Order, please.

Mr. Nowlan: Because we have interests to protect, Mr. Speaker, I perhaps trespassed a little too far, but only because of the continuing non-answers by this minister to our questions.

Mr. Speaker: Order, please. The latter part of the question perhaps was not entirely relevant, but the hon. member might allow the minister to reply to that part of his statement which was a question.

Mr. Nowlan: Perhaps the minister did not understand either the first or the second part of the question, and I should like to put it as clearly as I can. Has the minister yet considered the report of the Atlantic Development Council, which came to him in April of this year, setting out goals and targets and a whole concept of strategy for

Atlantic Canada development, and is he prepared to make a statement on that before he does any more bedtime reading?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): In due time, I will surely make a statement in the House. For the time being, we are not ready to do so.

[*English*]

An hon. Member: The Holy Ghost sent the report.

Mr. Speaker: Order, please. We ought to go to another subject soon. The hon. member for Edmonton West.

Mr. Nowlan: I suggest that the minister has a little patronage set up in Montreal.

Mr. Marchand (Langelier): That is cheap.

Mr. Nowlan: The minister has set up an office in Montreal for purposes of patronage.

Mr. Marchand (Langelier): That is cheap, cheap.

Mr. Nowlan: The minister is known as Marchand, the patronage man.

An hon. Member: He is the president of "Holy Ghost Incorporated".

SUGGESTED STUDY OF DEPARTMENTAL PROGRAMS BY ECONOMIC COUNCIL

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I direct a supplementary question to the Minister of Regional Economic Expansion. Has he or have his colleagues in the government considered asking the Economic Council of Canada to make a study of the programs or the effect of the programs that his department has been putting into effect during the last two or three years, as directly authorized and referred to in the act setting up the Economic Council of Canada?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, officials of the department are reviewing the programs and constantly trying to consider their efficiency and their output. My department is not very old, Mr. Speaker, having been established a mere two and half years ago. We are endeavouring to find out whether we are achieving our aims and we would like to see the opposition make its contribution instead of trying to create trouble—

[*English*]

Mr. Speaker: Order, please. The hon. member for Greenwood. I apologize to the hon. member for Greenwood. The hon. member for Témiscamingue wishes to raise a point of order.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order. The hon. member for Témiscamingue on a point of order.

Mr. Caouette: Mr. Speaker, the Minister of Regional Economic Expansion has just accused the opposition of creating difficulties for the government. I should like to point out to the minister that, in Canada, it is the government, and not the opposition, that is creating difficulties for everyone.

[*English*]

Mr. Speaker: Order, please. The hon. member for Greenwood.

* * *

ADMINISTRATION OF JUSTICE

USE OF WIRETAPPING IN UNION STRIKE—PROHIBITION IN BILL OF SUCH ACTION BY POLICE

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Minister of Justice. In light of reports of police wiretapping against trade union members engaged in a legal strike, will he review Bill C-252 to make sure that it effectively prohibits such police actions and, if not, will he propose the necessary amendments?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, that will be one of the matters we shall want to deal with when the legislation reaches the Standing Committee on Justice and Legal Affairs.

Mr. Brewin: Mr. Speaker, would the minister consult with the provincial Attorneys General in order that they may collaborate in putting to an end this objectionable form of industrial espionage?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I would think that at this stage under the present law the responsibility is theirs.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, may I direct a question to the Minister of Justice. In light of the questions just asked about wiretapping and his answers, is he now prepared to accept the recommendation of the Standing Committee on Justice and Legal Affairs that before wiretapping takes place a judge's order ought to be obtained, instead of leaving this matter in the hands of political people such as the Attorney General of Canada?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Turner (Ottawa-Carleton): Mr. Speaker—

Mr. Speaker: Order, please.

Mr. Turner (Ottawa-Carleton): On a point of order, Mr. Speaker.

Mr. Speaker: Is the Minister of Justice rising on a point of order? I suggest that as the question was asked it is not in order.

• (2:30 p.m.)

Mr. Turner (Ottawa-Carleton): The point of order arises from the fact there is legislation before the House in the

form of a bill and if the hon. member had read it he would know that is just what we provided for.

* * *

INQUIRY OF THE MINISTRY

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs.

Has the government paid any living expenses to the FLQ members in Cuba, at least until they can earn a living?

[*English*]

Mr. Speaker: Order, please. The hon. member for Fundy-Royal.

Mr. Fairweather: I am deferring to the Secretary of State for External Affairs, Mr. Speaker.

Mr. Speaker: Is the minister rising on a point of order?

Mr. Sharp: It is probably a point of order, Mr. Speaker, since you seem to have ruled out of order the question asked by the hon. member. I would think it important that this question should be answered and not left uncertain.

Mr. Speaker: If a question is ruled out of order and the minister thinks, either on a point of order or a question of privilege, that it should be answered, the minister should make his point on that basis. However, if a question is ruled out of order by the Chair, it is certainly not sufficient for a minister to rise and say that in his view there should be a reply to the question.

Mr. Sharp: On the point of order, Mr. Speaker, perhaps I did not express myself too clearly. I was not sure whether Your Honour was ruling the question out of order.

Mr. Nowlan: No wonder Washington has trouble.

* * *

HOUSE OF COMMONS

PRESENCE OF MINISTER OR PARLIAMENTARY SECRETARY DURING QUESTION PERIOD AND DEBATES

Mr. R. Gordon L. Fairweather (Fundy-Royal): I have a question for the Prime Minister embodying a reasonable request about the operation of the House and value returned for dollars spent. Now that there are 27 parliamentary secretaries to share the load, in a manner of speaking, will the right hon. gentleman consider an arrangement whereby either a minister or his parliamentary secretary is here at all times during the question period and during debates?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): I will consider that question, Mr. Speaker. The need for further parliamentary secretaries is to assist the minister in the House and in parliamentary committees if the minister is tied up with departmental or cabinet affairs. If it is conceivable to work out a timetable by which ministers will be represented in the House every day, I will obviously bring that forward, but I have some doubt whether it is possible.

Hon. George Hees (Prince Edward-Hastings): A supplementary question. As no more than the seven senior ministers in the government are busy enough to require parliamentary secretaries, is the government setting up a committee to figure out what in the world the other 20 are going to do all day?

Mr. Speaker: Order, please. The question as asked is not in order.

* * *

HEALTH

BIRTH CONTROL—GRANTS TO MUNICIPALITIES AND VOLUNTARY ORGANIZATIONS

Mrs. Grace MacInnis (Vancouver-Kingsway): My question is for the Minister of National Health and Welfare. In view of the grant by his department of $25,000 to Serena, an organization using birth control methods with a 24 per cent failure rate—

Some hon. Members: Oh, oh!

Mr. Baldwin: That's like Benson's budget.

Mrs. MacInnis: —will the minister say whether similar grants will be available to municipalities and voluntary bodies—

Some hon. Members: Oh, oh!

Mrs. MacInnis: —using methods with proven lower failure rates?

Hon. John C. Munro (Minister of National Health and Welfare): Without accepting the premise of the hon. member's question, Mr. Speaker, I should like to advise her that there already is a cost-sharing arrangement with the provinces under the Canada Assistance Plan for many types of family planning services, and some of this must inevitably filter down to the municipalities.

Mrs. MacInnis: Apart from the Family Planning Association of Canada, have any other direct grants been made to organizations using modern birth control methods?

Mr. Speaker: Order, please. I think that question should be placed on the order paper or considered at the time of adjournment.

Mrs. MacInnis: Ten o'clock.

ACTION TO EXPAND POISON CONTROL CENTRES

Mr. P. B. Rynard (Simcoe North): My question is for the Minister of National Health and Welfare. In view of the fact that a federal study into accidental and deliberate poisonings has reported that Canada's poison control centres are having little success in fighting accidental and deliberate poisonings, is the Minister of National Health and Welfare giving consideration to introducing new mea-

sures and assisting in expanding poison control centres in light of this report?

Hon. John C. Munro (Minister of National Health and Welfare): I will look into the matter further, Mr. Speaker, and report to the hon. member.

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CAPE BRETON DEVELOPMENT CORPORATION

PROVISION OF ADDITIONAL FUNDS FOR INDUSTRIAL DEVELOPMENT TO CREATE JOBS

Mr. Robert Muir (Cape Breton-The Sydneys): I have a question for the Minister of Regional Economic Expansion. Is the minister in a position today to reply to my question of some days ago regarding the necessity and possibility of more funds being made available soon to the Cape Breton Development Corporation?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the corporation's last annual report showed that by the end of 1970 most of its initial capital had been spent or committed and by the end of this year there will be very little left. The corporation's future capital plans are now being prepared and will be reflected when next year's estimates are submitted to Parliament.

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REGIONAL ECONOMIC EXPANSION

SUGGESTED EXAMINATION OF DEPARTMENTAL OPERATIONS BY OFFICIALS IN PRIME MINISTER'S OFFICE

Mr. Robert C. Coates (Cumberland-Colchester North): My question is for the Prime Minister. In view of the sensitivity on the part of the Minister of Regional Economic Expansion and his officials with regard to criticisms about the programs that—

Mr. Speaker: Order, please. Will the hon. member resume his seat. The hon. member should ask the question. Certainly the way it is premised would tend to indicate that it would not be in order. The hon. member should ask the question directly.

Mr. Coates: I had to substantiate what I was going to request of the Prime Minister, Mr. Speaker. I will do it now. In view of this, will the Prime Minister give consideration to having some of the officials in his office carry out an independent examination of the success or failure of DREE and indicate what programs should be altered in order to make it a more successful operation as far as the fight against regional economic disparity is concerned?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will gladly discuss with the President of the Treasury Board whether I should further enlarge my staff to carry out this investigation.

Mr. Hees: A supplementary question.

Mr. Speaker: Order, please. The hon. member for Yorkton-Melville.

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WELFARE

CORNWALL—REFUSAL OF PAYMENTS TO PERSONS WITH LONG HAIR—POSSIBLE VIOLATION OF CANADA ASSISTANCE PLAN

Mr. Lorne Nystrom (Yorkton-Melville): My question is for the Minister of National Health and Welfare. In answer to a question on September 30 the minister told the House he would investigate an incident in Cornwall involving a refusal to give welfare payments to people with long hair to see whether this violated the letter or spirit of the Canada Assistance Plan. Did the minister make this investigation and, if so, can he report to the House at this time?

Hon. John C. Munro (Minister of National Health and Welfare): The matter was looked into, Mr. Speaker. I forget the details of the results of the investigation. I will look into it and report to the hon. member.

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FISHERIES

ASSERTION BY CANADA OF MANAGEMENT JURISDICTION OVER CONTINENTAL SHELF

Mr. Heath Macquarrie (Hillsborough): I should like to direct a question to the Minister of Fisheries. In the wake of last week's conference over which the minister presided, is the government now giving serious consideration to asserting Canada's jurisdiction over the continental shelf in so far as fisheries management is concerned and, if so, when may an announcement be expected?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, our primary concern is for sound conservation out over our continental shelf, and we require the co-operation of other nations to bring that about.

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[*Translation*]

CRIMINAL CODE

RE-ESTABLISHMENT OF CAPITAL PUNISHMENT—POSITION OF MINISTER OF JUSTICE

Mr. Henry Latulippe (Compton): Mr. Speaker, I have a question for the Minister of Justice.

Would he indicate to the House what approach he intends to take in connection with capital punishment? Will he see to it that the law on capital punishment will be enforced in the case of the police officer who has just been slain?

Mr. Speaker: The hon. member will agree that the question as it stands is out of order.

Inquiries of the Ministry

• (2:40 p.m.)

[*English*]

GRAIN

FURTHER ACTION ON STABILIZATION BILL FOLLOWING PAYMENTS TO WHEAT BOARD UNDER TEMPORARY WHEAT RESERVES ACT

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I wish to ask the minister responsible for the Wheat Board whether a cheque has gone out to the Wheat Board today, whether it is for $38 million or $62 million and whether, in light of the fact that Bill C-244 still remains on the order paper, he intends to proceed with consultations immediately so that further action may be taken during the present session of Parliament?

An hon. Member: Wouldn't you like that?

Hon. Otto E. Lang (Minister of Manpower and Immigration): A cheque in the amount of $62.1 million has been paid to the Canadian Wheat Board and, of course, in due course, after making appropriate calculations, the Wheat Board will be paying a much smaller amount to the farmers.

Mr. Korchinski: May I ask the minister to answer the second part of my question? Will he be holding consultations immediately, or does he intend to let that bill die on the order paper?

[*Later:*]

Mr. Jack McIntosh (Swift Current-Maple Creek): My supplementary arises from the minister's statement that the sum of approximately $62 million has been paid to the Canadian Wheat Board, money which in reality was owed to the farmers who participated in the pool of that year. What was the significance of his remark that only a portion of this money would be paid to the producers?

Mr. Lang: This has been explained to the House any number of times in recent weeks. A portion of the amount is allocated to the 1969-70 pool, and only that portion will be allocated to producers and received by them at this point in time. The question of whether any other amount allocated to future pools will ever reach the farmers depends on many circumstances, for example, the total state of the pools, circumstances about which we cannot know at this time.

LIFT PROGRAM—AUTHORIZATION FOR REPAYMENT REQUESTS TO FARMERS—LEGAL ACTION

Mr. A. P. Gleave (Saskatoon-Biggar): In view of the fact that a number of requests have gone out to individual farmers from Mr. Riddell, the director of PFAA, seeking repayment of part of the amounts paid to farmers under the Lift program, can the minister inform the House whether this was done under his direction or on the initiative of the director of PFAA?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Any recovery is certainly limited only to amounts which may have been paid in circumstances where there was no entitlement to the payment. As I understand it, this is a required procedure and one of which the Auditor General earnestly approves.

Mr. Speaker: Order, please. I bring to the attention of hon. members that there are only about five minutes left before the end of the question period and apparently there are three or four supplementaries on this subject, which might bring us to the end of the time available.

[*Later:*]

Mr. Gleave: Further to my earlier question, can the minister inform the House whether any legal action has been taken against individual farmers in an attempt to enforce repayment of part of the Lift payments, or whether any legal action is contemplated by himself or by his department?

Mr. Lang: I do not know of any such specific action at this point but, of course, if moneys are properly owed to the Crown as having been paid on an erroneous basis, legal proceedings might well follow.

CASH ADVANCE PROGRAM—WHEAT BOARD DEMAND FOR ADDITIONAL PAYMENTS BY FARMERS

Hon. W. G. Dinsdale (Brandon-Souris): My supplementary refers to the cash advance program in connection with which a similar difficulty has been encountered by reason of the Wheat Board demanding additional payments from farmers. Is the minister aware of this problem, and has he taken action to correct it?

Hon. Otto E. Lang (Minister of Manpower and Immigration): The problem is in no way related to what we have been considering, just as the legislation is in no way related to it. Some difficulty has arisen as a result of farmers and, indeed, some elevator agents, thinking that cash advances could be made at a rate other than the rate prescribed for such advances, and that repayments could likewise be made at a different rate. The law in fact requires a specific rate with respect to advances and repayments. Where this misunderstanding has arisen there has, of course, been some difficulty.

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NATIONAL DEFENCE

CADET MOVEMENT—GOVERNMENT POSITION RESPECTING COMMITTEE ON YOUTH RECOMMENDATION THAT FEDERAL FUNDING CEASE

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Minister of National Defence. In his absence I will direct it to the Prime Minister. It arises out of one of the recommendations made to the federal government in the report of the Committee on Youth, the recommendation that federal funding of cadet movements should cease. Can the Prime Minister say whether the government is considering any retrograde step of this nature or whether there is anything to report to the House on this question?

Mr. Speaker: Again, the hon. member's question as asked is not in order. It invites the Prime Minister to indicate whether the government will proceed with a

retrograde step. This is argument, and a question should not be asked in those terms.

Mr. Simpson: I will rephrase the question. Has the Prime Minister anything to report to the House with regard to the specific recommendation in the report of the Committee on Youth to which I have referred?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. As the Secretary of State told the House, we are looking at the report and studying specific aspects of the recommendations it contains, but there is nothing we can tell the House at this time.

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MANPOWER

ACTION RESPECTING REFUSAL OF APPLICANTS FOR WORK TO ACCEPT SUITABLE JOBS

Mr. A. D. Hales (Wellington): Mr. Speaker, I should like to direct my question to the Minister of Manpower and Immigration. On September 23 I addressed a question to him with regard to the skyrocketing cost of welfare in the country and what co-ordination was being established between manpower offices and welfare offices. The minister indicated that he would like to report fully to the House on this matter. I wonder if he is now in a position to do so.

Hon. Otto E. Lang (Minister of Manpower and Immigration): I do not think I would be permitted to make what might be called a full report to the House at this point, but I will be glad to discuss the matter with the hon. member.

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GRAIN

PAYMENTS BY GOVERNMENT UNDER TEMPORARY WHEAT RESERVES ACT SINCE JULY 31, 1971

Mr. Arnold Peters (Temiskaming): I have a question for the Minister of Finance. In view of events which took place yesterday, is it now the hon. gentleman's intention to make the monthly payments to the Canadian Wheat Board as required by law under the Temporary Wheat Reserves Act, and has he done so up to date?

Hon. E. J. Benson (Minister of Finance): As far as I know, the only payment which has been made up to this point is the $62.1 million. I will look into the other matter.

Mr. Peters: My inquiry was concerned not with the 1969-70 payment but with the payments which have fallen due on a monthly basis under the terms of the Temporary Wheat Reserves Act since July 31 of this year.

Mr. Benson: That is what I offered to look into.

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CITIZENSHIP

REPORTED HOLDING OF COURT IN BEER PARLOUR

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is directed to the Minister of State responsible for citizenship. It has to do with a report appearing in the *Globe and Mail* to the effect that a citizenship court was held in a beer parlour. I should like to ask the minister whether permission was granted by his department for a citizenship court to be held in such a location?

Hon. Martin P. O'Connell (Minister of State): I will take that question as notice, Mr. Speaker.

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FEDERAL-PROVINCIAL CONFERENCE

INCLUSION OF CONSTRUCTION POLICY ON AGENDA OF FORTHCOMING MEETING

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is directed to the Prime Minister. Will an item having to do with the construction policies of the federal and provincial governments as a means of creating employment appear on the agenda of the meeting of first ministers?

Right Hon. P. E. Trudeau (Prime Minister): I cannot guarantee that construction will be on the agenda, but certainly the total package of measures with which we can proceed, including construction, will be on the agenda. It might not be detailed, but certainly it is a subject upon which governments will be free to speak.

Mr. David Lewis (York South): The Prime Minister has referred to this program on a number of occasions, including today. In view of the importance of this program being available as soon as possible, can the right hon. gentleman inform the House now whether we may expect an announcement within the next day or so or whether it will be some weeks hence?

An hon. Member: Very soon.

Mr. Trudeau: As was just said on this side of the House, I said "very soon". It will not be some weeks hence.

Mr. Lewis: You said "very soon" two weeks ago.

Mr. Trudeau: No, I did not. I said "soon" two weeks ago.

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CROWN CORPORATIONS

POLYMER—PREVENTION OF FURTHER LAY-OFFS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I wish to direct a question to the Minister of Supply and Services who is looking after the situation in Sarnia in connection with Polymer. I wonder whether he has anything to report to the House on any solutions he may have in mind?

Hon. James Richardson (Minister of Supply and Services): I have very little to report apart from what I told the House a day or two ago. I talked with the president of Polymer this morning and he advised me that no further reductions in the work force are contemplated, at least at the present time.

Inquiries of the Ministry

• (2:50 p.m.)

Mr. Alexander: In light of the fact there have been many complaints about the economic justification for these lay-offs and about the lack of proper notice, is the minister looking into this whole area to find the reasoning behind the lay-offs in order that he can report to the House by way of a statement?

Mr. Richardson: Yes, Mr. Speaker, I have been in very close touch with management. The over-all position is that there are very serious difficulties in the whole petrochemical industry. The company has been faced with reduced sales, lower prices because of competition and rising costs. It is against this background that the reduction in the work force has been necessary.

Mr. Alexander: Mr. Speaker, in view of the fact the minister has put his finger on the problems in respect of the petrochemical industry, is he prepared to give the House any solutions he has in mind in the form of recommendations to the Prime Minister and the government as to how we can alleviate this very difficult and growing situation in Canada?

Mr. Speaker: I suggest to the minister that if he is going to reply to this further supplementary question he should do so briefly because it seems to me that the question as asked would invite a rather lengthy answer which normally should be made on motions. The minister might reply briefly.

Mr. Richardson: Mr. Speaker, I will not reply further at this time except to say that the government's action in bringing in the employment support bill is helpful to Polymer in the present circumstances.

Mr. Alexander: Never mind that—over and above that?

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CANADA DEVELOPMENT CORPORATION

INQUIRY AS TO APPOINTMENT OF PRESIDENT AND GENERAL MANAGER

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Finance relating to the appointment of the principal officers of the Canada Development Corporation. A couple of weeks ago the minister promised that an announcement would be made very soon. When does "very soon" become "now"?

Hon. E. J. Benson (Minister of Finance): Very, very soon, Mr. Speaker.

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CONSUMER AFFAIRS

REPORTED DANGEROUS RUSTING OF 1965-69 CHEVROLET CARS—PROTECTION OF CANADIAN OWNERS

Mr. Barry Mather (Surrey): Mr. Speaker, I have a question for the Minister of Transport. Is his department aware of the situation reported from Detroit today involving an estimated seven million Chevrolet cars, 1965 to 1969 models and the rusting of frames which has caused engine mounting failure—rusting such as we experience in the national capital from time to time—with the threat that many thousands of these cars will be recalled, and can he say whether his department will look into this with a view to protecting the Canadian consumer?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I thank the hon. member for giving me notice, but I only received it after coming into the chamber and there has not been time to make a check. I will give him an answer tomorrow or the next day.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Tuesday, October 12, consideration in committee on Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Honey in the chair.

Mr. Lambert (Edmonton West): Mr. Chairman, I rise on a point of order. I did not want to interrupt the minister's statement and that is why I am taking this opportunity of suggesting that we should decide now how we are to proceed with the committee study of this bill and how votes will be taken. Your Honour will appreciate that the bill contains over 700 pages, and clause 1 in effect repeals practically the whole of the Income Tax Act. The bill contains some 500 pages of more than 200 paragraphs relating to the new act. I think we must determine how we should handle this legislation because clause 1 cannot be relegated to the end in the way we have proceeded on other occasions. Clause 1 in effect repeals six parts of the present Income Tax Act and puts the whole act on the table.

My suggestion is that we have a preliminary round of general discussion, to be followed by a discussion of the clauses and a vote on the clauses by number. I suggest we vote on the clauses by number rather than deferring votes, because of their many interrelationships. Many clauses are consequential upon others, so much so that it would be farcical to defer a vote and expect, either by agreement or on division, to carry another clause which is consequential upon that clause still outstanding. For that reason I propose we deal with the clauses in orderly sequence, to avoid what may become a terribly complicated procedure.

Mr. Benson: Mr. Chairman, on the point of order raised, I am not averse to the suggestion of the hon. member. As he suggested, I think we might start with a general round of speeches, and after a discussion between myself and other interested parties regarding the handling of clauses and subclauses we could take the vote. I fully agree that a method must be found to deal with this matter because of the number of varying principles involved, some of which

are involved in parts of clause 1 and some of which are involved in other parts of the bill.

Clause 1 in effect involves the entire Income Tax Act, and if it is agreeable I would suggest we hold further discussions as to the method of breaking it down. I am in agreement generally that we should break it down because of the number of clauses involved.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, apparently it will not be necessary to take part in an extensive argument at this point, as I thought might be the case, because there seems to be general agreement between the Minister of Finance and the hon. member for Edmonton West. I share their views. The gentlemen at the table have no doubt been puzzling over this bill and are aware of the fact that clause 1 is 596 pages in length and about 2½ inches thick. It looks much like the telephone book of the city of London, England. It includes about 257 clauses in respect of a new act and the number of subclauses must be legion several times over. In fact, what we will have before us, when you call clause 1, is a proposed new Income Tax Act.

• (3:00 p.m.)

I realize that one might find precedents for the proposition that technically what is before us is just clause 1 of the bill, and therefore we should debate the whole thing all at once and vote on it all at once. But surely this is a case where common sense ought to prevail. After all, how could the rule of relevance be applied to the 596 pages of clause 1?

I therefore suggest that we first of all agree to have a general discussion, and then at some agreed point we decide that the general discussion has been concluded and we then proceed to deal with the 257 clauses of the new Income Tax Act which will be enacted by clause 1 of Bill C-259. I agree with the Minister of Finance that the details of this agreement can be arrived at by discussion through the usual channels, but I think it will be useful if it is now understood that this common sense procedure is to be adopted.

The Chairman: The Chair has no difficulty in agreeing that we would not want to proceed by calling clause 1 and proceeding to deal with it in its entirety. I gather there is general agreement that there is to be a round of discussion. The hon. member for Edmonton West used that terminology, as did the minister, and the Chair would like clarification of that point. Do hon. members mean by that, only one speaker from each party?

Mr. Lambert (Edmonton West): No.

The Chairman: Then it is agreed that there will be a general discussion on clause 1 and that during this interval the leaders of the parties will discuss the procedure we might adopt following that general discussion. If that is the general understanding, the Chair will recognize the Minister of Finance.

Mr. Benson: Mr. Chairman, at the start of the committee's consideration of Bill C-259 I should like to discuss briefly amendments the government is ready to make at this time. With the permission of the committee I will today table substantially all the amendments that the government plans for clause 1, which covers the majority of the tax reforms.

This procedure is intended to allow hon. members time to study the amendments in advance of their formal introduction by the government. The government is in the process of completing several amendments it will propose to the remaining clauses and I intend to table them as soon as possible. Aside from these, there may be further amendments the government will wish to propose as a result of representations which have been received only recently and which are still under consideration. Most amendments can be left for discussion later, but there are two areas of change I will describe because of the attention the issue has received so far during the debate.

Both inside and outside the House the proposed tax treatment of co-operatives and credit unions has received a good deal of discussion. Under the bill as drafted, patronage dividends and interest rebates cannot reduce the income of a co-operative or a credit union below 5 per cent of members' capital employed. The government amendment would provide that patronage dividends could not reduce income, after interest to members, below the lesser of, first, 5 per cent of members' capital employed as proposed in the bill and, second, one-third of the income before patronage dividends but after interest to members. This amendment will ease the impact of the new rules on co-ops and credit unions, particularly in years of low earnings.

In addition, the increase in tax resulting from the limitation on the deduction of patronage dividends and interest rebates will be phased-in over ten years by collecting one-tenth of the increase in the first year, two-tenths in the second year, and so on. This amendment will give credit unions and co-operatives time to adjust to the new rules. This phase-in will be included in the amendments to part III relating to the transitional rules. In addition, the government will propose an amendment to clarify that for credit unions interest on share capital is deductible.

Furthermore, we are proposing some amendments relating to the computation of the opening reserves of a credit union to more appropriately bridge the transition from exempt to taxable status. Representations have been made that credit unions cannot take full advantage of the small business incentive because of provincial reserve requirements. The government is continuing to give consideration to what change in the bill is appropriate to accommodate this special problem and I expect to be able to table next week an amendment dealing with this problem.

I would also like to refer to an amendment the government will propose with respect to the classification of shares of certain investment corporations as foreign property, within the meaning of section 206 as set forth in clause 1 of the bill. Investment corporations, as defined in section 130 in clause 1 of the bill, are special status corporations which, like mutual fund corporations and mutual fund trusts, are public investment vehicles for which substantial conduit treatment is provided by special rules in the bill.

To put investment corporations on a more equal footing with mutual fund corporations and mutual fund trusts, one of the amendments which I have tabled today will

provide that shares of an investment corporation purchased by a taxpayer after today will be classified as "foreign property", except as prescribed by regulation. Generally speaking, the operation of the "foreign property" rules as they relate to investment corporations will be effected on the same basis as that prescribed for Canadian mutual funds and pooled funds in the press release which I issued on June 30, 1971, regarding this matter, except that today will be the effective date.

In addition to this change regarding investment corporations, I would like to announce at this time an amendment the government will propose to clause 65 in part III of the bill that will be of importance to registered retirement savings plan trusts that have contractual investment plans with investment corporations, mutual fund corporations, mutual fund trusts or trust company pooled funds whose shares or units will be classified as "foreign property" under the new rules. In order to give these trusts more time to rearrange their contractual plan commitments, this amendment will provide that any such shares or units acquired by a registered retirement savings plan trust before 1974 will, subject to specified limits, be deemed to be "foreign property" acquired by the trust before June 19, 1971.

The rules in subdivision (i) relating to the taxation of passive income—that is, foreign accrual property income—are complex. The complexity is inevitable if the provisions are to be both effective in curtailing abuse and yet fair to those multinational corporations based in Canada which carry on extensive operations in other countries. The government's objective is to achieve a fair balance between these two sometimes competing objectives. We recognize the importance of consulting with those Canadians with overseas investments in striking the appropriate balance.

To provide an opportunity for this consultation to take place, Bill C-259 already provides that the passive income provisions will not take effect on January 1, 1972. Clause 35(3) of the transitional provisions, page 659, provides that the passive income rules will apply only for those taxation years of foreign affiliates that commence after 1972.

We have already received a number of presentations relating to the passive income provisions and it seems clear that some changes to the law in this area should be made before the provisions take effect. However, we have concluded that it would be premature to introduce changes at this time before all representations have been received and given the study they require. Most of the amendments I am tabling are technical, while a few are largely of a relieving nature to overcome potential hardship cases. All are the result of my officials reviewing the bill following submissions by organizations and individuals who have given the bill careful scrutiny since it received first reading at the end of the budget debate.

The Canadian Institute of Chartered Accountants, the Canadian Bar Association, the Canadian Tax Foundation and the Canadian Chamber of Commerce, as well as many other organizations and individuals, have spent a great deal of time and effort in reviewing the bill. I have been particularly impressed with the fact that most of the submissions have not merely focused attention on potential hardship cases but have also indicated instances where amendments are necessary to prevent tax avoidance schemes. The submissions of these organizations and individuals have been valuable. In the main, the amendments are in response to these submissions.

• (3:10 p.m.)

Throughout the debate we have heard a good deal about the complexity of the bill. Bill C-259 is complex, so is the present act. As practitioners gain familiarity with the new system, the issue of complexity will abate. For the average taxpayer the complexity issue has no relevance. Wage earners will continue to complete reasonably simple tax returns. The more complicated provisions of the bill, those involving the corporate tax regime and the provisions dealing with capital gains transactions, are of principal concern to the business community. A complex tax system is nothing more than a reflection of a complex, commercial world.

Much of the complexity in this bill is to relieve taxation. For example, the decision to tax capital gains at only half rates requires much more complicated provisions than if capital gains were treated in the same way as ordinary income. Similarly, certain capital gains—for example, the gain on principal residences—are exempt. These exemptions cause complexity. In addition, while other transactions are not exempt, the tax arising on the transaction is deferred. By this I am referring to amalgamations and certain other types of corporate reorganizations where the relieving provisions require complex rules. The decision to reduce the burden of the double taxation of corporate income necessitates rather complex rules concerning refunds at the corporate level.

Because the bill introduces new concepts there was a need to avoid a retroactive impact. The belief that the bill should not be retroactive resulted in complex transitional rules all of which are designed to prevent the taxation of previous accrued gains and income. The bill appears more complex than it would otherwise be because it also represents a restructuring of the old Income Tax Act. As persons become more familiar with the restructuring, the renumbering, the design and symmetry of the bill will become more apparent and more familiar and be recognized as a desirable objective.

To facilitate hon. members' consideration of the bill I would like to speak for a moment about its structure. There are four parts. Part 1 contains amendments to the present Income Tax Act. It is the basic tax reform bill. Part II consists of proposed changes to other acts that are related to the amendments contained in part 1 of the bill. Part III deals with the coming into force and application of the amendments contained in part I. It sets forth special transitional rules that would apply until such time as the new law becomes fully operative. In addition, this part contains special rules that would apply in the case of certain taxpayers having taxation years not coinciding with the calendar years. Part III is given the short title of "Income Tax Application Rules, 1971." Part IV contains amendments to the present Income Tax Act which are to become effective in 1971.

Part I of the bill repeals all but a few sections of the present Income Tax Act and substitutes new sections. The new sections include many completely new provisions such as those providing for the taxation of capital gains and new deductions. But there are also many instances

where the present law is not changed in substance, although the numbering and cross-references will be different than at present.

The explanatory notes opposite page 1 of the bill state that where a particular section, subsection or paragraph contained in the text of the provisions set forth in part I of the bill makes no change in the present law, or makes no change except for necessary alterations in cross-references or for minor alterations in wording or arrangement that are not intended to affect the substance of the present law, the explanatory note opposite the particular section, subsection or paragraph refers only to the corresponding provision of the present law without further elaboration.

Where a particular section, subsection or paragraph continues an existing provision in the present law but makes changes that are intended to affect its substance, the existing provision is identified in the explanatory notes but is marked as "modified".

A totally new provision, or a provision that has been altered in such a manner that there is no readily identifiable corresponding provision in the present law, is marked in the explanatory notes as "new".

Although the amendments to the present Income Tax Act contained in part I of the bill replace almost all the provisions of the present Income Tax Act, the bill does not completely repeal the present act and introduce a new income tax act. The decision to amend the present Income Tax Act rather than to repeal it was made because of the arrangements with the provinces for collection of provincial income taxes. The provincial acts and the collection agreements refer to the present Income Tax Act.

In discussing the provisions in Bill C-259 it will be necessary to refer to parts I, II, III or IV of the bill. At various places it will be necessary to refer to parts of the Income Tax Act which are, of course, quite different. Because the amendments to the present Income Tax Act would replace most of that act, some publications have used the expression "old law" and "new law". The bill itself in the transitional provisions in part III refers to "former act" and "amended act" and also to "old law" and "new law".

Of course there cannot be "old law" and "new law" or a "former act" or "amended act" until Parliament has acted upon Bill C-259, but members may wish to use the term "old law" to refer to the Income Tax Act as it read before any of the amendments contained in Bill C-259, and the term "new law" to refer to the Income Tax Act as it would read after enactment of Bill C-259.

It will be noted that the portion of the bill in quotation marks starting with the heading, "Part I—Income Tax", and ending at line 31 on page 596, are all amendments to the present Income Tax Act. Thus, clause I of the bill starts on page 1 and continues to page 596. Clause 2 of the bill starts on page 596 and succeeding clauses are found in parts II, III and IV of the bill.

It has been suggested that I might file the proposed amendments which the government will make to the bill as we move through it. With your permission, Mr. Chairman, I would request that the committee rise, report progress and ask permission to sit later this day so that I may table these amendments.

The Chairman: Shall the Committee rise, report progress and request leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, with permission of the House I should like to table the proposed amendments to the income tax bill C-259 which is presently before the House and I would suggest that they be printed as an appendix to today's *Hansard* so that they may be readily available to all hon. members.

Mr. Deputy Speaker: The Chair wishes to make a suggestion. The minister has suggested that the amendments appear as an appendix to *Hansard*. The Chair will make a suggestion solely for the consideration of hon. members, particularly in view of the procedure of printing motions on the order paper at the report stage. Perhaps hon. members would consider whether it would not be easier if that procedure were followed, and then as each particular clause or paragraph was disposed of it could be dropped. This is merely a suggestion.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would suggest that it is the wrong place as an appendix to *Hansard*, because they are not related to any particular document that has previously appeared in *Hansard*. If they should be amended, they would be much easier to handle perhaps if they were either on the notice page on the order paper, which is a document for circulation in this chamber, or as part of *Votes and Proceedings* as a matter of record.

• (3:20 p.m.)

I put this suggestion forward with the thought of getting these documents within a reasonable time tomorrow. I think that adding them to *Hansard* would place a considerable burden on the preparation and printing of tomorrow's *Hansard*. Mr. Speaker, I shall have something further to say once we get this question settled.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I should like to agree with the suggestion that these amendments be printed as an appendix to today's *Votes and Proceedings*. Several suggestions have been made but I come down in favour of that one. I suggest that they should not be likened to report stage amendments, which are the amendments that appear on the notice paper that is attached to the order paper.

I also make the point that these amendments are numerous. If they are to appear on the notice paper and then be reprinted day after day, I suggest that this is a bit of waste in which we do not need to indulge. I suggest that they be made an appendix to today's *Votes and Proceedings* and that an extra supply of today's *Votes and Proceedings* be printed so that all hon. members will have copies to refer to when we need them.

Mr. Benson: Mr. Speaker, that proposal is quite agreeable to me.

Mr. Lambert (Edmonton West): Mr. Speaker, I wish to rise on a point of order at this time, consequent on the minister's tabling these amendments. Hon. members who would now be expected to participate in the discussion—I

know that many will be basing their remarks on the amendments that have been put forward by the minister—have not had an opportunity of seeing those amendments. It is my suggestion that because of the complexity of the amendments, together with the complexity of a 700-page bill—and when the amendments are printed it will take two or three hours to fold them into the text of the bill—the government and members of the House would accomplish much more if the minister agreed that we adjourn further discussion at this stage until, say, Monday. This would give everyone concerned a proper opportunity of studying the effect of these amendments.

In the interval, after looking at the order paper, I suggest there is considerable legislation of a high priority which the government on a number of occasions has indicated that it wishes to have passed. We could profitably spend the balance of the week on those items. In this connection I am thinking of the item relating to the committee on statutory instruments, and Bill S-9, the Copyright Act. Without even looking at the order paper, I know there are many other items with which the House could occupy itself. I think the minister and all hon. members wish to have a tolerably intelligent discussion on the tax bill, and unless we know what these amendments are it would be impossible to carry on.

There is another point I would like to raise, Mr. Speaker. We want the assurance of the minister at this time that all of his amendments are in conformity with the resolution as amended by the curative motion passed by the House the other day—in other words, this would be appendix A as modified by the amendments contained in the errata sheet to Bill C-259—that any of the amendments now made do not go beyond the terms of the motion and of Bill C-259. As a classic example, if we are now proposing to change the level of exemptions for dependent children, I think we would have to have special procedures.

The minister will have to give that undertaking so that appropriate procedures will be followed. It might be necessary to introduce a new bill to cover this type of amendment. We need an assurance, with respect to any amendment of substance, that it falls within those terms. We do not want to go through the procedure of another curative motion.

Mr. Benson: Mr. Speaker, in dealing with the question of House business, this is a matter for negotiation between House leaders and is not for me to decide. I think that hon. members opposite in the past 12 days of debate on the bill have indicated that they have a good deal to say, even without having seen the amendments, which are mainly of a technical nature.

Mr. Lambert (Edmonton West): Except on co-ops.

Mr. Benson: With respect to ruling upon the appropriateness of amendments, it is not my duty to do this but, rather, the duty of the Chair as I present the amendments one by one. I am not putting myself in the position of the Speaker. It is the Speaker's duty to decide whether an amendment falls within the context of the resolution, and I respectfully leave this question to him.

Mr. Baldwin: Mr. Speaker, I apprehend what the minister has said. I understand his feeling about this matter, but we must look at it from the viewpoint of the members—and I like to think I speak for the members in this House, including those on the other side.

[Mr. Lambert (Edmonton West).]

Some hon. Members: Oh, oh!

Mr. Baldwin: Mr. Speaker, I withdraw any intention I had to speak for members on the other side. First we had appendix A, then we had the bill and now we have a large list of amendments being filed. The minister indicated, when he opened his remarks on clause 1, that other amendments were being considered. We look away into the horizon and we see amendment after amendment after amendment coming forward.

Mr. Benson: Have you got any?

Mr. Baldwin: We have lots of amendments. Our approach to the bill is based on what we know of it. It is a difficult enough bill for any ordinary Member of Parliament to consider, to say nothing of the poor, harassed taxpayer. Our approach to this matter must be conditioned by the final version of the bill. Some of us have struggled, sweated and slaved to try to familiarize ourselves, to at least a limited extent within our competence, with what the bill means. Now we are told it is going to be changed. The minister says they are technical changes. From my experience with the minister's department, technical changes may be exceedingly important changes.

Of course, the minister can force us to go ahead with the bill; the government calls the shot on House business. But the speeches that some of us would like to make on clause 1 will to an extent be conditioned by what appears in the small print of these amendments. I say that as kindly as I can to the minister. I realize his problem.

When we get to the end of this study the bill may be hardly recognizable when compared with its original form. But apart from that, there are a number of items on the order paper crying aloud for attention. Surely the minister would not concede too much in agreeing to a limited amount of time to study the amendments. We will work this out between the House leaders, I hope, and decide how long we should take to familiarize ourselves with the amendments and at the same time proceed with other legislative items which the government must have considered important otherwise it would not have placed them on the order paper.

Mr. Benson: Mr. Speaker, the order of business has been called for today. We will proceed with the order of business. I know how able the honorable member is in dealing with the government House leader, and I assume he would immediately rise from his place and meet with the House leader if he felt so strongly about proceeding with other items.

Mr. Baldwin: Mr. Speaker, why should I do that when the minister says we will proceed with the business as outlined?

Mr. Benson: I said, for today.

Mr. Lambert (Edmonton West): I must protest most vehemently to the minister.

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): Hon. members opposite are sitting under a blanket of ignorance. They have not opened up the bill to really study it. They have not looked at these amendments. The mere putting of the two together will take more than half a day for persons who are used to doing this type of thing, let alone for other hon. members. Hon. members opposite can sit and smirk all they want, but what I am interested in is an intelligent discussion of the bill. I am not making this suggestion merely out of a desire to postpone consideration of the bill; I just want to go ahead with an intelligent discussion of it.

• (3:30 p.m.)

Mr. Osler: You have had ten days already.

Mr. Horner: There goes the wheat germ kid.

Mr. Lambert (Edmonton West): We know the superior member from Winnipeg South Centre (Mr. Osler)—when he opens his mouth he shows us the vacant space between his ears, that is all. In so far as this bill is concerned and the technical provisions therein, I say with all courtesy—I have suggested this to the minister already—that this is the wrong way to go about it. We hope some of the government members will participate in this debate and will not act like rubber stamps or baa'ing sheep with regard to it, because they have not been briefed more than anybody else. We know that the Committee on Finance, Trade and Economic Affairs is also considering familiarization programs in respect of the bill. I am making the suggestion in order to be helpful and not merely to be—

Mr. Blair: I rise on a question of privilege, Mr. Speaker.

Mr. Deputy Speaker: Order, please. the hon. member rises on a question of privilege.

Mr. Blair: Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) and myself are old friends. I am sure I misunderstood the purport of his remarks. I think it is offensive to the rules of the House for any hon. member to suggest, as he appeared to a minute ago, that members on this side of the House have any need to familiarize themselves—

An hon. Member: He is right.

Mr. Blair: —with this bill and that we are not prepared to take an intelligent part in the debate.

Mr. Alexander: Where are your senior members?

Mr. Blair: I shall deal with the hon. member for Hamilton West (Mr. Alexander) at a later stage. All I have suggested, Mr. Speaker, is that many members of this House have a deep and abiding interest in the question of taxation in all its facets. I am sure the hon. member for Edmonton West, who is going to take a leading role in this debate, would not wish to get it off on the wrong tack by suggesting that he and his colleagues are the only ones who are interested and who have studied the bill.

Mr. Lambert (Edmonton West): There are poles on the fence line behind you.

Mr. Deputy Speaker: Order, please. The Chair has before it a point of order, and the hon. member who has just resumed his seat raised a question of privilege. I think the matter of preparedness for debate and willingness to debate is generally a matter of argument or opinion among hon. members on both sides of the House. Before the Chair recognizes other hon. members I think I should ask the House whether the Minister of Finance (Mr. Benson) has leave to table the amendments and that they be printed as an appendix to today's *Votes and Proceedings*. Is it agreed?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, now that we have agreed to that, may I say a brief word on two other points that have been raised by the hon. member for Edmonton West (Mr. Lambert). First with respect to the question of what we do tomorrow, I think it might be best to have that matter referred to a meeting of the House leaders and it can be argued there. I expect there is no objection to spending the rest of today on a general discussion of clause 1.

With respect to the question raised by the hon. member for Edmonton West of whether the Minister of Finance (Mr. Benson) can give the assurance that all the amendments he has tabled today are within the terms of the curative motion that we passed a while ago, I suggest, with respect to my good friend who sits near me, that I would not be satisfied just for the minister to tell me that his amendments are all in order. That is for the House to decide either itself or through a decision of the Chair.

It is a good thing that the hon. member raised this point. I would not want it to be assumed that because the Minister of Finance is permitted to table these resolutions today, they are automatically in order. It may be a job for the Chair and the table to go over them—they will know this bill by heart, whether the rest of us do or not—or it may be a question of our having to examine those amendments which we feel are out of order, as we come to them. They may establish some interesting precedents. Indeed, if the minister is able to go beyond the terms of what we have already agreed to as constituted in the resolution, maybe some of us who are private members will be able to do the same thing.

Mr. Woolliams: I agree with the hon. member for Edmonton West (Mr. Lambert) Mr. Speaker. As I understand it, there are close to 100 amendments and some are very substantial. Debate will either be serious wherein we perform, as the hon. member for Grenville-Carleton (Mr. Blair) says, a deep and abiding role, or it will be a farce. This is not an ordinary group of amendments changing a few adverbs and prepositions: as I understand it, they are substantial amendments.

When it is just a question of printing, surely Your Honour has the power to order how it shall be done. I have not a copy of the amendments, though perhaps our spokesman has one. There is a copy on the other side of the chamber, but we do not have the amendments and I cannot see how we can proceed with this debate without them. If we do, it will become a farce.

Surely we can go on to some other business today. Surely the Minister of Finance (Mr. Benson) can be reasonable. I think that with a little consideration he and his parliamentary secretary could bring on other business.

The House leaders could then meet and solve the problem, rather than getting into a procedural argument now. In my time in the House I have never seen anything like this, 100 amendments being proposed to a bill of 707 pages and the House asked to take an intelligent view of them this afternoon. It would turn this whole debate into a complete farce. If that is the kind of debate the Minister of Finance is entertaining, members on this side have a different view.

Mr. Benson: It might be difficult for the hon. member to take an intelligent view in any circumstances, Mr. Speaker. We have tabled these amendments at the request of the opposition, rather than introducing them one amendment at a time as we proceed through the bill. In order to facilitate matters, we have introduced them all at once. There was no compulsion to do this; we have done it in order to be co-operative, and now we are hearing complaints.

Mr. Stanfield: Mr. Speaker, I do not rise to discuss the respective intelligence of the hon. member for Calgary North (Mr. Woolliams) and the Minister of Finance (Mr. Benson), though I would be happy to do so at another time. However, I do not think this is the place to do it, and I hardly think it is the place for the Minister of Finance to do it either. He says he is doing this as a favour. Mr. Speaker, he has introduced a great number of amendments—

Mr. Lambert (Edmonton West): Ninety-five.

Mr. Stanfield: —to a very complex bill, amendments which as far as we know have a significant bearing on the bill. Why does he insist on being—excuse the word—so bull-headed in proceeding with the matter this afternoon rather than giving members of the House an opportunity to examine the amendments he has in mind? We should have an opportunity to see if the amendments change the bill significantly, to see to what extent they are technical, as he says they are, and to what extent they are substantial, as I expect a number of them will turn out to be. If the minister wants to proceed, he has his troops on that side of the House and he can go ahead—if that is the way he wants to pass tax legislation in this country, Mr. Speaker.

An hon. Member: Arrogant.

Mr. Drury: Mr. Speaker, I do not think we need upset ourselves too much. Obviously, for the balance of today everyone is prepared to deal with the tax bill and it would be inefficient and unsatisfactory at this juncture to switch to another item. It is my understanding that the first 17 pages of the bill are not affected by the amendments. If the traditional practice had been observed, of introducing amendments when the clause to be amended is reached, we would have proceeded today with the first 17 pages before any amendment was called. I suggest that perhaps it would be useful if we were to proceed at least through the first 17 pages before putting the amendments, and thus not waste our time.

• (3:40 p.m.)

Mr. Deputy Speaker: Order, please. With reference to the suggestion of the President of the Treasury Board (Mr. Drury), hon. members may recall that there was general agreement earlier that there would be what was described as a first round of debate with the House in committee of the whole. Such a suggestion was made by the hon. member for Winnipeg North Centre (Mr. Knowles) and I think it was generally agreed to by the Minister of Finance (Mr. Benson) and by the hon. member for Edmonton West (Mr. Lambert); then possibly for the remainder of the day a general discussion could proceed and in the interval the House leaders could meet and take up the question raised by hon. members. Is it the wish of hon. members that we proceed on that basis?

Some hon. Members: Agreed.

Mr. Baldwin: On division.

The House resumed consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Honey in the chair.

Mr. Nesbitt: Mr. Chairman, as the minister himself said a few moments ago, the whole of this tax bill is very complex and some of it is vague. The minister's remarks have been substantiated by tax lawyers and tax experts from one end of the country to the other. Most of these gentlemen who are learned in the subject have not yet found the answers to all the cross-references in the bill. One of the effects of this has been the continuation of uncertainty in the business community, an uncertainty which has led to lack of business expansion. Everybody is marking time because everybody wants to find out what some of the clauses of the bill mean. That may be made evident during the discussions at our committee stage. Until people find out what certain clauses mean, there will be a standstill in business expansion.

This afternoon the minister brought in 95 amendments and suggested that most of them are very technical. Perhaps they are. But he said that some of them are substantive, particularly those dealing with co-operatives and credit unions. Since there are more credit unions, per capita, in my constituency than in any other constituency in Canada, I, for one, no doubt along with many other hon. members on all sides of the House, am keenly interested in what will be the effects of such amendments.

I want to make a substantial part of my remarks this afternoon about credit unions and the originally proposed tax changes concerning credit unions. I am glad the minister has decided to make some changes for the better and I am sure that hon. members on all sides of the House will agree with me. The minister has come under quite a bit of pressure in this regard and he may have guessed that he would come under much more pressure in this House if he did not make changes with respect to the taxing of credit unions. However, we are still very much in the dark. I do not have a copy of the amendments and none of my colleagues, except the financial spokesman of our party, has a copy of them.

Although I carefully listened to the minister, and although the proposed changes may be helpful, I submit that before we can make really appropriate remarks about the changes they will have to be examined carefully by senior, experienced officials of the credit union move-

ment across Canada. On the basis of a few moments hearsay it is pretty difficult for anybody, even for some backbenchers of the government party, to discuss these matters intelligently.

There are a number of items, of course, which we should like to discuss in detail. Perhaps I could deal with some of them briefly in passing. I refer to such matters as the increased tax rates on small businesses, which the minister mentioned previously and the proposed capital cost allowance which will affect the housing industry in Canada and agriculture because of the basic herd system changes. Perhaps some of the amendments deal with these matters. They are important, Mr. Chairman. However, since we will have an opportunity, I suppose, to speak again, because we are in committee of the whole, perhaps some of the matters which we should like to speak on this afternoon could be left until the appropriate clauses are discussed.

I repeat that I am glad to see that the minister has voluntarily made changes for the better with respect to the taxation of credit unions. I know that a great many of my colleagues thought—perhaps not all—that the original proposals were unfair. Myself and a good many members on all sides of the House were entirely opposed to the original changes regarding the tax on credit unions. They were inequitable and crude and struck a death blow at an institution that has done much to help ordinary people help themselves. As most hon. members no doubt know, most of the work done by credit union members is voluntary. The credit unions have taken many innocent victims out of the hands of the loan sharks. They have a great place in Canadian society and I am glad the minister has to some degree recognized this fact. We shall better understand the amendments after we have had a chance to study the newly proposed tax changes with respect to credit unions.

Notwithstanding any technical or substantive changes the minister may have made in this bill, the legislation as proposed still ignores one thing—the principle of growth as it relates to the budget. Of course, a budget can do a number of things. It can promote equity in our society. That, I understand, is what the minister's budget purports to do. This is very important. In the main, proposals such as exempting people in the lower income brackets from income tax are very commendable. We all agree with them. Nevertheless, budgets are supposed to do other things as well as making our society more equitable. They are supposed to raise money. These provisions will certainly raise a great deal more money. Nobody knows quite how much more. Some people estimate that the government will raise about $100 million more, others that it will raise between $500 million and $600 million more. We are not told what this money is for. Perhaps it is for more staff for the Prime Minister or for the ministry—who knows? In any event, we need an explanation as to where this money will go. Some people think this extra money will be spent in different regions of our country. We shall have to wait and see.

A budget is also supposed to promote growth in the economy. Some people put it much more simply; they say that instead of dividing one small melon into smaller and smaller pieces for everybody, it might be better to make the melon grow so that everybody can have a little more. That aspect of the budget, namely, the incentive for growth in the economy, in business, has been almost completely ignored. Only the equity principle seems to prevail.

In this regard it is clear that the London School of Economics and its patron saint, the late Lord Keynes, apparently have had a tremendous influence on our Department of Finance. I studied economics at two institutions during the 1930s and know that the "in" thing was to accept the Keynesian view that the equity principle was of overriding virtue. That may have been true of society in England in the 1930s because growth in that economy was not the paramount thing. The U.K. economy at that time was stagnant and any change in it would have been a change for the better. Unfortunately, some people who have been trained in a certain school of economics accept the principles of that school as dogma, no matter what changes may occur as to time and place. At present the gross national product of Canada is lagging far behind that of other industrialized countries. At the same time, our country has enormous resources and great room for expansion.

• (3:50 p.m.)

Canada should be wanting an expansionist economy. Instead of that, we are not treated to anything but the principles of equity. In other words, we are keeping the small melon and dividing it into smaller and smaller pieces, instead of making the melon grow bigger or having two or three melons. There is nothing like that in the budget. If the government were wise it would ask some of its financial advisers to shake themselves out of the principles of equity. You cannot ignore something that is absolutely essential. The government should tell them to take off Lord Keynes' mantle and the mantle of the London School of Economics generally and do a little rethinking. If they cannot do that, the government had better get rid of them.

I cannot help making a passing comment with regard to the policies apparently promoted by colleagues to my left, the members of the New Democratic Party. The white paper proposals eventually came out after modifications which are involved in this tax bill. As I understand it, the present financial spokesman for that group stated that the only thing wrong was that they did not go far enough.

Mr. Orlikow: Hear, hear!

Mr. Nesbitt: I am glad to hear one of the members of that party say, "Hear, hear". I thought it may have been the financial critic. It was very much like the remarks made the other day by the Ontario leader of the New Democratic Party. If he had his way the pulp and paper mills would be taxed right out of business. How that would help unemployment, I do not know.

Mr. Orlikow: When did he say that?

Mr. Nesbitt: I heard that the other morning on a paid radio advertisement for the New Democratic Party. He said his party would greatly increase taxes on corporations, the pulp and paper industry in particular. If any industry in Canada is on the ropes today, it is that one. There are a great many reasons, some of which cannot be controlled. That is hardly a sensible thing. If you kill the goose that lays the golden egg, or plow the field in which

the melons are growing, you will not have much of an economy.

Business incentives are particularly important because of the continuous rise in unemployment and the inflation we have suffered over the last few years. It is even more important today than a month ago because of the United States surtax on the importation of many of our products. Because of this surtax the present tax bill, even with the amendments, is outdated and unrealistic. It is almost like reading a document of the Medes and Persians.

The minister would be very wise to withdraw this bill. He should have his experts go over it in light of the American actions. This government does not seem to have much affect on the United States and apparently has not been very successful in getting the surtax removed. The government should withdraw the bill until it knows what they are doing or what arrangements they can make with the United States, or deal with parts of it that are not directly affected by the surtax. In any event, it becomes more and more important every day to do something to stimulate our economy. Otherwise more and more plants will close every day. Not only that, but more incentives are needed to encourage Canadians to invest in Canadian equity securities.

The problem of foreign investment in Canada is a very serious one. Many people talk about it and are against it, usually for the wrong reasons. But there are some pretty cogent reasons for Canadians to be worried about foreign investment in this country. In these proposals the minister has at least done one good thing. He has no longer made it more favourable for American investors to purchase Canadian concerns. That anomaly has been removed in the minister's proposals. Despite this very favourable change, in most cases it is still better for Canadians and Canadian corporations to invest in safe Canadian securities, namely, bonds or in United States equity stocks. You can get a higher rate of return because of the growth aspect of American securities.

If there ever was a time in the history of our country when something should be done to promote Canadian ownership and participation in our equity securities, it is now. Everyone is concerned about the rate of foreign investment, not only by the United States but by other countries.

We have these tax proposals and the new amendments. There does not seem to be anything to radically improve the situation. There is one improvement which I have noted. I will not go into the details of the clause, but it is still more advantageous for the average Canadian and many Canadian companies to invest in United States securities because they will get a better return from them as a result of the present tax proposals.

There is another matter to which I wish to refer. Economic problems in Canada have been aggravated by the United States surtax. There is no question about that. Nevertheless, the government—the Prime Minister in particular—are now trying to blame the United States for all our problems. This is nonsense. The problems are economic. They have been steadily growing in Canada over the past two or three years. Not all the blame can be placed on the government; there are other outside sources, such as world conditions and the like. However, many of the problems we have today, such as inflation and high unemployment, can be laid directly on the doorstep of the government and nobody else.

It is true that the government receives its economic advice from the Department of Finance and elsewhere. It goes into some of the Keynesian philosophy on the business cycle. Things are different now. The Minister of Finance and the Prime Minister are the captains of the ship. If things go wrong, they must accept the blame. Suddenly trying to put the blame on the United States for everything that has happened is utter nonsense.

One of the reasons we have had trouble with the United States is the attitude of this government. This has been apparent on numerous occasions without any rhyme, reason or cause. There may be something very deep down in the mind of the Prime Minister—who knows? However, it seems that the Prime Minister in particular, and the cabinet in general have gone out of their way to aggravate, annoy and antagonize the United States, our principal ally and trading partner. I will give some examples of this. During his recent visit to the Soviet Union, the Prime Minister blithely stated that we wanted to get closer to the Soviet Union because of the military threat to Canada from the United States. The daily anti-American barrage from the Canadian Broadcasting Corporation reaches large parts of the United States. In the United States that corporation is generally regarded as being government controlled. We know that nothing like that ever happens, but that is what takes place.

A number of cabinet ministers are either warning and welcoming the United States. There is the Minister of Energy, Mines and Resources, who I am sorry is not here today. I hope he is recovering from his illness. The Secretary of State for External Affairs is also leading the American attack by making offensive, tough speeches in the United States. The Minister of Indian Affairs and Northern Development and the Minister of Industry, Trade and Commerce welcome them. It is no small wonder that people in the United States wonder where in the h—- we are going. Two ministers say one thing and two apparently equally prominent ministers say the opposite.

Toronto is the one place in Canada that probably does not need much foreign capital because it already has plenty of it. The former liberal finance minister, Walter Gordon, a group of Toronto University professors and others who manage to get a lot of publicity, talk about United States investment in Canada. In some cases they have pretty good arguments, but many are for the wrong reasons.

Then there is our defence policy. Although this is not economic, it affects the American attitude. There are also our cuts in NATO expenditures and our defence attitude toward the United States. Then there is our China policy at the United Nations. As I recall it, in the course of the last election the Secretary of State for External Affairs said it would certainly achieve nothing to have Taiwan expelled from the United Nations. But the tune has changed now. We used to hear about British or American domination of our foreign policy. Nowadays it is dominated by Red China, because apparently nothing we do goes without their say-so. Unless we agree with all China's conditions we shall not get their approval. I think it would

be a very good thing to recognize Red China at the United Nations, but I do not see what is accomplished by excluding Taiwan.

• (4:00 p.m.)

An hon. Member: A bogus country.

Mr. Nesbitt: Somebody said it is a bogus country. It is not the government of Mainland China, but certainly it is a *de facto* country. Speaking about bogus nations at the United Nations, what about the Ukrainian Soviet Socialist Republic, or Byelorussia? One of the delegates at the United Nations told me that their foreign office consisted of one room in a grocery store in Minsk. Where we see evidence of this type of double-standard of morality at the United Nations, some of the pious platitudes we hear from certain quarters of this House and elsewhere become a little disgusting. I suppose that if Taiwan, by some miracle, became a Communist country, we should not hear that sort of thing; there would be impassioned claims that it was entitled to a seat.

The Chairman: Order. The Chair has so far been able to follow the hon. member, but perhaps the thread of relevancy is a little thin. I would ask the hon. member to turn to the bill before us.

Mr. Nesbitt: I thank Your Honour for bringing the matter to my attention. I was merely referring to the government's China policy at the United Nations and suggesting that perhaps it was not pleasing the United States administration. The government has apparently gone out of its way to antagonize the United States. The matters at issue are not of great importance to this country. People on the government side are pulling feathers out of the eagle's tail for the hell of it, so to speak, and the result is that now, when some Americans feel that tough economic rules have become necessary, they do not listen with a very open ear to objections from this country, as they might have done in other circumstances.

A week or two ago a number of Congressmen visited this country. One of them was reported to have said, "You people don't want to co-operate with us any more; you want to go your own way. Why, then, are you running around asking for special favours from us?" I do not think that is the attitude they should take, but one cannot blame many Americans for feeling this way, bearing in mind all the occasions upon which this government has gone out of its way to antagonize the United States.

Whether we like it or not, we are tied to the Americans and we must make an attempt to bring about a general reconciliation with that country before we can hope to get at least the surtax removed. For a long time we have been taking pot-shots at the United States. Now they are starting to do the same thing to us. It is like the situation in Europe before the First World War—countries drifting aimlessly into a major war. There is no question here of a military war, but we are drifting toward an economic war which is unthinkable, and we must do something about it.

Mr. Saltsman: Mr. Chairman, like most members of this House I like to think of myself as a humanitarian. When I look up into the press gallery and see that great array with arms on chin, I wonder how much attention is being paid to this debate, to the amendments which came in today and to the fact that in so much of this discussion we have been concerned about details which by and large do not reflect the aspirations of the ordinary people of Canada and do not really deal with their interests in any direct way.

The other day I was talking to one of my constituents. He was asking me about the income tax changes. I said there were over 700 pages in the bill. His reaction was, "All for little me? Do you mean I am so terribly complicated that my affairs, the money I make, the less than $6,000 I earn, the few deductions I am allowed for my children, require over 700 pages of legislation?" The answer, of course, is obvious. Scarcely anything in this legislation deals with the affairs of the ordinary people of this country. Virtually the entire legislation is taken up with attempts to deal with the shenanigans of business and the way in which business affairs are arranged, or with the affairs of the wealthy and the management of their estates.

Rather than attempt to bring in a simpler taxation system which would deal in an equitable way with the affairs of all our taxpayers, we have chosen to accept the continuance of an inequitable system, codifying it again and going through complex gyrations in order to accommodate particular interests and, possibly, to make its impact somewhat less onerous.

This is the situation with which we are dealing. To realize this fact one has only to consider the evidence given before the committee which was set up to consider this subject. Where were the representatives of the multitudes of Canadians, appearing to state their case in favour of tax reform? Mr. Chairman, virtually the entire proceedings were taken up by the special pleadings of representatives of those in Canada who have always had it made. Representatives of every major industry, every major interest, appeared, with few exceptions, to put forward their case. They were perfectly entitled to do so. I am not saying they should not have appeared or that they should not have been heard. But their presence was indicative of the tax system as it exists. If we were concerned with the affairs of the ordinary person, our taxation system could be greatly simplified—the bill could run to 50 pages and still be more than adequate.

But this is not the point of view we have adopted. We are continuing to take the attitude that business knows best and that the role of government is to accommodate itself to the business system, making sure that none of the structures which have been built up in the business world are altered in any significant way. I believe this approach is wrong. Not that I think business is wrong: I believe there is a legitimate place for business, as there is for many of the things which are done in our society. But the majority of the people in a democracy—and, after all, in a democracy they are supposed to get some consideration—are being ignored. The debate in this House is irrelevant for that reason.

The kind of subjects we shall be talking about, the type of housekeeping amendments which have been introduced, probably do not affect more than 1 per cent of the population. Perhaps with the exception of the changes in the situation of the credit unions, nothing of any significance is taking place as far as the basic preoccupations of the people are concerned. It is not technical matters which

are important in this context, but ideas requiring political judgment, value judgments, in an attempt to ensure that as far as possible our tax system is based on equity. I hope that as this debate proceeds we can focus attention on the detail which emerges from our clause by clause study in such a way as to show that the present tax system is grossly unfair.

• (4:10 p.m.)

When I look at this bill I think of the way members of this House feel and the feelings of the people I represent. I am sure this reflects the feelings of the majority of the people in Canada. The wage and salary earners of this country look at the proposed tax system represented by Bill C-259 with a view of what it will do for them. It will do precious little for them. It does include a long overdue increase in exemptions, but this does little more than put us back into the position of 12 or 14 years ago. It does not solve some of the problems that exist.

We in this party have pointed out on many occasions that our wage and salary earners are being grossly discriminated against. An individual who derives his income in the form of dividends or returns on capital investment is in a preferred position. The wage earner has to pay tax on his entire income. The wage earner is not only discriminated against because he must pay tax on his entire income; he is discriminated against to the extent that someone else does not pay his full share. These individuals have to pay a higher share because others are required to pay a lower share. This system is destroying the economy of our country.

We are in a critical period in respect of trade and the discriminatory practices recently imposed by the United States. We do not blame the United States for what is essentially a problem in respect of our own economy. If we want to see the problem clearly we have only to look at our old tax system and the continuation of its provisions in Bill C-259. Throughout the history of Canada our tax system has been devised to stimulate the export of raw materials. It has been designed to provide concessions in the way of depletion allowances and tax holidays for new mines. The mining industry pays only a fraction of the tax it should pay and only a fraction of what is being paid by the manufacturing industries in this country. As a result we are inducing people to go into this industry to a greater extent than the normal market forces would dictate, certainly to a greater extent than any sensible or national policy would indicate.

We are faced with a situation in which we are exporting raw materials and importing manufactured goods. When we attempt to export manufactured goods, our greatest exporting customer, representing more than 70 per cent of our export market, says it does not want them and takes discriminatory measures. That market will accept our raw materials and is very glad to do so. It is also happy that we continue a tax system which encourages the export of raw materials. The effect of this policy is to provide an enormous bonus to U.S. residents and the U.S. government. Canada is a very good source of cheap raw materials and profits for foreign investment.

We might think this was not the situation a few years ago, but that is not the case. One might think that among the amendments suggested by the government we would find one to remove the exemptions and the depletion allowances granted resource industries. Such an amendment would have indicated clearly to everyone that Canada no longer intends to continue being a source of raw materials for another country.

In the report of the Science Council of Canada it is stated in startling terms that Canada cannot be both things, a manufacturing country and a developer of raw materials. We must make a choice. This government in its tax bill has made a choice. We are to be an exporter of raw materials. This is the reason we got into the present mess. I am surprised there is not an amendment to wipe out the concessions to resource industries. We in this party intend to take a very strong position in urging the government to realize that this nation is being destroyed by its tax policies. The government should realize that the economy of this country is being frustrated by the continuation of special privileges to the mining and oil industries.

My remarks have been reasonably brief and I conclude on this point. As has been pointed out by many members of this House, the bill before us seems to be more concerned with a minority of people in this country who are engaged in business. We are taking part in an elaborate charade to satisfy this small, vested interest which has been receiving concessions over the years. It is time we paid more attention to the problems of the vast majority of Canadians.

[*Translation*]

Mr. René Matte (Champlain): Mr. Chairman, I want to speak now on behalf of all my fellow citizens who are just as puzzled as we are by the lengthy bill we are to study clause by clause today.

Mr. Chairman, I feel there is a fundamental principle we should stop to consider. It is sometimes advisable and often even urgent to make changes, but this should not be done merely for the sake of change. I fail to see why, in the prevailing economic chaos, facing the tremendous problems that come up in the fiscal field, there should be such irrational haste to bring about massive changes at one fell swoop.

If the study has really been made in depth before bringing in these changes, we certainly would not be witnessing this situation where the government itself does not understand the techniques and changes involved in its own bill. Suffice it to consider the great number of amendments that the minister himself has just tabled to prove this point as well as the large number of errors that have to be corrected.

It is obvious, Mr. Chairman, that the government hastened to make these changes as a result of the economic chaos that we are experiencing. It seems that the government has taken this action because of the need for it, because elections are coming, in order to throw something in the eyes of the people to fascinate them. But, since the odd provisions of this bill that could really help some of our fellow citizens are submerged under all kinds of other items which will bring in with one hand what has been given out by the other, therefore, we must admit that the minister is throwing dust in our eyes.

The whole solution to Canadian tax problems proposed in Bill C-259 is inappropriate. That is why several of the

previous speakers pointed it out. This new omnibus bill of an economic nature is a mistake, as was the first one, in the sense that members cannot vote on the whole contents of the bill. There are in it good provisions from which we would like the population to benefit, but it also contains provisions unworthy of any consideration which revolt many Canadians.

• (4:20 p.m.)

Some provisions aim at destroying economic organizations. None the less, we shall be asked to vote on the whole thing. If we vote for it, several sectors of society will blame us for having accepted, for instance, that savings and mutual funds be taxed as credit unions, and if we vote against it, those who would benefit from a more appropriate tax exemption will say that we voted against them.

In my view, Mr. Chairman, that is what I call an unfair tactic, to compel us to remain puzzled in the presence of an abundance of tax amendments that are submitted in an off-hand manner.

So, Mr. Chairman, I believe some order should have prevailed. One or more bills should have been introduced immediately to deal with the most urgent problems. The measures of benefit to the low-income groups, the millions of Canadians whose income is not sufficient to give them the minimum of comfort to which they should normally be entitled, especially in a rich country like Canada, should have been introduced first of all. Consequently, this economic omnibus bill could have been passed in sections. In this way, hon. members could have followed the dictates of their conscience and there could have been some control over each one of the changes proposed in this bill.

If we always let ourselves get mired in such legislative proposals, Mr. Chairman, we are accepting a second principle which is false, that Parliament can always try later to correct the errors we are making today. For my part, I believe that we should today take the time to pass legislation of which the scope is known, not only for the time being, but at least for a reasonable period of time.

And yet, I am sure that such a bill, with the clauses that it contains, will pretty soon compel this Parliament to come back to these same subjects. All the more because what is needed is not only small changes about various tax items, but a genuine comprehensive reform of the whole economic system under which we struggle along.

So, I think that instead of wasting time burdening us with this bill, the government should have taken that time to consider seriously the economic and fiscal proposals which would truly bring about a far reaching, if not final, solution.

Mr. Chairman, the members of the Social Credit party are always ready to assist the government in its investigations and studies, in order to find effective remedies to apply to our entire tax system. This is why we are sorry to see Parliament waste valuable time trying to make some changes, while we would have every opportunity to deal with real causes and take proper remedial steps.

All manufacturers, businessmen and those more especially interested in our economic development, will, as a result of the coming into effect of this new legislation, also waste time, because to complete their income tax returns, they will need a lot of skill in their operations, daily, monthly or yearly. They will constantly wonder to what extent they are working for themselves or for their fellow citizens, knowing that under such a law they are forced to work first and foremost for the government.

Mr. Chairman, that is an extraordinary weakness: it will undermine the interest of our industrialists, their zest and dynamism, so that before long the problem we had tried to solve will have grown worse once again and we will have to reform the tax system.

That is why, Mr. Chairman, I wished to speak early in the debate, and express what the people in my riding and the rest of Quebec, as well as Canada as a whole, think of the bill before the House.

• (4:30 p.m.)

Mr. Marcel Roy (Laval): Mr. Chairman, a point of order.

The hon. member was saying a moment ago that he represented the opinion of Quebec. I think that I have a bit of advice for him. I strongly urge him to limit himself to his own point of view, because in the course of his remarks, which I intently followed, he has completely overlooked to mention that 750,000 low-income taxpayers will be exempt from taxation, and that more than 1,250,000 will benefit from tax deductions under the new tax bill.

Mr. Matte: Mr. Chairman, I believe that the hon. member has been very attentive, but he must have had a lapse at one point or another because I did say that the bill contained some very good provisions for the people and that I would then feel inclined to vote in favour of such reforms. Unfortunately, it also contains provisions which run counter to the interests of Canada and against which I have to vote. This is precisely why I showed that this bill would have been better divided into several bills, Then I would have been able to shout "yes" to the things I just mentioned to my hon. colleague.

[*English*]

Mr. Murta: Mr. Chairman, I would like to briefly touch upon five aspects of the tax legislation which I think are pertinent to my riding as well as to a great many ridings in western Canada. These areas are the estate and gift taxes which have an effect on the provinces, the farmers as they will be treated under the tax legislation, the co-operatives and the tax reforms with respect to them, which have been touched upon by a good many speakers, and the credit unions as the tax legislation may affect them. I am happy that the amendments were tabled today. Perhaps some of the topics about which I will be talking will have been dealt with in the amendments. In any event, I feel that my views and criticisms of this legislation are justified.

In my view and that of most interested Canadians, the tax bill is a wholly incomplete and inadequate reform of our tax system. The process has cost millions of dollars directly, and far more in terms of the uncertainty and hesitancy in the economy at this time. For what it has cost, this tax bill with its amendments, with which we will be dealing later this week or the first part of next week, has been a very poor buy. I believe that the tax legislation

as brought out fails completely to reform federal tax activities. I think it fails to reform tax sharing and integration with the provinces and it fails to provide greater equity for middle income taxpayers. It continues to tax the poor and it fails to apply a tax credit rather than exemption systems to assist more effectively low income Canadians. It fails to simplify the language and draftsmanship of taxation. No attempt is made to reform tax collection under this legislation.

In dealing with the estate and gift tax as I see it, the decision of the federal government to get out of estate and gift taxes entirely as of December 31, 1971, has been strongly criticized as irresponsible and unfair to the provinces, a danger to orderly taxing Canada and another act in favour of the privileged at the expense of middle income Canadians.

Mr. Mahoney: That is the position of the government of Manitoba. Is it that of the Conservatives also?

Mr. Murta: The proposal means an immediate loss of provincial revenues and further tax competition between the provinces. Last year the federal government paid out $60.4 million as their share of the federal estate tax. Seven of the provinces receive from Ottawa 75 per cent of this tax when collected. Ontario, Quebec and British Columbia have their own succession duties. The removal of this source of revenue for seven provinces will be detrimental to all provinces, and all the provinces are complaining.

The former Premier of Ontario, Mr. John Robarts, has said that the federal decision to eliminate death taxes puts the provinces in the difficult position of having to maintain a tax on wealth until the capital gains tax system matures. He said:

> Far from reform, this approach simply encourages and perhaps makes inevitable internal balkanization and tax competition between competing tax jurisdictions—surely just what any program of true reform should be trying to avoid.

At the finance ministers' conference in June and at the premiers' conference in July, the provinces appealed to the federal government to amend this proposal to remove estate and gift taxes on December 31, 1971. So far, the Minister of Finance has refused. I say "so far" because I have not had a chance to see the amendments. The effect on the provinces is that the validity and success of this tax reform bill is very much compromised by the lack of comprehension and co-operation of governments toward the tax problems and functions of the provinces. The government has, I believe, failed to introduce a tax reform measure that integrates the taxing functions and resources of the three levels of government. Also, it has reduced rather than expanded the taxing base of the provinces. Thirdly, it has put in doubt provincial revenues for the next five years.

The Canadian Manufacturers Association expressed its alarm about the lack of provincial co-ordination involved in the tax act in its August 26, 1971, brief as follows:

> The effect of the proposed corporate and personal income tax rates depends greatly on the action which the provinces may take. With respect to personal income taxes, the impact on the individual which has been calculated and shown in the tables in the summary of 1971 tax reform legislation depends on the provinces imposing a tax of 30 per cent of federal tax. The proposed reduction in corporation income tax rates depends on the provinces not changing their corporation income tax rates. The intended 33 1/3 per cent tax credit with respect to dividends from taxable Canadian corporations will only be given full effect if the provinces adopt a corresponding credit.
>
> Some of the provinces have expressed concern about the proposed elimination of federal estate and gift taxes on January 1, 1972. They have indicated that this proposal will not only create inequities between the taxation of existing wealth accumulations and future wealth accumulations but will thrust the burden of readjustment, if provincial revenue loss is to be avoided, entirely onto the provinces.
>
> All these factors require co-ordination of federal and provincial tax policies and make an assessment of the economic impact of the proposed legislation difficult. At the same time, we are concerned that the intention of the Ontario government to give tax credits for provincial sales tax and municipal taxes and not to provide the 15 per cent additional capital cost allowance introduced by the federal government in its December, 1970, budget, are indicative of a trend toward separate provincial tax administrations and policies. Such a trend is, we think, most undesirable and we urge the federal government to co-ordinate tax policy and administration with the provinces.

• (4:40 p.m.)

An area I would like to deal with at some length is the way the taxation proposals will affect farmers and agricultural producers not only of western Canada but of all Canada. Farmers and fishermen will continue to calculate income on a cash basis and retain special averaging provisions. The basic herd and straight line depreciation provisions have been phased out. Livestock farmers will be able to establish basic herds as of December 31, 1971, but no additions may be made to the basic herds after that date. When livestock is sold after December 31, the farmer may consider the sale as being out of the basic herd or the other herd, but the legislation requires that the sale reduces the basic herd when the total livestock on hand is less than the remaining total of the basic herd itself.

Straight line depreciation will continue to be available for assets acquired before the new system starts. Depreciation will be calculated on a diminishing balance system for assets acquired after December 31, 1971. Assets depreciated on a straight line basis subsequently sold for more than the original cost on valuation day will be considered to be a capital gain.

What this means in common terminology is that if a farmer traded in a John Deer tractor that was fully depreciated, on a new model, under today's system if his tractor were valued by the dealer as being worth $7,000 trade-in, this amount would be considered as income and subject to capital gains tax. The farmer would then pay his going rate of income tax of 50 per cent on $7,000, which in this case, depending on the farmer's income, would amount to at least another $700 tax.

Capital gains tax will also affect the land value of farms. In the budget the minister trades a capital gains tax for the estate tax. At present any farm land valued at less than $100,000 is free of estate tax. Under a capital gains tax, if the land increases in value from valuation day onward a farmer pays his going rate of income tax of 50 per cent on the increased value. He then has the privilege of averaging out his income over five years. However, this will still affect many farmers throughout Canada, particularly farmers in Saskatchewan and Alberta where 75 per cent of the estate tax was paid back to the state by those provinces. It will also affect many small farm hold-

ings in the Maritime provinces, and possibly also in Quebec.

Today, if the farmer sees a chance to sell his farm at a profit, as long as he can convince the tax department that he is not in the real estate business any capital gain he may receive is completely tax free. Throughout a farmer's lifetime he may change his farm three or four times, preferably at a profit. Now, with the price of land going up the way it has over the past 20 years, on every one of those occasions he will have to pay a capital gains tax.

These are some of the salient facts which convince me that the budget does little for the agricultural industry. It is also particularly detrimental to co-operatives and hobby farmers and is of no real benefit under the change in the partnership, capital cost allowances for many of the father and son and brother combinations within the agricultural industry. In my opinion, the most detrimental and devastating feature of the budget with respect to the agricultural industry is the capital gains tax. I believe that for western Canada it is a discriminatory tax and I say that we from western Canada should in no way allow this kind of tax to be placed on our holdings.

Another area I would like to touch on briefly is that of co-operatives and how they are affected by this tax reform legislation. I understand this matter has been covered by a good many hon. members but I would like to touch on it briefly. From letters received and interviews granted, we know that co-operatives are very disturbed by the provisions of clause 135 which retain the requirement that prior to the payment of any patronage refunds, income must be allocated to the capital of co-operatives on the basis of a fixed percentage of "capital employed by the taxpayer at the commencement of the taxation year." This has the effect of severely interfering with the freedom and ability of co-operatives to distribute their earnings as patronage refunds. This required allocation is based on the assumption that co-operatives must have corporate income, although in fact they may not have because the same is regarded as properly payable by the co-ops to their members as patronage refunds.

Co-operatives find the allocation of income to capital unreasonable and illogical and view the "capital employed" concept as a form of discriminatory treatment with no similar provision appearing in the proposed tax act affecting other methods of doing business. Co-operatives have pointed out that with the removal of the exemption from taxation of the income of a newly incorporated co-operative for the first three years of its operation, and with the proposed "capital employed" formula contained in clause 135, which has the effect of reducing patronage refunds, it would be most difficult for new co-operatives to be incorporated to service the needs of their members.

The amendments to the Income Tax Act as they affect credit unions are somewhat similar to those with respect to co-ops. They will be taxed in a manner similar to co-operatives in that a deduction will be allowed in computing income for payments made to members pursuant to "allocations in proportion to borrowing." To qualify for deductions these amounts must be paid in the year or within 12 months of the end of the year. The deduction of these payments may not reduce the corporation's taxable income below the amount by which 5 per cent of members' capital employed exceeds amounts paid by the corporation to its members in respect of the members' shares.

I believe the legislation should be amended so that distinctions can be made between big business co-operatives, which need little or no protection, and small credit unions which need, and often deserve, help or encouragement because they exist to fulfil a need not filled by private enterprise institutions.

This is a rather broad outline of the areas of particular interest to me as they pertain to a good many people not only in western Canada but across the country. I hope that among the 95 amendments which the minister tabled this afternoon there will be some that touch on the points I have raised and clarify them in the minds of many Canadians who are waiting to see exactly what will come out of this taxation legislation.

• (4:50 p.m.)

Mr. Burton: Mr. Chairman, at the outset of my remarks I should like to make particular reference to two areas of concern and interest to me, the question of taxation of co-operatives and of credit unions. I am in the very happy position of being able to commend the government on one score on the basis of the amendments tabled by the minister today. It would appear to me from first examination of the amendment to clause 137 of the bill that the representations by the credit unions have been taken into account in the proposals now presented by the minister. It appears that in fact it will be possible for a credit union to deduct interest or dividends paid on shares from its taxable income. If our interpretation of what is contained in the bill is correct, I am prepared to commend the government for making this change.

It also appears that the government has taken into account some of the concerns of credit unions about the method of computing allowable reserves. At this moment I am not in a position to comment on whether their representations have adequately been taken into account, but since there are changes in the amendments tabled this afternoon I have some hope that this is the case.

With respect to the taxation of co-operatives I am not in as happy a position, at first glance at least. It would appear that some concession has been made to the representations of the co-operative movement, that some allowance has been made in respect of the very real problems pointed out in the submissions made to the Minister of Finance and to members of all parties in this House.

From my first reading of the proposals presented this afternoon it would appear that co-operatives are to be given an alternative. They can either use the 5 per cent "capital employed" formula set out in Bill C-259 or they can use one-third of taxable income as determined on an ordinary corporation basis. It is very difficult to judge the matter at this time—

Mr. Mahoney: I rise on a point of order, Mr. Chairman.

The Deputy Chairman: Order, please. The Parliamentary Secretary to the Minister of Finance is rising on a point of order.

Mr. Mahoney: Mr. Chairman, I think the hon. member would appreciate the information that it is not an alterna-

tive; it is in fact that they will be taxed on the lesser of 5 per cent of capital employed or one-third of profits. It automatically operates in their favour; there is no election.

Mr. Burton: I appreciate the point made by the parliamentary secretary, Mr. Chairman. Certainly a co-operative would take whichever option operated best for it. Two options are open and, of course, the amendment states that the taxable amount would be the lesser of those two options as spelled out. It would appear that one option provides for the 5 per cent of capital employed formula as contained in the original bill, and the other would be one-third of the amount of taxable income that might be determined in the ordinary way.

It is very difficult to pass judgment on this change and to see what impact or benefit it will have on co-operatives until detailed study has been given to it. I should like to make a few preliminary comments, however. First of all, I note that the government has left the "capital employed" concept in the bill. Thus it would appear that the government has some rationale for this concept. They feel it is a suitable basis for determining taxation of co-operative organizations. But I think it was pointed out many times during the debate on second reading, Mr. Chairman, that it was very difficult to determine the rationale.

What is the concept of "capital employed"? What sense does it make? It would appear that the government took no heed of the representations, because they have left the "capital employed" concept in the bill while providing another alternative to co-operatives. I think it was pointed out in some of the submissions by the co-operatives that there really is no suitable rationale that would justify the use of the "capital employed" concept, but it has been left in the bill. The 5 per cent figure also has been left in the bill. Hon. members know that up to the present the figure has been 3 per cent of capital employed to be used as a basis in determining taxable income.

I believe this has been in the Income Tax Act since 1946 when certain amendments were passed which affected co-operatives. The figure was changed from 3 per cent to 7 per cent in the white paper, but it was pointed out that this was disastrous for most co-operatives. It now appears that there has been a compromise and the figure in the bill, which remains in the amendment tabled this afternoon, is 5 per cent of capital employed.

Mr. Chairman, I fail to see what rationale there is in the 5 per cent figure. The only rationale that I can think of is that it is half way between 3 per cent and 7 per cent. If the government finds that it can justify that sort of compromise position and defend it, then of course that is what they will have to try to do. However, it does not make sense to me.

Similarly, I suggest that we must look at the long-run implications of the option which has been provided to co-operatives, namely, that one-third of the amount calculated as taxable income would be subject to taxation. It is difficult to determine the rationale for that one-third figure. I am not sure what it is and I am not sure that the minister dealt with it in his remarks this afternoon. If he did, then I did not understand. We are told there is to be a complex phasing-in rule as well, which we will have to study before passing judgment.

[Mr. Mahoney.]

I do not understand why the government could not accept the very simple proposition put forward by the co-operative movement. They suggested that patronage dividends as they applied to the dividend paid out by production co-operatives, which amounts to about 95 per cent of the total dividends paid out, should be taxable in the hands of the recipient at his marginal rate of tax. This means that a member of a co-operative will be taxed on the reward he obtains as a result of patronizing his own organization and making use of the services which he helped establish. Apparently this suggestion was rejected by the government, as were other suggestions which I think would have taken into account the objections raised regarding the tax position of co-operatives.

The parliamentary secretary will be aware that a withholding tax will be imposed on patronage dividends no matter whether the dividend was paid out in cash. So long as it is credited to the member of the co-operative, he will be subject to the withholding tax payment and can deal with it from there in his personal income tax return, as is the case at present with respect to other types of payments which are taxable in the hands of the recipient. For example, a lump sum payment to an individual where he receives a refund of pension contributions is subject to a withholding tax of 10 per cent and is subject to a special tax rate in the hands of the recipient. That 10 per cent is withheld at the time the money is paid out to the recipient.

• (5:00 p.m.)

There is also a proposal that co-operatives be taxed on their undistributed earnings, that is, the earnings which are retained by them, and also on earnings derived as a result of business with those who are not members of the co-operative. There is no question about such earnings being subject to taxation. It seems to me, Mr. Chairman, that this was a very reasonable set of proposals. On initial examination I am disappointed that the government did not see fit to accept those recommendations and adopt what I think was the sensible approach suggested by the co-operative movement.

There are other areas of concern regarding the bill. We shall deal with those when discussing the individual clauses. Of course, I am concerned about the impact that tax changes will have on agriculture and on farming, and we are particularly concerned about the way in which the taxation of capital gains will apply to farms. This, of course, is a complex subject. I do not propose to deal with it at present, except to note that farmers, as all hon. members no doubt are aware, are in a very special and unique position in terms of the type of operation they undertake, the economics of their position and the underlying realities which apply to their operations. These factors must be taken into account in any system in which capital gains are to be taxed.

There are other areas of concern as well. Some of them have been alluded to. I am referring to the proposed changes with regard to basic herds and to the depreciation of farm equipment and farm assets. We shall have to consider these in greater detail when we come to the appropriate clauses of the bill.

This afternoon as we move toward the clause by clause consideration of the bill I wish to make a few general comments. I note that as we are examining this bill in

committee of the whole Canada faces an economic crisis. It seems to me that taxation policy cannot be divorced or separated from the over-all economic position and problem which Canada faces. There has been extensive debate in the House about developments which have taken place; they have affected Canada seriously. We are all aware that the annoucement made by President Nixon on August 15, as well as his second announcement made earlier this week regarding the new policy of the United States, shows that the United States is following a new road with respect to its economic policies. This will have very serious consequences and implications for Canada. Canada and the United States are close neighbours, geographically speaking, and we have also been very close in the economic sense. That situation has been brought about and intensified as a result of economic policies followed by the present government and governments in past years. They have allowed our economy to become integrated and tied in with the American economy.

It has been argued many times that this has been to Canada's benefit and that we need capital that has been brought in from the United States in order to provide the level of economic development and expansion we want in this country. At the same time, it must be noted in all honesty that there was a serious gap in Canadian policy because we failed to develop our own capability for savings which are so necessary for capital investment and development. We did not develop our own capacities for the development and expansion of our economy and we did not develop the types of policies which were needed in that regard.

Of course, there have been taxation features which have influenced and affected this course of development in our history. We now face a new situation and the assumptions underlying the government's economic policies over the past number of years have been shown to be false. The fact is that when it came to the crunch, the United States, as might be expected, acted in its own best interests; that is, it acted in its own interest on the basis of judgments made by those who hold political power in that country. They decided what is best for their country. We do not yet know the consequences and implications of that course for Canada. We have been left to thresh about in the dark. The Prime Minister has made statements saying that he does not think the United States is really aware of all the implications that its new policy developments hold for Canada.

It was really sad hearing the Prime Minister make statements like that about a new policy development arising in the United States, especially since it has been contended for a long time that there has always existed a close relationship between Canada and the United States in many fields. We now find, Mr. Chairman, that the government's assumptions concerning these economic policies were false.

In developing its economic policy over the past year or so at least, the government assumed, among other things, that there would be a significant upturn in the United States economy either late this year or early in 1972. It was assumed that this upturn in the United States economy would bring significant "slop over" benefits for Canada and that they had to be taken into account in determining economic policy in this country. That assumption has been shown to be false and the premises on which the government developed its economic policies have been totally shattered.

The government is now threshing about wildly and is trying to find new economic policies for dealing with some of our immediate short-run problems, particularly in view of the upcoming election which probably will take place during the coming year, and for dealing with our long-term problems. It seeks to find a long-term policy for Canada that will be effective in terms of our economic development. The Canadian people have been left very much in the lurch. We have a serious unemployment problem and the government has been slow in coming up with new policies to deal with this situation.

I think it is very necessary to consider appropriate tax cuts if we are to stimulate the economy. I also think that we must focus afresh on and give new consideration to the concept of the Canada Development Corporation. It must be made into a significant instrument of public policy in order to bring about the type of development that will serve Canada's interests in the long run. The government does not seem to be able to tell us at present where it is going with its long-run economic policies and just what are its short-run economic policies. Taxation policy plays an important role in this picture, both with respect to long-run and short-run economic policies. The government has given no answers. We do not know what road it is following. I do not think the government itself knows.

At the same time, we in this House are expected to deal with a taxation bill which the government is parading as a brand new approach to taxation. It is being paraded as the culmination of the government's efforts to reform the income tax system in Canada. It is very difficult for hon. members to pass adequate judgment on the government's policy as demonstrated in the tax bill before us because there seems to be an absence, or vacuum with respect to other areas of economic policy.

I appreciate that this is a most difficult problem for the government. They must sit there and do the best they can because they are determined to complete consideration of the tax bill before the end of the year in order that they can parade this piece of legislation before the electorate when the people go to the polls in the next federal election. Of course, the government will try to make out that this legislation is a significant measure of tax reform for which all Canadians should be thankful and, in particular, for which they should thank the Liberal government. While I can appreciate that government members will do their best to paint such a picture, I think the facts show otherwise. While there has been a certain amount of tidying up—

• (5:10 p.m.)

The Deputy Chairman: Order, please. I regret having to interrupt the hon. member, but his time has expired.

Some hon. Members: Carry on.

The Deputy Chairman: Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Some hon. Members: No.

The Deputy Chairman: Some hon. members have said no.

Mr. Woolliams: Mr. Chairman, I am glad to see the member for Calgary South in his new position. I did not intend to mention him because members from the city of Calgary—and we have had them from Calgary South from time to time—as Tennyson said, come and go. This is one of the burdens he will have to bear at the next election.

I would be derelict in my duty if I did not point out at the outset that what has really happened, and I thought it would happen, is that we have received a large, complex bill of 707 pages and almost 100 amendments. To be able to deal with it in a cogent manner, we should have been given the amendments some days or weeks ago, as a matter of courtesy. The government must have had them.

I say to the member for Calgary South that when his party was in the opposition, if we had tried this with even one amendment the Liberal party would not have allowed it. They were very astute people in opposition. I always gave them credit for that. They were masters of filibuster and procedure. This debate would not have gone on. If I had time I would try to convince the group here that this debate should not be going on. This really shows the arrogance of the government. They are saying, "It does not matter what the opposition says. We will let them make a few little speeches on the first clause of the bill." The member for Calgary South has been here since the rules were changed. He can never understand or appreciate what Committee of the Whole House is all about. He said, "Let them make a few pretty little speeches."

I would be derelict in my duty if I did not bring to the attention of the House and the country that this legislation is going to be rammed through. I have here an editorial from the Ottawa *Citizen* which is usually quite friendly toward the government. It is entitled "Speed action on the tax bill". I imagine the editor must have been coached a little by the government. No matter what is in this tax bill, the government is going to ram it through. They want it speeded through without much thought.

I make a prediction. Maybe when the member for Calgary South or other members of the government are back practising law or accounting, they will realize that what is being rammed through today is a legal monstrosity. This is what the Bar Association of Canada says. I have never held myself out as an expert on taxes. I do not think there are any such experts in the House. The tax experts have said this is a most complex bill. Maybe Browning correctly summed up the situation when asked about a poem of his. He was asked what it meant. He looked at it and said, "When I wrote that, only God and I understood it. As I think about it now after the months have gone by, only God understands it." That is probably what we are debating right now.

I want to come to grips with one subject that concerns me immediately, that is, relations between the federal government and the provinces as far as this tax bill is concerned. This is a monumental document. I do not know what is in the 100 or so amendments. If there were an examination, even with the great brilliance of the minister and his parliamentary secretary they would not be able to pass it. I am glad to see one officer of the department present who might be able to shed some light on this matter.

With regard to the provinces, accrued gains on capital assets will be taxable at death. Federal estate and gift taxes will be abolished as at December 31, 1971, to avoid double-taxation of such gains. There is no tax on bequests between spouses. The inheriting spouse acquires assets at their original cost to the other spouse. Tax is paid only when the inheriting spouse sells or transfers the asset by gift or bequest. Gifts between spouses, outright or through a trust, are tax free.

The decision of the federal government to get out of estate and gift taxes entirely as of December 31, 1971, has been strongly criticized, not because the provinces are against the abolition of the estate tax but because of the manner in which it is now being done. It has been strongly criticized as irresponsible and unfair to the provinces, a danger to orderly taxation in Canada and another act in favour of the privileged at the expense of middle income Canadians.

What does this proposal suggest? I come from the province of Alberta where there was an agreement between the federal government and the province that 75 per cent of the estate tax was to be returned to the provincial treasury. We had the estate tax abatement act. The former government of Alberta passed a provincial law so that the money was refunded to the estate and therefore benefited the beneficiaries. It was refreshing to hear the member for Regina East talk about the economy. That was done in Alberta for one reason, to help put Canadian capital into the hands of Canadians, particularly Albertans. It was not done to help the rich, the middle-class, or rob the poor but to create a capital pool in order to have a buoyant economy and full employment in the province of Alberta. I believe that today that province has less than 3 per cent unemployment. It has been said, and I believe it is correct, that at the moment we are one of the most buoyant economies. I hope it will last even with this government.

I have heard great academics. I do not know how they were able to become so categorized. I know some of their grades when they were in school. They prize themselves on being academics. They talk about foreign investment, although you do not hear too much about it now. I will have something to say about that in my concluding remarks.

As I see it, the enigma of foreign investment is with those people who talk about it. My friends to the left are rather great at that. They say that Canadians must invest in their own economy. The financial critic of the New Democratic Party seemed to be on all fours with the other socialist party in this country, the Liberals. They say they are going to take money from Canadians who have money to invest. This is the enigma: they say we cannot have foreign investment. How will western Canada end up? It and every other part of Canada will be an alkaline slue. That is what is so important.

I come back to the point about the abolition of capital gains and estate taxes. The proposal means an economic loss of provincial revenues and further tax competition among the provinces. Last year the federal government paid out $60.4 million as their share of the federal estate tax. Seven of the provinces receive from Ottawa 75 per

cent of this tax when collected. Ontario, Quebec and British Columbia have their own succession duties. The removal of this source of revenue from the provinces will be detrimental. This bill will cost those provinces of Canada which had an arrangement with the federal government $60.4 million.

• (5:20 p.m.)

Take a look at this red book, the explanation book. It is like the funny papers. I like the cover of that book. I said that in the debate on the white paper. It leads one to think they are helping our millions of taxpayers, countless numbers, at least. I see hon. members opposite applauding. But what really happens? As soon as you erode the provincial treasuries, provinces are obliged to raise taxes from any other source available to them. In most cases the source chosen involves a sales tax.

We in Alberta are the only province where there is no sales tax in force. What will happen when we lose our share of the $60 million? Eventually we shall have to find money from another source, a sales tax or some other tax. That tax will fall on the same people the government pretends to be concerned about, those whom the bill before us would relieve from taxation. All this document does is shift the burden from the federal government to the provincial governments. This document is starving the provinces. That is the first point I wish to make.

Mr. Gibson: Speak up.

Mr. Woolliams: Oh, that's all right. I can always rely on the choir on the backbenches opposite. They have only scratched the surface on this bill, yet they say, "Great. Ram it through. We are all part of this great Liberal machine."

Mr. Guay (St. Boniface): This is the first time you are concerned. They have a Conservative government in Alberta.

Mr. Woolliams: I will let them speak for themselves. The Ontario treasurer took the view that the federal administration had been too hasty. It was argued that the estate and gift taxes should be phased out as the capital gains tax was phased in. I should have thought the government would have come before the House today and declared, "We have made a deal with the provinces. We made a deal before we rammed this legislation through."

In summary, I say this new tax legislation is merely shifting the burden for collecting taxes from the federal government to provincial governments. Increased taxation will fall on those for whom the government professes a special concern, those in the low income brackets. Moreover, of course, any benefit of the small concession connected with personal income tax has already been cancelled out by inflation, something which has partly, at least, been brought about by the government itself.

I wish to deal now with the provisions of this bill as they affect small business. Take this same red book. This is what it says at page 35. It reads very well:

> A reformed low rate of corporate tax is retained as a small business incentive; the rate is 25 per cent on the first $50,000 of business income of Canadian-controlled private corporations.

What the tax bill promises to do is to increase the taxable income allowance from $35,000 to $50,000 and increase the rate of taxation from 21 per cent to 25 per cent. But they raised the gross net income. That sounds good on the face of it, but see what really happens.

Mr. Guay (St. Boniface): What on earth is "gross net income"?

Mr. Woolliams: This is what happens. The maximum amount for which a deduction can be made in any one year is $50,000. This $50,000 is the corporation's business limit. In addition, there is a cumulative limit which, in the simplest situation, amounts to $400,000 of taxable income earned after 1971. In other words, to make it simple, if a corporation shows a taxable profit of $50,000 for eight years it would then have enjoyed the benefit in its growth of a 25 per cent rate on the first $50,000, but the moment it hits a total gross of $400,000 in those eight years, on goes the tax the same as on large corporations.

What do I say about that? This provision is supposed to help small business. Many farmers and ranchers are incorporated. What happens? As soon as a group of people get together in a private corporation, form a company and produce a gross capital of $400,000, then on comes the 50 per cent tax or that rate which applies to foreign corporations and the public corporations of Canada. But this will not be found in the red book. Oh no, because they are trying to sell the candy. There are two things you can pick out when you are debating the economic situation.

I say, therefore, the provinces will be starved of their revenue and small business will be discouraged from expanding because the moment a company expands, builds up a business to assist the Canadian economy on the basis of Canadian investment, along comes the high corporate tax. There is a dishonesty you find at the outset.

Mr. Chairman, the tax policy of any government is the policy through which you effect the kind of taxes and the rate of taxes which are necessary, and whether you have capital gains tax and how it applies to the incomes and various branches is one means by which this or any other government controls the economy.

I would say we have seen a deterioration in the relations between Canada and the United States. I want to say something about that because this debate will be lengthy, on a complex situation. I question whether even members of this House comprehend what effect this bill will have on the economy of Canada, yet it is being brought in at a time when we not only have trouble with the United States on the question of the surtax but also on account of the dollar which was floating so that it was more than equal to the United States dollar. The argument and the debate which has gone on over the years about taxation has had a tremendous effect on the economy of this country, a depressing effect. In fact, I asked Bryce and another adviser at the committee which was studying the white paper, and they said there were many deals which would have helped Canadians and given jobs to Canadians which have not crystallized because of the fear of what was in the white paper. This was the fear hanging over the heads of Canadians. If there is any question about that—and I said this to the hon. member for Calgary South—I shall read it into the record next time I speak, because we

have only 20 minutes. I have referred to it on other occasions.

When we talk about our economy, we should have had brought in by the government some policy of control that would deal with what I call the most serious difficulty this country has encountered since 1929. Right now our relationship with the United States has deteriorated to such a level that one has to ask oneself how this deterioration set in. Was it partly because of the tax bill? Was it partly because of the white paper? Was it partly because of the statement in reference to NATO? We have never negotiated with our friends. This Prime Minister said we will reduce our forces in NATO without any discussion with the United States. He has also taken a hard line in respect of NORAD. That is why our position has deteriorated.

• (5:30 p.m.)

Mr. Mahoney: Tell us what Diefenbaker said to Kennedy.

Mr. Woolliams: This Prime Minister went to the U.S.S.R. and said, and I quote from a transcript of a press conference given in Moscow on May 20, 1971:

As is well known, Canada is not only a good friend and neighbour of the United States of America, but also its ally in NATO and NORAD, and Canada has increasingly found it important to diversify its channels of communication because of the overpowering presence of the United States of America—

The Prime Minister admits that we are friends of the United States in respect of NATO and NORAD and that we are in a joint partnership in respect of our financial resources, but he goes on to admit that we have never negotiated at any time—

The Deputy Chairman: Order, please. I regret to interrupt the hon. member, but his time has expired.

Some hon. Members: Continue.

The Deputy Chairman: Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. Woolliams: Mr. Chairman, I will be as brief as possible. The transcript of the Prime Minister's press conference reads:

—Canada has increasingly found it important to diversify its channels of communication because of the overpowering presence of the United States of America and that is reflected in a growing consciousness amongst Canadians of the danger to our national identity from a cultural, economic and perhaps even military point of view.

I could quote from other speeches but I will refrain from doing so at this time because I can speak again in 20 minutes. I appreciate the graciousness of hon. members of the committee in allowing me to conclude this point. We have insulted the United States as far as NATO and NORAD are concerned. Our Prime Minister was in a communist country and talked about military importance so far as it affected Canada and the United States. We have insulted the United States in every way. This is the only Prime Minister in my lifetime who has not been able to go to the United States and negotiate with the President. He refuses to write letters or call him on the telephone. And now we are dealing with the serious matter of taxation at a time when our economy is being disrupted.

Let me make a prediction before I sit down. When this winter is over—

Mr. Mahoney: Tell us what Diefenbaker said.

Mr. Woolliams: I know this is getting to the hon. member for Calgary South, but these are the things he will have to defend on a platform when he goes back to Calgary.

This is the only Prime Minister who has never been able to negotiate with the President of the United States. We are now faced with a 10 per cent surcharge against industry. This has a tremendous effect on the industrial might of the province of Ontario. If this policy is continued by the government there will be one million people unemployed in our country this winter.

An hon. Member: That's what you wish and hope.

Mr. Woolliams: The Liberals say that is what I wish and hope, but if they listened to what I have said in the past 20 minutes they would realize that this is the time to bring in a policy to do something for the people of Canada and prevent what I would call the danger of a great depression.

[*Translation*]

Mr. Gérard Laprise: Mr. Chairman, before we further pursue the debate, I should, in turn, like to say a few words concerning one portion of the lengthy bill we will be debating over the next months. I expressly say "the next months" since I expect the study of this bill, almost four inches thick, as well as the bundle of amendments that go with it, to take a very long time.

The very fact that Bill C-259 was accompanied by several pages of errata led me to presume an intention to have the legislation adopted in haste.

It led me to believe that I was not alone in entertaining the view that the government study was far from complete, and of this we had proof today when the Minister of Finance (Mr. Benson) himself brought forward his bundle of amendments to alter most of the clauses of the bill.

Mr. Chairman, when the minister made public Bill C-259, the latter was far from being ready for study and from having the assent of the government and probably of the other members of the Cabinet, since when we are about to examine this bill, clause by clause, the government itself introduces amendments.

Every time we have had to consider bills amending tax laws or budgets, I have been fearful. I fear such bills because amendments to the Income Tax Act have always been detrimental to Canadian taxpayers. They have always further deprived the worker, the farmer, the labourer, in short, the one most in need of his income.

Regardless of the level of taxation, it is always the small wage earner and the consumer who bear the brunt of it.

Mr. Béchard: That is why a million workers will not pay any income tax.

Mr. Laprise: Mr. Chairman, the statement made by the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) is altogether false. The hon. member for Laval

(Mr. Roy) has said a short while ago, following the speech of my colleague for Champlain (Mr. Matte), that 750,000 workers—that is also what the Minister of Finance has said—would be exempted from taxation, under the new bill.

Mr. Chairman, this means that 750,000 workers will be too poor to pay taxes, whereas according to studies made by university professors, labour unions and other persons show that one third of Canadian people live on the threshold of poverty. In spite of this, the minister has the nerve to come here and say that he is glad that 750,000 of these people will not earn enough money to pay income tax. This means that they will have earned the income, the salary of starving people. Such is the government policy and the effect of the just society. Taxpayers do not want to be taxed beyond their ability to pay. We would all like to be tax exempt.

• (5:40 p.m.)

I have in hand some newspaper reports dealing with the matter. In 1964, we could read the following headlines:

Farmers demanding basic tax exemption.

President of Imperial Oil once more speaks against tax system unfair to oil industry.

Beer industry would be too highly taxed, according to Brewery Association.

Insurance companies do not want to be taxed.

CFU wants immediate readjustment of land tax.

Every day and every week, we hear from associations, companies or groups of citizens asking tax exemptions to the government.

Mr. Guay (St. Boniface): Mr. Chairman, the hon. member speaks in every way like the hon. member for Compton (Mr. Latulippe). I would urge him to be more careful.

Mr. Laprise: I am ashamed not of my colleague, the hon. member for Compton, but rather of the attitude adopted by my friends, the government members, towards the Canadian people.

When we study the report on public accounts in Canada, especially those for 1971 which has just been distributed, we see in subsection 2.10 a table giving the revenue and expenditures of the government. According to the data for 1970-71, direct income taxes amounted to $7,576,000,000, based on preliminary estimates. Indirect taxes amounted to $4,083,000,000 and direct corporate taxes to $2,120,000,000.

Everyone knows that companies have the privilege of including their taxes in their production costs, so that in fact the consumers are paying those taxes for them.

Those figures indicate that $13,779,000,000 are paid more or less directly by Canadian workers.

In paragraph 3.2 of the same report, another chart shows the rate of increase in taxes since 1967. It can be seen that in 1967, 30 per cent of taxes came from the income tax of individuals, while in 1968 that proportion rose to 31 per cent, and in 1969, to 33 per cent, where it remained in 1970, only to rise again in 1971 up to 37 per cent. In the same period, corporate income tax was 19 per cent in 1967, 18 per cent in 1968, 20 per cent in 1969 and 21 per cent in 1970, but decreased to 17 per cent in 1971. While the income tax of individuals rose from 30 to 37 per cent from 1967 to 1971, corporate income tax decreased from 19 per cent in 1967 to 17 per cent in 1971.

When we hear about equity or totalitarianism and when certain people try to distribute wealth in Canada in the manner required by those who advocate it, it is obvious that they do not and never will meet their objectives.

We, in the Social Credit, believe in free enterprise in Canada and in a tax system consistent with this freedom. We also believe that our tax system should be equitable and non-discriminatory. The purpose of a tax system should not be to finance government expenditures but to take money where there is too much of it or to prevent unbalance in any economic area. In my opinion, the purpose of a tax system is to withdraw money when and where there is too much of it.

But today, the government is boasting however apprehensively in presenting Bill C-259 that it will increase the basic income tax exemption in such a manner that 750,000 people will no longer pay taxes.

Well, as I said at the outset of my remarks, there will be too many people who will not earn enough money to provide for their family's needs. Perhaps they would be happy to earn enough to pay a little income tax.

Mr. Béchard: If they did pay any. It is not as bad as that, because they will not pay any.

Mr. Laprise: But where the government deceives the people Mr. Chairman, is in the indirect taxation area: excise tax, tax on the production of manufactured products. The 750,000 people who will not pay direct taxation will have to pay indirect taxation; they will have to pay tax on manufactured products whenever they buy things that their income allows them to buy. That is where lies the injustice of our taxation system, which tries to get money where there is none or not enough.

I have here invoices to prove what I am saying, Mr. Chairman.

Since the tax system in this country amounts to double taxation, it is not surprising to see the government continuously introducing proposals to fight inflation, and that fight is always lost before it starts because the government is not aiming at the right place.

I have here two bills from lumber firms. One is for 488 feet of 2x4s at $58 per 1,000 feet, which amounts to $28.30, and the other for 228 feet of 1x6s, and that amounts to $15.50, for a grand total of $43.80. Then comes in the 11 per cent federal tax on all wood sold. On top of that, you have to add the 8 per cent provincial tax. The Quebec provincial tax is added to the federal tax.

One must not be surprised to see that the people are infuriated at such a tax system and no longer want it. That is where lies the injustice, the government taxes indirectly the Canadian consumers when they go out to buy.

• (5:50 p.m.)

An arduous fight is raging between the three levels, of government, each wishing to get a significant share of the income of the Canadian people. If the federal government really wants to improve its administration, relieve the population and provide it with a better chance of living

decently, let it act favourably not only toward a small group of privileged people, but also toward the 750,000 people whose income is considered quite insufficient to meet the needs of their families.

Then, it must reply to objections or requests made by people other than politicians. Not long ago, one could read in the dailies this statement from Mr. Frank E. Case, president of the Montreal Trust, and I quote:

> Up to now, the economy has shown few signs of recovery despite the many provisional solutions put forward by various government organizations. I for one believe that a tax reduction would have been much more beneficial.

The government is trying to make us believe that this reform will result in lower taxes, whereas the federal civil servants tell us that within five years this reform will have boosted tax proceeds by $600 million, and whereas the Ontario civil servants, with the help of an electronic computer, now forecast an increase in federal tax proceeds of the order of one billion dollars. Whether the result be $600 million or $1 billion, it means that this tax reform is nothing but a stirring of the same mixture which will amount to heavier taxes for the Canadian workers.

And Mr. Case added:

> —what was needed to reverse the situation was not an increase in public spending or new capital investments, but rather a new impulse to the purchasing power.

This is the opposite of what the government intends to do in his tax proposals, that is to extort $600 million or $1 billion from the Canadian taxpayers. On the contrary, if the government actually wanted to restart the economy, it would proceed by injecting it with additional purchasing power.

I have on hand another testimony, that of Mr. Grant L. Reuber, an economist and director of the Department of Economics at London's Western University. This is what he had to say in an article published in *Le Devoir* in May 1971, and I quote:

> This is why the government should persue a "moderately expansionist tax policy", promote expenditures which would stimulate the demand for goods and services thus helping to create employment.
>
> This could be achieved by lowering personal income tax and federal sales taxes levied on manufactured goods.

It should be noted that Mr. Reuber has not asked that non-taxable income be increased, but rather that federal taxes levied on manufactured goods be reduced.

These are the comments of people who have studied the problem and whose authority is unquestionable. During this debate which as far as I can see, will be protracted, we will have the opportunity of carefully studying each clause together with the consequences of this tax reform. We think that we shall have to submit numerous proposals to amend this bill.

[*English*]

An hon. Member: Six o'clock.

Mr. Horner: Mr. Chairman, I hear the parliamentary secretary suggesting that I call it six o'clock. I am perfectly prepared to do that if it is the wish of the committee. There seems to be some unanimity in this regard. May I call it six o'clock, Mr. Chairman?

The Deputy Chairman: This can be done only by unanimous agreement. Does the committee agree to call it six o'clock?

Some hon. Members: Agreed.

The Deputy Chairman: It being six o'clock, it is my duty to rise, report progress and request leave to sit again at the next sitting of the House.

Progress reported.

At 5.57 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, October 14, 1971

The House met at 2 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the House that I have received the following communication:

Government House,
Ottawa

14 October 1971

Sir,

I have the honour to inform you that the Honourable D. C. Abbott, P.C., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 14th day of October, at 5.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis Fremont Trudeau
Brigadier General
Assistant Secretary to the Governor General.

ROUTINE PROCEEDINGS

[*Translation*]

TRADE

TABLING OF COMMERCIAL AGREEMENT BETWEEN CANADA AND HUNGARY

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, under Standing Order 41(2), I would like to table in both official languages the text of a trade agreement concluded between Canada and the People's Republic of Hungary as well as related correspondence.

* * *

[*English*]

CONSUMER AFFAIRS

TABLING OF PRESS RELEASE, "ADVERTISING CODE FOR CHILDREN", AND ATTACHED BROADCAST CODE

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am pleased to table two copies each in both the official languages of a press release entitled "Advertising Code for Children" and the attached broadcast code for advertising for children.

HAULAGE OF LOOSE MATERIALS SAFETY BILL

PROVISIONS RESPECTING CARRIAGE OF LOADS ON PUBLIC HIGHWAYS

Mr. John L. Skoberg (Moose Jaw) moved for leave to introduce Bill C-270, respecting the safe haulage of loose materials.

Some hon. Members: Explain.

Mr. Skoberg: Mr. Speaker, I realize that this is a very innocuous bill at a time when Canadians are faced with many great problems. However, it is of great concern to many people and has been for many years.

The purpose of this bill is to prevent damage to motor vehicles, to property adjacent to the highway, and to the roadway itself, which can be occasioned by trucks carrying such loose materials as sand, gravel, rock, stone, etc. The bill would require such loads to be adequately covered. The bill deals with federal works and undertakings only as motor vehicles would normally come under provincial jurisdiction. Safe haulage of loose material is a concern of all motorists, pedestrians, horsemen, bicyclists, and even politicians as I am sure this bill applies to them.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

• (2:10 p.m.)

THE CANADIAN ECONOMY

PROVISION OF EMERGENCY DEBATE

On the order: Government Notices of Motions.

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I rise on a point of order concerning a procedure that might normally be taken at this point. The House leaders met this morning and in the course of their discussion it became evident that there would be a general desire in the House to have an adjournment debate this evening. I understand that at least two of the opposition parties have filed motions with Your Honour for an adjournment debate this evening. We on this side would be agreeable to have such an adjournment debate under the normal rules on a motion that would be moved by the Minister of Finance (Mr. Benson), "That this House do now adjourn for the purpose of discussing the economy." I am sure that motion would be broad enough to cover all of the elements that might be contained in the opposition motions. However, I understand that hon. gentlemen opposite might like to indicate to the House the less neutral content of their motions.

Mr. G. W. Baldwin (Peace River): Just briefly, Mr. Speaker, we accept this suggestion, the government

having anticipated that the unemployment statistics would require a debate of this kind. As long as the hon. members have a chance to put their motions we are agreeable.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the statement made by the President of the Privy Council (Mr. MacEachen) is in accordance with the understanding we had at our meeting this morning. We agreed that the House should order a debate for eight o'clock tonight. It was, of course, understood that the members of the opposition parties who had filed notices with Your Honour this morning would nevertheless be permitted to present those motions at this time so the House would know the points that they wished to make.

Mr. Speaker: Order, please. Hon. members have heard the suggestion made by the President of the Privy Council and the representatives of some of the opposition parties. Is it agreed that we will proceed on this basis?

Some hon. Members: Agreed.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, here is the motion that I intended to move:

There is no more pressing matter to put before the House than the state of national emergency revealed by the official unemployment figures published today, which show that more than 7 per cent of the labour force is out of work in Canada, and indicate a steady trend in the rise of the seasonally adjusted rate of unemployment in Canada.

Mr. Speaker, since the government House Leader has accepted to hold the emergency debate tonight, I will now resume my seat.

[*English*]

Mr. David Lewis (York South): I am doing what I was told, Mr. Speaker, although the exercise may not be very useful at this time. I ask leave, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the fact that the actual rate of unemployment in September was the highest since 1960 in that month and the adjusted rate the highest since 1961, the appalling prospect of more critical unemployment levels this winter which urgently require a massive program to create hundreds of thousands of additional jobs, a program which should be announced without further delay since valuable time has already been lost.

Mr. Speaker: Order, please. The agreement which has been reached by hon. members of course makes it easier for the Chair to make a ruling, or perhaps a non-ruling. I gather there is agreement that there should be a debate on this important matter. This debate will take place at eight o'clock this evening on the basis of the submission made for the consideration of hon. members by the President of the Privy Council.

I am not sure that the hon. member for York South would think it necessary for me to refer at this time to the form of the motion he has presented to the House. As hon. members know, we have established and followed somewhat religiously the procedure and form of motion under Standing Order 26, subsection 2 which states that we shall receive from hon. members a written statement of the matter proposed to be discussed, that is, without argument and without debate. I would hope that this requirement, which has been followed so strictly until now, would be followed in future as it has been in the past, and I would invite hon. members to co-operate with the Chair in this respect. It is not easy to determine what is debate, what is argument and what is simply a statement of fact, but it has been helpful to all concerned and for the House until now to limit motions under Standing Order 26 to a very bare statement of the facts.

Mr. Baldwin: So bare it is almost indecent.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNEMPLOYMENT INCREASE—SUGGESTED ESTABLISHMENT OF SHORT-TERM ECONOMIC FORECASTING UNIT AND IMMEDIATE FEDERAL-PROVINCIAL CONFERENCE

Hon. Robert L. Stanfield (Leader of the Opposition): In view of the statement which is expected from the Minister of Finance tonight I shall not ask the questions this afternoon that I had intended. However, in view of the obvious discrepancy between the adjusted unemployment figure released today and the forecasts upon which the June budget was based, in all earnestness I should again like to ask the Prime Minister whether he will now support the establishment and assist in the financing of an independent unit responsible for short-term economic forecasting in Canada in order to improve the economic intelligence of the people generally including, not least, that of the government of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as I said before, the idea deserves consideration but in this particular instance it does appear that the existing short-term economic forecasting units in the universities have made the same mistakes as we have in their misappreciation of the participation rate of the labour force.

Mr. Stanfield: Without in any way accepting the factuality of what the right hon. gentleman has said—I could not do so—may I suggest to my right hon. friend that this only emphasizes the importance—

An hon. Member: Question.

Mr. Stanfield: Mr. Speaker, will the Prime Minister not agree that the extent to which other forecasters in the country have been inaccurate only reinforces the request of the Economic Council of Canada that such a short-term forecasting unit be established?

Mr. Speaker: Order, please. I wonder whether the Leader of the Opposition would not admit that the supplementary as asked is really an argument in support of his original question. I wonder whether in those terms it can be accepted as a supplementary question.

Mr. Stanfield: Mr. Speaker, perhaps it is argument, although very well justified in the circumstances. I am sorry that some of my hon. friends to the rear on the other side are a little upset. I can understand why. In view of the very alarming figures regarding unemployment published today, will the Prime Minister now invite the provinces to attend a conference regarding measures to combat winter unemployment on virtually an emergency basis? In light of these figures will the Prime Minister attempt to convene an immediate meeting with the provinces so that the federal government can confer with the provinces jointly on measures other than those the minister will propose tonight?

• (2:20 p.m.)

Mr. Trudeau: Mr. Speaker, the House knows that I have been attempting precisely this for several weeks and even months now. I have been attempting to get the provinces to sit down with us on an urgent basis to discuss the economic situation in Canada. I cannot at this time give a final report to the House on a date. As the House knows, we had agreed to a date in early December. I have since that time gone back to all the first ministers to obtain agreement on an earlier date, and I may have such an earlier date to announce to the House shortly. As of now I do not have the agreement of all provinces on any one earlier date, but I am still working on it, Mr. Speaker.

Mr. Stanfield: May I ask the right hon. gentleman whether, on the basis of the unemployment figures released today, he will not reopen this question with the provinces with a view to convening an immediate meeting on this subject?

Mr. Trudeau: Mr. Speaker, I really do not see the point of the question. The provinces know about this and they, themselves, have been trying to get agreement on earlier dates. I agree that perhaps today's figures will make them even more anxious to do so. But when premiers say that they are free on certain dates and not on others, I take their word for it. I sometimes try to get them to adjust dates when that is possible. That is what I am trying to do. I am trying to get universal agreement on some earlier dates. I am telling the House that they have not yet all agreed, and I am trying to proceed by way of co-operation rather than by strong arm methods, which the House always recommends that I not use.

Mr. Baldwin: The Prime Minister should try that method here.

UNEMPLOYMENT INCREASE—POSSIBLE ANNOUNCEMENT IN EMERGENCY DEBATE OF PROGRAM TO CREATE JOBS THIS WINTER

Mr. David Lewis (York South): Mr. Speaker, some hon. members may know the answer to my question better than I do but, since the government House leader has not said anything about it and as I think the information should be on record, may I ask the Minister of Finance whether, when he introduces the motion this evening, he will place before Parliament a program to create jobs this winter?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I should not like to comment on what I will say tonight at eight o'clock until I say it.

Mr. Lewis: Inasmuch as a general debate on the economy has been held before, may I ask the Minister of Finance whether the House will debate a program for work this winter or whether there will be merely a general debate on the outlook of the economy?

Mr. Benson: Mr. Speaker, I think there has been agreement among the parties that one member from each party will have the opportunity an hour before I speak of seeing exactly what I am going to say in the House so as to be in a position to reply.

Mr. Baldwin: Will a doctor be present in the House when the minister speaks?

Mr. Lewis: Mr. Speaker, may I ask a further supplementary question of the Minister of Finance. Has he or have officials of his department discussed with representatives of the provinces whatever it is that he is going to say this evening?

* * *

[*Translation*]

HEALTH

GRANT TO CANADIAN ASSOCIATION OF FACULTIES OF MEDICINE—INQUIRY AS TO COMPLETION OF PROJECTS

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I have a question for the Minister of National Health and Welfare.

On October 4 last, the minister stated that the government was now subsidizing two projects undertaken by the Canadian Association of Medical Schools, that is the cost of university training and the determination of the possible number of medical students. Could he tell us when such projects will come to an end?

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): I am not sure, Mr. Speaker, but I can ascertain and let the hon. member know.

* * *

STATISTICS CANADA

UNAUTHORIZED EARLY DISCLOSURE OF UNEMPLOYMENT FIGURES TO MONTREAL "GAZETTE"

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is supplementary to those asked of the Prime Minister. In light of the *Gazette's* scoop on the unemployment figures this morning, has the government initiated an inquiry into how this newspaper got the figures before the Prime Minister got them?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, perhaps I could answer this question. I am informed by Statistics Canada that copies of the document were given to the press slightly before eight o'clock this morning. I am told that there was an

unauthorized disclosure, the source of which is not yet known. Statistics Canada is investigating this matter.

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THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—REQUEST FOR EARLY DEBATE TO EXPRESS CANADIAN POSITION

Hon. George Hees (Prince Edward-Hastings): I have a question for the Prime Minister. Is the government planning in the very near future to have a debate in the House in which all members can express their strong and united opposition to the economic pressure being brought to bear on Canada by the United States government, aimed at making this country no more than a supplier of power and raw materials for use by United States industry, and the determination of the people of Canada that this country will remain strong economically and not become an economic vassal of the United States?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in answering the hon. member's question I can say yes to the first part of it. An occasion will certainly be provided to all members of the House to say that in the debate tonight, but I cannot guarantee that all members will want to say that.

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REGIONAL ECONOMIC EXPANSION

REVIEW OF ACTIVITIES DESIGNED TO REDUCE ECONOMIC DISPARITY BETWEEN ATLANTIC PROVINCES AND REST OF CANADA

Hon. J. A. MacLean (Malpeque): I wish to address a question to the Minister of Regional Economic Expansion. In light of the fact that seasonally adjusted unemployment rates in the Atlantic provinces have increased from May to the present time, regularly throughout the summer, and at a higher rate than in any other part of Canada, and as the economic disparity between the Atlantic provinces and the rest of Canada is increasing, at least measured in these terms, is the minister giving consideration to a special review of the activities of his department which are designed to reduce the economic disparity between the Atlantic provinces and other parts of Canada?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I believe the figures quoted by my hon. friend are incorrect. When you compare the unemployment rate for the Maritime provinces with the average rate in Canada, going back a few years, you see that the relative rate of unemployment is lower, although the absolute rate has increased since the month of May.

[*English*]

Mr. MacLean: Am I to understand that the minister is satisfied with the rate of unemployment in the Maritime provinces?

[Mr. Pepin.]

Mr. Marchand (Langelier): That is not what I said.

Mr. Speaker: Order, please. This is debate.

ACTION ON ATLANTIC DEVELOPMENT COUNCIL RECOMMENDATION RESPECTING FUNDY TIDAL POWER

Mr. Robert C. Coates (Cumberland-Colchester North): My question is for the Minister of Regional Economic Expansion. What action is the minister's department taking in connection with the recommendation of the Atlantic Development Council with regard to his department becoming involved with Fundy tidal power as this would materially assist in decreasing the rate of unemployment in the Atlantic provinces?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I think that I answered that question the day before yesterday by saying that we have received two or three reports, namely those of the Science Council and APEC, besides the one just referred to by the hon. member and which we are now considering. We hope to be in a position to make very soon a statement on the matter.

[*English*]

SUGGESTED DESIGNATION OF PRAIRIE PROVINCES AS SPECIAL REGION

Mr. Lorne Nystrom (Yorkton-Melville): I have a supplementary question for the Minister of Regional Economic Expansion. In view of the unemployment figures on the prairies, which show that the adjusted rate again increased this month, can the minister say whether he is contemplating any changes regarding the prairie region or contemplating designating the region so that the prairie provinces will benefit under the Regional Development Incentives Act?

Mr. Stanfield: Let's designate the whole country.

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the public has learned through newspapers and other media that the over-all unemployment rate had increased in Canada, in other words the rate is higher in all regions. This is not a problem of regional disparity but rather of general economy and the matter will be discussed tonight when each and every one will have an opportunity to express his opinion.

[*English*]

Mr. Speaker: The hon. member for Oxford. Order, please. Perhaps the Chair should recognize the hon. member for Yorkton-Melville on a supplementary and then the hon. member for Oxford.

Mr. Nystrom: In view of the statement the minister has just made that this is not a regional problem, does the minister feel that his department can be successful in eliminating regional disparities if we do not have full employment in the country?

UNEMPLOYMENT INSURANCE

ACTION TO EXPEDITE PROCESSING OF CLAIMS

Mr. W. B. Nesbitt (Oxford): I have a related question for the Minister of Labour. I realize the minister may have some difficulty in answering the question inasmuch as he only reports to the House for the Unemployment Insurance Commission. I have asked the minister this question before. Will he use his good offices with the Unemployment Insurance Commission to do something to try to untangle the administrative mess with regard to the processing of unemployment insurance claims? I ask the question at this time particularly in view of the increase in unemployment.

Mr. Speaker: Order, please.

• (2:30 p.m.)

Hon. Bryce Mackasey (Minister of Labour): I cannot accept the implication that there is any administrative mess. I can certainly make representations to make sure that the Unemployment Insurance Commission maintains its usual high rate of efficiency, which at this moment means they are processing over 98 per cent of the claims on time. I shall try to improve that to 99 per cent.

Mr. Nesbitt: Does the minister agree that waiting for three and four months in many, many cases amounts to processing on time?

Mr. Speaker: I suggest to the hon. member again that this is debate. I recognize the hon. member for Greenwood.

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EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—REPRESENTATIONS ON STRATEGIC GROUNDS

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is for the Minister of National Defence. Is the minister now in a position to reply to the question I asked him the other day concerning the strategic implications of the Amchitka test?

Hon. Donald S. Macdonald (Minister of National Defence): Yes, sir. I thank the hon. member again for notice of the question. I am advised that the United States has disclosed officially that the purpose of the proposed nuclear explosion on Amchitka Island is to test the warhead for the Spartan missile, the long-range interceptor component of the Safeguard antiballistic missile system. In the second part of his question the hon. member asked whether I had made any representations on strategic grounds to the United States. I have not done so, although my colleague, the Secretary of State for External Affairs, has been in active consultation with United States authorities on this point, as the hon. member knows.

[*Translation*]

FEDERAL-PROVINCIAL CONFERENCE

SUGGESTED STUDY BY GOVERNMENTS OF MORE EQUITABLE FISCAL ARRANGEMENTS TO ALLEVIATE UNEMPLOYMENT

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I have a question for the Prime Minister related to a statement made recently by the Premier of Quebec concerning the coming conference of first ministers on unemployment.

Since the Premier of Quebec stated that he did not place much reliance on such conferences to deal with the problem of unemployment and that in his view the best way to do so would be through a more equitable fiscal distribution between the federal and provincial governments, is the Prime Minister considering the possibility of discussing the matter with the premiers as a means of solving the problem of unemployment?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of such a statement, but it seems incomplete to me, if it was made since, as the hon. member knows, the provinces are free to set whatever rates of taxation suit them in all direct tax fields. So, if the provinces think that they have not enough money, they can always increase their taxes rather than ask the federal government to give them some.

As for the tax distribution itself, it is true that the present agreements will end next year and that we must, this fall, on dates that will be proclaimed as soon as an understanding has been reached with the provinces, discuss such a question at a federal-provincial conference of both the premiers and the Ministers of Finance.

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CONSUMER AFFAIRS

REGULATION OF TELEVISION ADVERTISING DIRECTED AT CHILDREN—REQUEST THAT EFFECTIVE DATE OF CODE BE ADVANCED

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should like to direct my question to the Minister of Consumer and Corporate Affairs.

The Canadian Association of Broadcasters has just made public an advertising code for children. Since this code will be put into effect only on January 1, 1972, that is after the holiday season, I should like to ask the minister if he intends to take the necessary steps to put a stop right now to this harmful advertising?

[*English*]

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, the code I tabled at the beginning of the day's session became effective as of yesterday. The hon. member asks about further action. I made it clear in the press release I issued yesterday relative to the code that we would, of course, continue to enforce all the laws related to misleading or deceptive advertising, which are laws of the country, in addition to the voluntary code.

Inquiries of the Ministry

PUBLIC WORKS

CHURCHILL, MAN.—IMMEDIATE IMPLEMENTATION OF REDEVELOPMENT PROGRAM

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Public Works. Having regard to the growing economic distress in Canada and its particular impact upon the northern parts of our country, is the government planning to implement immediately its recently announced redevelopment program for Churchill, Manitoba?

Hon. Arthur Laing (Minister of Public Works): Yes, Mr. Speaker, we are proceeding together with the government of the province of Manitoba. We were awaiting their approval as to their participation. We have now received it and we shall be proceeding on schedule.

Mr. Dinsdale: Does this redevelopment plan involve the modernization of the Port of Churchill and, if so, what amounts are likely to be expended on this aspect of the program?

Mr. Laing: At this stage there is no provision for further investment in the port itself. The proposal is in essence, to close the camp and to move the people who are now at the camp into the town of Churchill itself.

Mr. Robert Simpson (Churchill): Can the minister say whether work of this nature will be conducted during the coming winter having regard to the unemployment situation in Churchill?

Mr. Laing: The sums we had set aside for this year are on target. I would think that if the province of Manitoba would like to move the work forward more rapidly we would see what we could do on our side.

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ADMINISTRATION OF JUSTICE

LEGALITY OF GOVERNMENT FINANCED EXPERIMENT RESPECTING MARIJUANA

Mr. Eldon M. Woolliams (Calgary North): I should like to ask the Minister of Justice a question. I asked this question the other day of the Minister of National Health and Welfare. The Minister of Justice was away briefing the wheat case. My question is this: Has he referred the decision to provide $100,000 to cover the cost of an experiment respecting marijuana by a university to the legal officers of his department with a view to determining whether that action is within the law?

Hon. John N. Turner (Minister of Justice): I shall have to take that question as notice and give an answer later.

* * *

LABOUR RELATIONS

REQUEST FOR INTERVENTION OF FEDERAL MINISTER IN ELDORADO DISPUTE

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, my question is for the Minister of Labour. Has the minister received any communication from the Saskatchewan Minister of Labour asking him to intervene in the Eldorado dispute and, if so, what initiative does he plan to take?

Hon. Bryce Mackasey (Minister of Labour): Yes, Mr. Speaker. I received such a request last week from the Minister of Labour for Saskatchewan pointing out the economic hardships that have resulted from this strike which is now of two months duration. The letter was a very objective one, and I would urge the company, which is a Crown corporation, to act as a good employer, get back to the bargaining table at the first opportunity and resume negotiations with the union.

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[*Translation*]

AGRICULTURE

SUGGESTED PAYMENT OF CERTAIN FUNDS TO POTATO GROWERS

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a question for the Minister of Agriculture.

Since opposition parties chose to compel the government to pay only $62 million, instead of $100 million, to western farmers, would the minister indicate whether, in view of the $38 million thus saved, he would be prepared to recommend that part of this amount be allocated to potato producers?

Mr. Speaker: I think the hon. member's question should be considered as a suggestion made to the minister.

* * *

[*English*]

GRAIN

LIFT PROGRAM—REQUESTS TO FARMERS FOR REPAYMENTS—POSSIBILITY OF PROSECUTIONS

Mr. A. C. Cadieu (Meadow Lake): Mr. Speaker, my question is directed to the minister in charge of the Wheat Board. Is it the intention of the hon. gentleman's department to proceed with prosecutions in cases where aerial photographs have proved that a farmer's application in connection with the Lift program was incorrect?

Hon. Otto E. Lang (Minister of Manpower and Immigration): I am not sure about the question of prosecution or what action is being taken. I really will have to take the question as notice. I am not sure what the hon. member is really asking about, whether the question concerns the collection of money which has been paid out or whether it relates to the Wheat Board with respect to misinformation in permits. I would need more information before I could answer the question.

Mr. Cadieu: Is it true that the PFRA Regina office is making demands with regard to these repayments?

Mr. Speaker: Order, please. I doubt whether the question can be asked in those terms. Perhaps the minister and the hon. member might consult at the end of the question period.

PUBLIC WORKS

HALIFAX—CONSTRUCTION OF BREAKWATER SOUTH OF CONTAINER PIER

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Public Works a question. He seems to be in a very positive frame of mind today. Has he decided to go ahead with construction of a breakwater to the south of the container pier in Halifax?

• (2:40 p.m.)

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, I think that this question might better be addressed to the Minister of Transport.

Mr. Speaker: Order, please. I might say that normally this question would be considered at the time of adjournment. Perhaps the Leader of the Opposition and the Minister of Transport would like to come back at ten o'clock.

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THE CANADIAN ECONOMY

UNITED STATES ECONOMIC MEASURES—DISCUSSIONS ON AMERICAN GRIEVANCES—SUBJECTS COVERED

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs which is prompted by a reported statement by a prominent member of the United States treasury department to the effect that Canada and the United States have been holding talks on many, if not all, of the subjects raised in the famous grievance list. Could the minister indicate at what level these discussions have been held, whether they are continuing, and what subjects are being covered?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, this question could be directed to myself or to a number of my colleagues since we have all been having discussions of this kind. I think a general answer would be that the discussions have been held at all levels, ministerial and official, with the participation of myself, the Minister of Finance, the Minister of Industry, Trade and Commerce and our respective officials. As I said, most of the subjects on the list were familiar. However, some of them were new.

Mr. Speaker: The hon. member for Selkirk.

Some hon. Members: Hear, hear!

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REGIONAL ECONOMIC EXPANSION

IMPERIAL OIL CONSOLIDATION OF PRAIRIE OPERATIONS IN EDMONTON—CONSULTATION WITH MINISTER ON IMPLICATIONS

Mr. Doug Rowland (Selkirk): Mr. Speaker, hon. members are applauding the fantastic development of my leg muscles that has been accomplished over the last few days. My question is for the Minister of Regional Economic Expansion. May I ask the minister whether, prior to the recent decision by Imperial Oil to consolidate their prairie operations in Edmonton, or at any time since that decision was made, he has consulted with Imperial Oil to discuss the implications of such consolidation for regional economic dispartity?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I should like to take this question as notice.

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[*Translation*]

EXTERNAL AFFAIRS

PROPOSED AMCHITKA NUCLEAR TEST—DISCUSSIONS WITH UNITED STATES ON POSSIBLE POSTPONEMENT

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to ask the Secretary of State for External Affairs a question.

I would think that since the United States have announced the forthcoming nuclear test on Amchitka Island the minister has had some consultations with the American authorities on this matter and I would like him to give us some indications that the Americans will take into account the representations made by him or by the government of Canada.

[*English*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the answer to that particular question is that I have been assured that our representations are being taken into account. However, perhaps I could correct the first part of the question put by the hon. gentleman the United States has not yet made a decision to have the test.

Mr. Speaker: The Parliamentary Secretary to the Minister of Regional Economic Expansion.

Some hon. Members: Hear, hear!

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LABOUR RELATIONS

REPORTED INTENTION TO PUT LOCAL 1842, INTERNATIONAL LONGSHOREMEN'S ASSOCIATION, UNDER TRUSTEESHIP

Mr. John Roberts (York-Simcoe): Mr. Speaker, I have a question for the Minister of Labour. Has the minister been informed that Mr. Gleason, president of the International Longshoremen's Association, has stated that he intends to put Toronto local 1842, the Toronto harbour local, under trusteeship? If so, have any reasons been advanced for this, and does the Department of Labour intend to intervene in the situation?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, I have received word informally that this could possibly happen. I can assure the House that if the president of an international organization were to put a Canadian local, even though it be a local of an international union, under trusteeship by reason of the fact that it had signed a

collective agreement that was in the best interests of its Canadian members, I would be obliged to have another look at my labour bill C-253 which is before the House and include a provision to prevent this type of harassment.

Some hon. Members: Hear, hear!

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REGIONAL ECONOMIC EXPANSION

IMPROVEMENT OF DEPARTMENTAL OPERATIONS IN LIGHT OF CRITICISMS

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. In light of the fact that the chairman of the Nova Scotia Voluntary Economic Planning Board, Mr. A. R. Harrington, and the president of the Maritime Provinces Board of Trade, Mr. Joseph Zatzman, have added their voices to those of the Atlantic Provinces Economic Council and declared that DREE's record during its first 30 months of operation is disappointing, has the minister or the government any plans to make DREE's activities more fruitful?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I answered a question in exactly the same terms a few minutes ago.

Mr. Muir: Is the minister aware that the Atlantic Provinces Economic Council has attributed DREE's ineffectiveness to its failure to establish firm policy lines and the government's "inept handling of the national economy"?

Mr. Speaker: Order, please.

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ROYAL CANADIAN MOUNTED POLICE

PARTICIPATION IN MARIJUANA EXPERIMENT

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Solicitor General. Have any members of the Royal Canadian Mounted Police volunteered or been invited or instructed to participate in the controlled experiment with respect to the use of marijuana? If so, have they also been instructed not to "bust" other participants?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Not to my knowledge, Mr. Speaker, but I will inquire.

* * *

[*English*]

HEALTH

DISCUSSION WITH PROVINCES OF INCLUSION OF MENTAL HEALTH TREATMENT UNDER MEDICARE—DISCONTINUANCE OF CERTAIN GRANTS

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Are any discussions under way with the provinces to include mental health treatment as a cost-shared item under medicare?

Hon. John C. Munro (Minister of National Health and Welfare): Not in those direct terms, Mr. Speaker. There are discussions under way with the provinces with respect to altering the cost-sharing arrangements under the medicare and hospitalization acts. If the arrangements were altered this would affect cost-sharing in the area of mental health.

Mr. Harding: Are present federal health grants to the provinces for mental health, t.b., cancer, etc., being phased out? If so, what is the deadline set for the discontinuance of these grants?

Mr. Munro: Mr. Speaker, grants such as these have gradually been phased out over a period of years and replaced by national health grants. Many of these grants were originally designed to assist the provinces many years ago to get their health department programs under way. Since then, of course, these programs have become very sophisticated.

MEDICARE AND HOSPITALIZATION—DISCUSSION WITH PROVINCES ON ACCEPTANCE OF FULL COST IN RETURN FOR FIXED FISCAL EQUIVALENT

Hon. Robert L. Stanfield (Leader of the Opposition): I have a supplementary question, Mr. Speaker. Are discussions under way with the provinces with a view to persuading the provinces to accept the full cost of operating medicare and hospitalization plans in return for a fixed fiscal equivalent?

Hon. John C. Munro (Minister of National Health and Welfare): No, Mr. Speaker, this is not the design or intent of the discussions we have been having with the provinces. We have been talking to the provinces about new financial arrangements, perhaps along the lines of some per capita formula, and we have also been insisting upon uniform standards, and so on. These are, in general, the sort of discussions we have been having with the provinces, largely in response, I might add, to a request by the provinces that there be a greater degree of flexibility in the cost-sharing arrangements regarding health care which would enable them to get other programs under way.

Mr. Stanfield: Mr. Speaker, I apologize for asking another supplementary question but the subject is important. Am I to understand, therefore, that the government is not now pressing forward with the idea of getting out of these cost-sharing plans in the health field entirely and substituting for these plans a fiscal equivalent?

Mr. Munro: Mr. Speaker, these discussions are not about the federal government getting out of this area at all. They are an effort on our part to make a positive response to a request of the provinces for some different type of financial arrangements which will allow them to have a greater say about their own priorities in the health field.

DISCUSSION WITH PROVINCES ON INCLUSION OF PARAMEDICAL SERVICES UNDER MEDICARE

Mrs. Grace MacInnis (Vancouver-Kingsway): A supplementary question, Mr. Speaker. Can the minister say whether discussions are still going on with regard to the inclusion of paramedical services under medicare, such as optometry, chiropractic, osteopathy and the like?

Hon. John C. Munro (Minister of National Health and Welfare): The general answer is yes, Mr. Speaker, but at the moment the discussions are more concerned with making more flexible financial arrangements in sharing the cost of health services.

• (2:50 p.m.)

INCREASE IN GONORRHEA—SUGGESTED EDUCATIONAL PROGRAM AND EXPANSION OF TREATMENT FACILITIES

Mr. P. B. Rynard (Simcoe North): I should like to address my question to the Minister of National Health and Welfare. In view of the alarming statistics on the incidence of gonorrhea in Canada recently reported by the department of National Health and Welfare, has the minister considered instituting an educational program to check the rapid spread of this infection and expanding treatment facilities with the possibility of the use of the new antibiotic, menocycline?

Hon. John C. Munro (Minister of National Health and Welfare): We have noted the statistics to which the hon. member has referred and we have had meetings between the federal and provincial officials to examine the whole area. We think that we have generally worked out satisfactory joint endeavours to cope with the problem.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

MURDER AT STE. THÉRÈSE—REQUEST FOR REPORT ON CONDITIONAL PAROLE OF KILLER

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to put a question to the Solicitor General concerning the murder which happened yesterday in the town of Sainte-Thérèse.

According to newspaper reports, the alleged murderer would have been paroled against his will. Is the Solicitor General aware of that fact and could he tell the House why that individual was released against his will? Does he intend to report to the House in this connection?

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, the individual was not released against his will. Since August, he had been working outside the institution in a normal way. The fact remains that the day the murder was committed, the Pinel Institute was notified by the Parole Board early in the morning that the parole of the said individual had been rejected.

I have not yet received any information to the effect that the individual concerned would have been advised of this decision by the Parole Board.

ENERGY

RESUMPTION OF STUDY OF POSSIBLE ESTABLISHMENT OF HEAVY WATER PLANT AT MONTMAGNY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Industry, Trade and Commerce.

Since studies have already been undertaken about the establishment of a heavy water plant at Montmagny, would he tell the House whether representations have recently been made to him or to senior officials of the department by the authorities of the town of Montmagny, asking that the study of this project be resumed?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, representations to this effect were made to me when I was Minister of Energy, Mines and Resources. I do not know whether similar representations have been made to the present minister, but I shall inquire.

* * *

[*English*]

GRAIN

SUGGESTED FURTHER CONSULTATION WITH FARM ORGANIZATIONS ON STABILIZATION BILL

Mr. S. J. Korchinski (Mackenzie): I should like to direct a question to the minister responsible for the Wheat Board. In light of the fact that the tax reform bill will probably take considerable time in the House, giving the minister ample opportunity to consult the various organizations regarding Bill C-244, has he written or does he intend to write to these organizations so as to enable him to patch up the bill, give it a shot of adrenalin and revive it again in the House in this session?

Hon. Otto E. Lang (Minister of Manpower and Immigration): In the normal course of events I talk very frequently with agricultural organizations and farmers. Certainly I have been hearing from many of them about their desire to see a stabilization program put into effect along the lines of the one that we had before the House. I will certainly give the question of how to move forward with some such program further consideration.

Mr. Speaker: The Chair will recognize the hon. member for Peace River, but I should like to bring to the attention of the House that there are only four minutes left before the end of the question period and hon. members will have to try to limit supplementary questions. Perhaps from now on the Chair might turn an eye toward the senior and distinguished members who occupy the fifth row at the back of the House to allow them an opportunity to ask questions.

Some hon. Members: Hear, hear!

Mr. G. W. Baldwin (Peace River): Would the minister also take into account in these discussions the possibility of such needed reforms as the payment of storage on farm stored grain and a two-price system?

Mr. Lang: As is well known, these two subjects have absolutely nothing to do with stabilization per se.

Some hon. Members: Oh, oh!

ACTION TO PERMIT FREE MOVEMENT OF FEED GRAINS BETWEEN PROVINCES WITHIN DESIGNATED WHEAT BOARD AREA

Mr. Jack Murta (Lisgar): I should like to direct my question to the minister responsible for the Wheat Board. Has his department given consideration or is it giving consideration to adopting a policy to permit the free movement of feed grains between provinces within the designated Wheat Board area of western Canada?

Hon. Otto E. Lang (Minister of Manpower and Immigration): We have certainly looked into this question from time to time fairly intensively, but at present there is no intention to make any change.

* * *

[*Translation*]

INQUIRY OF THE MINISTRY

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to direct a supplementary to the President of the Privy Council.

As the House has now devoted many days to studying the interests of wheat producers, would it not be fair to discuss the situation of other producers before resuming the debate on Bill C-244?

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

FUNDS TO BE SPENT IN QUEBEC CITY AREA

Mr. John Burton (Regina East): My question is for the Minister of Regional Economic Expansion. In view of indications that not all funds allocated for job-creating projects are being spent, such as for urban renewal in Montreal as stated by another minister recently, would the minister inform the House what amount of money is to be spent over a two-year period in the area of Quebec City for the renewal of historic buildings, expressways, ski resorts and other projects, and would the minister consider tabling a comprehensive report on actual and projected expenditures under the special—

Mr. Speaker: Order, please. This question should be placed on the order paper.

* * *

AGRICULTURE

EGGS—INQUIRY AS TO DEFICIENCY PAYMENT

Mr. R. E. McKinley (Huron): My question is directed to the Minister of Agriculture. Would he answer today the question I asked him on Tuesday, which he said he would answer yesterday, having to do with whether or not there is any payment due to producers of eggs under the deficiency payment program, the assessment period for which ended at the end of September?

Hon. H. A. Olson (Minister of Agriculture): May I say very briefly with respect to this matter that the mandatory support price, that is, 80 per cent of the previous ten year average, is 28.6 cents per dozen on the basis of grade A large. The cumulative average for the 1970-71 year is 30.4 cents, in other words, 85 per cent of the mandatory support level.

Mr. Speaker: Order, please. I have to bring to the attention of hon. members that the question period has expired. Perhaps the hon. member might be allowed a supplementary and then we will call orders of the day.

Mr. McKinley: In view of what the minister has said and the disastrous prices still in effect for eggs, would he advise whether or not the Agricultural Products Board is considering a fowl buying program and, if so, how soon will it be announced?

Mr. Olson: No, but the hon. member will recall that we did have an egg purchasing program earlier this year when we took 50,000 30-dozen cases of eggs off the market. If we had been assured that there would be a corresponding cutback in production so that there would not be a surplus in the marketplace again, we probably would have gone farther with that program.

Mr. Speaker: Perhaps in fairness the Chair should recognize the hon. member for Fraser Valley West before we call orders of the day.

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PENITENTIARIES

POSSIBLE PROVISION OF UNEMPLOYMENT INSURANCE BENEFITS TO INMATES

Mr. Mark Rose (Fraser Valley West): I should like to address a question to the Minister of Labour. In light of the Solicitor General's recent statement on motions regarding in part the payment of the federal minimum wage to correction institution inmates, would the minister say whether he has considered or reached any decision regarding unemployment insurance deductions from the minimum wage so that upon release of inmates a better economic base might prevail for their re-establishment, since the new act does not seem to provide the same kind of security benefits as the former act did?

Hon. Bryce Mackasey (Minister of Labour): Provided the Solicitor General introduces his very enlightened policy of rehabilitation of inmates of penitentiaries and provides them with the minimum wage of $1.75 subject to the normal deductions of income tax, etc., I would be very much in favour of the concept that unemployment insurance contributions be deducted so that on release of an inmate he would be eligible for unemployment insurance benefits as are other Canadians if unemployed.

Mr. Rose: Would the minister indicate to the House whether he would use his good offices to persuade the government to institute such a scheme?

• (3:00 p.m.)

Mr. Mackasey: Mr. Speaker, I do not think I need to persuade the Solicitor General to bring in what is basically his program which I am sure has the endorsation of the government, but I can assure the hon. member that so far as unemployment insurance is concerned I endorse the concept and will do everything I can to see that it becomes a reality.

Mr. Speaker: Order, please. The Chair has to call orders of the day but has made a mental note of hon. members in the last two rows who desire to ask questions and will try to give them some sort of precedence tomorrow.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baldwin: Mr. Speaker, I would like to ask the government House leader the usual Thursday question about the business of the House for the rest of this week and next week, and also ask him what days may be available to be used as opposition days under supply motions.

Mr. MacEachen: Mr. Speaker, before replying directly to this question, may I make clear a point that might have been left unclear in our discussion with respect to the adjournment debate at eight o'clock tonight, namely, that the rules with respect to the length of sitting and with respect to the length of speeches will be the rules that apply normally under Standing Order 26. I believe that was understood in our discussion, but it would be helpful if it were nailed down now as part of our understanding.

Mr. Speaker: I gather there is unanimous agreement on the point now made by the President of the Privy Council to the effect that the provisions of Standing Order 26 regarding length of speeches and time allocation will apply to the debate that will take place from eight o'clock on this evening.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. MacEachen: I wish to thank the House very much for that assurance.

This afternoon we will try to vary the menu for hon. members by bringing on the Northwest Atlantic Fisheries Conventions item, followed by the weather modification activities legislation, and after that the motion to set up the committee to scrutinize statutory instruments. Next week, in addition to the tax bill, I would like to call two opposition days, one definitely on Thursday and hopefully the other one on Wednesday.

Mr. Baldwin: On a further point of order, Mr. Speaker, may I make a suggestion to the government House leader and the other House leaders. There have been some discussions among House leaders with regard to the nature of a motion which would be placed before the House. I think there is general agreement as to the terms of an all-party motion which would deal with the question of nuclear explosions in general, and nuclear explosions in the Amchitka area in particular.

In light of the fact that one of the opposition days which the government House leader has mentioned would probably be at the disposal of this party, we are prepared to devote the time which normally would be taken on the disposition of a motion of that kind to a motion moved by the Secretary of State for External Affairs on which a vote would be taken. This would require a variation of the usual practice. I would suggest to the government House leader, if this is acceptable to him and also acceptable to the other parties, that we undertake this tomorrow because the sooner the better.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, as the hon. member for Peace River has indicated, there have been some person to person discussions since we discussed this matter at our meeting this morning. I should simply like to say that we would agree with the modification now proposed, namely, that this debate take place tomorrow. However, we would like to suggest that it be limited to two hours, that the speeches be limited to, say, ten minutes each, and that the vote, if necessary, be taken at the end of two hours of debate, which would bring the vote on at about three o'clock tomorrow afternoon. I hope you will forgive us, Mr. Speaker, because we seem to be negotiating in public, but at least we seem to be reaching agreement.

Mr. Baldwin: I think that would be agreeable. It is highly refreshing to have something discussed in public for a change.

Mr. MacEachen: Mr. Speaker, I agree, on the understanding that the Secretary of State for External Affairs should put down the motion that we would debate so that it would be before us tomorrow. We would call it as the first item under government business, or on motions, whichever is the wish of the House, with the understanding that the time taken would be counted as an opposition day. I thank the hon. member for his suggestion. I know he has more time for opposition business than I have for government business, and so I thank him for that.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may it be made clear that the motion to be put down by the Secretary of State for External Affairs will be in the wording that was agreed to by the four House leaders? As for the suggestion that he would move it under motions we would accept that, it being understood that the debate would end two hours after it actually had begun.

Mr. Speaker: Order, please. Apparently the House leaders are clear on what they have agreed to. I suppose we should let the record speak for itself and proceed on the basis of what has been agreed to by the House leaders on behalf of their parties. Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

NORTHWEST ATLANTIC FISHERIES CONVENTION ACT

AMENDMENTS RESPECTING DEFINITIONS, INSPECTION, OFFENCES AND PUNISHMENT

On the order:

June 9, 1971—Report state of Bill S-13, An Act to amend the Northwest Atlantic Fisheries Convention Act, as reported (without amendment) from the Standing Committee on Fisheries and Forestry—the Minister of the Environment.

Mr. Baldwin: Mr. Speaker, I rise on a point of order with regard to the order of business for today.

Mr. Trudeau: That is finished.

Mr. Baldwin: The Prime Minister, as usual, is far behind. We are dealing with today; he is dealing with yesterday. I was wondering if the government would be prepared to reverse the order and agree to proceed with the weather modification bill, which we understood would be the first item of business. That would clear the air for the rest of the afternoon.

Mr. MacEachen: Yes, Mr. Speaker. I had been asked previously to vary the order to suit another opposition party. I will now vary it back to suit them both, but in this case I won't be suiting the minister behind me because he wants to proceed with the other item. However, on this occasion the opposition rules, and we will call the weather modification bill.

* * *

WEATHER MODIFICATION IDENTIFICATION ACT

PROVISION FOR OBTAINING OF INFORMATION CONCERNING ACTIVITIES

The House proceeded to the consideration of Bill S-11, to provide for the obtaining of information respecting weather modification activities, as reported (with amendments) from the Standing Committee on Fisheries and Forestry.

Mr. Eymard Corbin (Parliamentary Secretary to Minister of the Environment) moved:

That Bill S-11, An Act to provide for the obtaining of information respecting weather modification activities, be amended by deleting clause 5 and substituting the following:

"5. Any information obtained by the Administrator or his authorized representative pursuant to this Act may be made public or made available on request to any member of the public".

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

Mr. Corbin: Mr. Speaker, Bill S-11 was first introduced in the Senate on Tuesday, February 9. It received second reading on March 4, following some brief examination by the Senate Standing Committee on Health and Welfare. On March 18 it received third reading, and was subsequently turned over for our consideration in the House of Commons on March 25.

[Mr. Speaker.]

Following a short debate in the House, the weather modification information bill was studied in detail by the Fisheries and Forestry Committee. A few amendments, most of which by the way, were quite acceptable to the government, were introduced. However, one such amendment is in our view not desirable, and I will say why in the course of my brief remarks.

I should like to remind hon. members that the purpose and intent of the bill is to enable the gathering of information relative to any activity undertaken with the hope and the objective of modifying the weather. Scientists generally recognize that although such weather modification attempts are still in their experimental stage, the day will come when it will be possible not only to precipitate and direct the precipitation of rain clouds, to eliminate fog, and control hail precipitation or to direct it, and indeed by design or by accident for man eventually to exercise some degree of control on regional or global climatalogical patterns. But many of the theories have not gone beyond the experimental stage, with scientific proof lacking to back up many claims. This is perhaps one of the newest and one of the most interesting scientific developments in the last decade. However, we must remind ourselves that to play with the forces of nature on such a grandiose scale may produce undesirable and even catastrophic effects. I do not think this is the time and place to catalogue the various possiblities. I should, nevertheless, refer hon. members to a just recently published report of the Study of Man's Impact on Climate—SMIC for short—entitled "Inadvertent Climate Modification". This is published by the Massachusetts Institute of Technology press.

• (3:10 p.m.)

The report is an excellent, up to date compendium of the most recent thinking, practices and theories with respect to weather modification. I think it would be very useful to have on the official record of this House, for the enlightenment of hon. members and the interested public sectors, the test of the statement endorsed by the Sixth Congress of the World Meteorological Organization held in April, 1971. The statement is a recapitulation of arguments used in the committee in defence of Bill S-11 and is a valuable piece of scientific information on the present state of knowledge and possible practical benefits in some fields of weather modification—in fact those fields which are of concern to Canadians at this stage of the game. I should like to quote from that statement, Mr. Speaker, the brief summaries of the current status of weather modification in several categories, as follows:

Stimulation of Precipitation: Of the many experiments conducted in this field, only a few have clearly demonstrated that seeding has increased the precipitation; in some cases there is even evidence of a decrease in the precipitation. However, there is some evidence that orographic precipitation can be modestly increased by seeding, particularly during the winter, over the mountain ranges of the western U.S.A. There is also some evidence that sub-tropical convective clouds, selected on the basis of numerical models, become taller and larger when they are heavily seeded so as to release latent heat. In view of the high correlation between the size of convective clouds and the rainfall from them, the seeded clouds presumably give more rain that if they had not been seeded. Confirmation, however, is required from further suitably designed experiments.

Dissipation of Fog: Supercooled fog and stratus can be dissipated by seeding them with ice nucleants or by means of cooling agents. This has been brought into operational use at several

airports at which there is a relatively high incidence of supercooled fog. The more common warm fog may be dissipated by the use of heat, hygroscopic particles and the down-wash of helicopters. Successful experiments have been reported with each of these techniques but, in addition to other disadvantages, they have been considered too expensive for general use. Recent experiments, guided by numerical modelling and using carefully sized hygroscopic particles, offer some prospects for a more economical technique.

Hail Suppression: After extensive experiments and the development of a model of hail growth, substantial successes in the reduction of hail damage have been reported from the U.S.S.R. Recent experiments in other countries have shown some reduction in hail damage with varying techniques, but more adequate numerical and physical models need to be developed.

Hurricane Modification: Recent hurricane seedings off the eastern U.S.A. coast have been accompanied by reduced maximum wind velocities for short periods. Confirmation is required from further experiments. In view of the limited opportunities for hurricane seeding, there is need for improved numerical hurricane models to strengthen the scientific basis of the hypothesized hurricane modification and to provide guidance for future experiments.

I do not wish to repeat what I said about this bill at the committee stage, Mr. Speaker. I should like now to address myself to the specific amendment which stands in my name. It was my view that at the committee some confusion seemed to surround the wording of clause 5. I should like to remind hon. members that the original wording of that clause was found to be objectionable. The result was that the hon. member for Timiskaming (Mr. Peters) submitted an amendment which was adopted by the committee. I am somewhat in disagreement with the use of the word "shall" in the text of the amendment submitted by the hon. for Timiskaming and I am proposing that the word "may" be substituted therefor. I think I can now convince the hon. member for Timiskaming that we are in agreement on the intent of our respective amendments. Our differences of opinion seemed to centre around the use of the word "shall" or "may".

I have two learned opinions on the matter to back up my particular amendment with the use of the word "may". Let me quote from a well-known and respected authority on parliamentary practice, namely Dr. Ollivier who recently retired from his functions in the House of Commons. The report of the committee on health, welfare and social affairs dated February 18, 1969, reads as follows at page 480:

I want to make the distinction between "may" and "shall". When we say that the Governor General may do something, it means that he shall do it. You never say that the Governor in Council shall do something. That is the distinction. If you impose a duty on a commission you say that the commission shall do it, but if you impose a duty on the Governor in Council you say the Governor in Council may do it. On that second point I am not quite in agreement. It forces the Governor in Council to do something.

I think what Dr. Ollivier was saying in a tactful way was that it is not polite in a legislative context to use the word "shall" with reference to the Governor in Council.

The other opinion with respect to the use of the word "shall" or "may" was referred to by my minister and I quote from *Hansard* of June 21, 1971, at the bottom of page 7182, the second column as follows:

—I have been given by law officers of the Crown who were seconded to my department from the Department of Justice. They have been consistent in recent years in interpreting Canadian legislation and, as a non-lawyer, I do not wish to question their advice in this connection. They use the word "may" rather differently than most of us do in everyday conversation. They use it, implying an obligation, a very serious obligation. The obligation is on the minister. The minister has a public duty, which I am certainly prepared to accept and which I am sure all future ministers of the environment will be prepared to accept, to act in certain ways which are outlined in the bill. This is a duty which will be enforced by Parliament.

• (3:20 p.m.)

I continue quoting:

The word "shall" differs, implying mandatory action enforceable through the courts. It is a question of whom the minister must regard as his master or, to put it another way, who the real master of the minister is. Is it to be Parliament or the courts? If, in the last analysis, his master is the courts, then our draftsmen use "shall". But if it is Parliament, then "may" has real significance and is binding on the minister.

That is my reason, Mr. Speaker, for bringing forward the amendment to clause 5. May I assure all hon. members that the administrator of the act will comply with the intention of the act in its amended form.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, the bill before the House deals with weather modification and, as the Parliamentary Secretary to the Minister of the Environment (Mr. Corbin) said, it received thorough study when it came before the Standing Committee on Fisheries and Forestry.

Over the past few years in Canada weather modification activities have been quite sporadic. However, technology is advancing and we can, therefore, expect that such activities will increase in the years ahead. It is therefore necessary for the authorities to be made aware of any activities that may be contemplated. It is also necessary for them to be informed in detail of all such activities that are to be carried out. This, basically, is the reason behind this bill, a bill which calls for the appointment of an administrator to whom a report must be made, on the required form, by anyone desirous of engaging in weather modification activities.

At this particular point in time, Canadians are not entirely certain that cloud seeding, when carried out, will increase rainfall or alter the weather pattern in any particular part of Canada. However, from a scientific standpoint I believe it is absolutely essential that action, as contemplated in this bill, be taken, so that we may have an awareness of and detailed information on all weather modification activities either contemplated or carried out in Canada.

We do not have too many criticisms of this particular bill. That is unusual. However, it does not state the name of the department which will assume the responsibility for supervising the actions of the administrator and which will supervise and be responsible for tabulating the reports that are filed by people planning to engage in such activities. I presume that the administrator will be operating in co-operation with the Canadian Meteorological Service, since it is part of the responsibility of that service to study the nature and behaviour of our atmosphere. I hope that this question will be resolved by the minister or his parliamentary secretary later, when we debate this bill.

This bill is important not only to Canadians; it is important to North Americans as well as to peoples in all parts of the earth. As we are becoming increasingly aware, our

atmosphere knows no international boundaries. In recent years additional emphasis has been placed on cleaning up our environment, which includes the earth, the water on and surrounding the continents and the air we breath. We are aware, for example, of the vibrations that were created around the world before the tests were undertaken on Amchitka Island. Hopefully, these vibrations will result in postponing indefinitely all these tests. In like manner, we are made aware of the effects of fall out from nuclear tests made many years ago, for traces of radioactivity and radioactive substances have been found in our far northern areas. These substances could only have been carried by the winds which blow from the four corners of the globe. It is very important, therefore, that we have control of all activities which may pollute the air we breathe. We, on this side of the House, therefore, support the principle of this bill.

As I said a moment ago, our earth's atmosphere knows no boundaries. I would therefore ask the minister or the parliamentary secretary, what steps were taken and what representations were made to the Russians or to the United States, our two giant neighbours, to ascertain, prior to the drafting of this legislation, whether they are considering something comparable to Bill S-11, since any action taken by either of these two great countries which would pollute their air could have a very damaging effect on Canada. I believe that a topic of this importance should be debated at the United Nations. It might be something that could be undertaken by a special international committee, for unless everyone is alerted to the necessity of cleaning up the atmosphere, of cleaning up all our air, we could all be in trouble.

I understand that the Russians have been carrying out a hail suppression program in some areas of their country. There are reports that they have fired silver iodine artillery shells into hail clouds and, as well, that they have shot rockets into hail clouds, with some degree of success. Since we, in Canada, up to now have only been studying hail storms, has the government given any thought to date to exchanging scientific data with the Russians on this matter in order that destructive hail storms could in future be either broken up or curtailed before valuable crops are destroyed? It would also be interesting to learn if the Americans have perfected hail control programs since they, too, suffer from this atmospheric phenomenon in certain parts of the United States.

One part of the bill, clause 7 dealing with offences and punishments, I believe is worthy of comment. That clause provides that anyone guilty of an offence is liable, on conviction, to a fine not exceeding $1,000, or imprisonment for a term not exceeding six months, or to both. In my view, anyone charged with interfering with the forces of nature, or anyone who is subsequently charged with this offence, should pay a much larger fine than that stipulated in this bill. It seems to me that a $1,000 fine is not a sufficient deterrent with regard to such crime.

Mr. Speaker: Order, please. I hesitate, most sincerely, to interrupt the hon. member for South Shore (Mr. Crouse). I am wondering whether we are proceeding in an orderly fashion, since we are now considering, at the report stage, the amendment proposed by the parliamentary secretary. I am wondering whether we should not at this stage limit

[Mr. Crouse.]

debate to what is before the House and, on third reading, make the type of speech which is being made by the hon. member for South Shore. It seems to me that it might more appropriately be made on third reading, after we have considered the amendment. I appreciate what the hon. member is saying; yet I think that we should be orderly in our consideration of the bill and follow regular procedure. It seems to me that the proper procedure would be for the House to consider the amendment before us and then later this afternoon when we reach the third reading stage of the bill, we might at that point give consideration to other matters which are not at this time before the House.

Mr. Crouse: Mr. Speaker, I shall heed your admonition. As a matter of fact, my next comments were related to the amendments proposed by the Parliamentary Secretary to Minister of the Environment. I do not have a copy of the amendment. As I understand the suggestion, he was dealing with clause 5 which reads as follows:

• (3:30 p.m.)

Any information obtained by the Administrator or his authorized representative pursuant to this Act may be made public or made available on request to any member of the public,—

The amendment, as I understand it, is to change the word "shall" to read "may". We on this side of the House are concerned about any attempts to curtail information or limit the knowledge which may be available to the general public. We believe that such important information as this obtained by the administrator should definitely be made public on the request of any member of the public. We have always followed the course of endorsing the word "shall" in preference to the word "may". In our view, this removes any possibility of the administrator at any time refusing to give information to any member of the public who may be interested in seeing it. Without any further comment, I wish to place on the record that as far as we in the official opposition are concerned, we prefer to see the bill passed as it is now written, using the word "shall".

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, earlier this afternoon the government House leader indicated that there had been an objection to proceeding with this bill today, but that he had learned from across the floor that the objection had been withdrawn. It was I who had objected, but only because I was hoping the hon. member for Timiskaming (Mr. Peters) could be here because of his keen interest in this piece of legislation. When I learned that it would be impossible for him to be here this afternoon and that he had nominated me to speak in his stead, there was nothing for me to do but withdraw my opposition. It is interesting to note the number of subjects about which one has to learn something when he occupies a role such as I happen to have in this party.

I am very grateful to the parliamentary secretary for his reference to the hon. member for Timiskaming and to the keen interest that he has shown in this whole question of weather modification equipment. This is germane to the report stage amendment now before us, Mr. Speaker, because what the parliamentary secretary is seeking to do is make a change in an amendment that the hon. member

for Timiskaming was successful in getting the standing committee to adopt.

Earlier this year the hon. member for Timiskaming filed a public bill in his name, Bill C-24, entitled An Act to Govern, License and Regulate the Operation of Rainmaking Equipment in Canada. During the course of session—it was on April 5—the member was given the right to withdraw his bill and have its subject matter referred to the Standing Committee on Fisheries and Forestry so that the subject matter of his bill could be considered along with that of Bill S-11. The parliamentary secretary also paid tribute to the interest of the hon. member and the work he has done on the subject. I am happy to have this opportunity, in his absence, to commend him on his concern about this whole question.

As for the change that the parliamentary secretary now proposes, even though I am an opponent of split infinitives and of sentences that end with prepositions, and even though I am a stickler on the proper use of such words as "shall" and "will", when it comes to this "shall" and "may" business, I feel like the hon. member for South Shore (Mr. Crouse). If we really want it done, I would rather say "shall". When I am told I shall do something, I do it, but when I am told I may do something, I may not.

Mr. Baldwin: You never do it.

Mr. Knowles (Winnipeg North Centre): My friend, the House Leader of the Official Opposition, knows there are times when we may decide that we shall do certain things. The parliamentary secretary has made the case that has been made frequently, not only by Dr. Ollivier, but by others over the years, that when we are speaking about things that are done by the crown or even done by the executive in the name of the crown, there are circumstances in which "may" has the force of "shall" even though this is not the case in so far as ordinary mortals are concerned.

I am not sure that I can persuade my friend from Timiskaming on this point. He has a language of his own which he uses effectively. It may be impossible to explain to him that «may» means «shall». However, if the parliamentary secretary and the minister are saying to me by nodding their heads, as I think they are, that the word «may» as the parliamentary secretary wants to put it in the bill will nevertheless require the administrator to make this information public and, in particular, will require the administrator to make available to any member of the public who requests it—I stop because I want to see which way they will move their heads. They are nodding them up and down.

Mr. Davis: The hon. member is on the right track.

Mr. Corbin: May I answer the question raised by the hon. member?

Mr. Speaker: The member may rise on a point of order. I gather he already spoke.

Mr. Corbin: I am attempting to answer the question. If I can do it on a point of order—

Mr. Knowles (Winnipeg North Centre): Perhaps the hon. member can ask me a question. He can ask whether I understand such and such.

Mr. Corbin: Mr. Speaker, I think the hon. member understands extremely well the intent of my amendment and I congratulate him for that.

Mr. Knowles (Winnipeg North Centre): Thank you for your patience, Mr. Speaker. We have it on the record and that is what is important. At least I will be able to show what has been said to the hon. member for Timiskaming. If this report stage amendment passes, as report stage amendments moved by the government side usually do, it will be clear that the administrator under Bill S-11, known as the Weahter Modification Information Act, does not have an option. He must make public the information referred to in clause 5 and, in particular, when any member of the public makes a request for that information, it shall be made available to him.

Mr. Corbin: I rise on a point of order, Mr. Speaker. I assure the hon. member that such will be the case. However, I must also tell him at the same time that the information will be made available to the public on request, as long as it does not contravene some other legislation.

Mr. Knowles (Winnipeg North Centre): I suppose that applies to any statute. I hope it is not like the payments to the Wheat Board under the Temporary Wheat Reserves Act. I hope there will be no repetition of our experience in connection with that legislation. The word "shall" is used in that act, and look at what happened. Perhaps we are better off with "may" than with "shall". At any rate this point has been cleared up. I shall get in touch with my hon. friend from Temiskaming and try to persuade him that what he wants is what the bill requires. I am glad to note that the information obtained by the administrator under this act will be available.

• (3:40 p.m.)

Mr. Baldwin: May I ask the parliamentary secretary a question? I understand the distinction between "shall" and "may"; as my hon. friend from South Shore (Mr. Crouse) has said, this party has always been concerned that there should be the fullest possible disclosure of information. To this end there is a bill on the order paper, Bill C-250—by chance it happens to be in my own name—calling for public disclosure. It is modelled on the legislation in the United States and in Scandinavia which provides that the onus is on the government to make a case when it wishes to refuse information. Can I have an assurance from the parliamntary secretary that, having examined this bill, he will be prepared to give it reasonable support.

Mr. Speaker: I have to bring to the hon. member's attention that the parliamentary secretary has already spoken. Perhaps the question might be asked and answered in other circumstances, for example, tomorrow during the question period.

Is the House ready for the question?

Motion (Mr. Corbin) agreed to.

Hon. Jack Davis (Minister of the Environment and Minister of Fisheries) moved that Bill S-11, to provide for obtaining of information respecting weather modification activities, as reported (with amendments) from the Standing Committee on Fisheries and Forestry be concurred in.

Motion agreed to.

Mr. Speaker: When shall the bill be read the third time?

Mr. Knowles (Winnipeg North Centre): By leave, now.

Mr. Davis moved that the bill be read the third time and do pass.

Motion agreed to and bill read the third time and passed.

* * *

NORTHWEST ATLANTIC FISHERIES CONVENTION ACT

AMENDMENTS RESPECTING DEFINITIONS, INSPECTION, OFFENCES AND PUNISHMENT

Hon. Jack Davis (Minister of Fisheries) moved that Bill S-13, an Act to amend the Northwest Atlantic Fisheries Convention Act, as reported (without amendment) from the Standing Committee on Fisheries and Forestry, be concurred in.

Motion agreed to.

Mr. Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Davis moved that the bill be read the third time and do pass.

He said: Bill S-13 to amend the Northwest Atlantic Fisheries Convention Act is a very simple piece of legislation. Its purpose is clear. One of the great problems connected with Canada's coastal fishery is that of over-fishing. We badly need enforcement procedures which will allow us to set quotas in co-operation with other countries and make sure that those quotas are not exceeded. This bill provides the legislative support required to enable us to put our enforcement officers on vessels owned and operated by nationals of other countries. It also provides a reciprocal right on the part of other countries to investigate the operations of Canadian commercial fishing vessels on the high seas. In other words, this bill provides legislative authority for a system of inspection on the high seas, particularly in the north Atlantic. It will enable us to enforce reasonable quotas, quotas which will be consistent with sound conservation.

The Northwest Atlantic Fisheries Convention Act applies to the north Atlantic and at the present time it covers all those nations which are signatory to the international convention for the northwest Atlantic. These countries include Denmark, France, the Federal Republic of Germany, Iceland, Italy, Japan, Norway, Portugal, Rumania, Spain, U.S.S.R., the United Kingdom, Poland, the United States and, of course, Canada. This legislation would enable officers from Canadian fisheries protection vessels to board any fishing vessel owned and operated by the U.S.S.R., or the U.K. or Portugal, for example, check the gear, check the catch, and so on. We shall no longer be operating on the basis of rumours or hearsay as to what other nations are catching off our shores. We shall be able to provide facts, and use these facts in our development of sound conservation measures.

[Mr. Davis.]

As a result of a Canadian initiative, most other countries have passed similar enabling legislation and we expect that this legislation, which is reciprocal, will be in effect in 1972.

Hon. J. A. MacLean (Malpeque): I do not intend to take up the time of the House for very many minutes on this bill. We in this party agree with the purpose of this amendment. I might add that the measure has been passed without amendment by the Committee on Fisheries and Forestry.

Increasingly, it is being recognized that the living resources of the sea—and these resources in the northwest Atlantic are very rich—are being over-exploited by the nations of the world. It is more than 20 years since the nations chiefly concerned joined together in the Northwest Atlantic Fisheries Convention, commonly known as ICNAF, to control the exploitation of these resources. To begin with, control was chiefly limited to restrictions on net sizes and so on, regulations which could be generally enforced at the home ports of the vessels involved. For many years, enforcement was the responsibility of the country to which the fishing vessel belonged and which was a signatory to the convention. But as time went on the nations concerned, and Canada most of all, realized that regulations of this kind were not sufficient to safeguard the future of the resources by making sure they were not over-exploited. It was realized there had to be a beginning, at least, of closed seasons in some areas and complete prohibition of fishing for certain types of fish, possibly for given periods.

• (3:50 p.m.)

Concurrent with that, it was recognized that the former method of enforcement would probably not be adequate. As a result, an agreement was arrived at, I think at a meeting at St. John's, Newfoundland, in 1970 whereby the members of ICNAF agreed that there would be reciprocal enforcement among all members with regard to their fishing vessels. The minister will correct me if there are any technical errors in what I have said in that respect, but it was agreed in principle that enforcement officers of any of the signatory nations could enforce the regulations mutually agreed upon regarding the fishing vessel of any of the other nations operating in the ICNAF areas.

I think that this is a very important new principle of international law. We are recognizing that if any Canadian fishing vessel on the high seas infringes the regulations to which we as a nation have agreed, the enforcement officers of any other nation can on request board our vessel and make sure it obeys the law. This would be a principle that probably would be abhorrent to strong advocates of freedom on the high seas in the purest sense. However, on the other side of the coin, I think the time has now come when nations with special problems on the high seas—and most of these waters are classified as the high seas—must get together with other nations and be prepared to relinquish some of their rights for the common good. Further, they should mutually agree to exchange certain rights and obligations so that, as far as humanly possible, all vessels operating within ICNAF areas are made subject to the regulations mutually agreed upon, even if these regulations have to be enforced by the enforcement officers of another member nation.

Having said that, may I say I think this legislation is a step forward. It is a reasonable and forward looking attempt to regulate in a sensible manner the conservation of a renewable resource in the northwest Atlantic, to the future benefit of the countries concerned. In view of our geographical position, if these objectives are achieved I am sure Canada will benefit in the long run more than any other country. We are hoping that this will be the result of this small but very important step that we are now taking.

Mr. Randolph Harding (Kootenay West): Mr. Speaker, last June when we discussed this bill in committee, I think it was generally agreed that no amendments would be offered when it came before the House at report stage, and as we have seen today this has happened. I should like to say that the members of my party are in favour of the legislation. As indicated by the previous speaker, this measure is certainly a step forward in the enforcement of conservation measures as far as the North Atlantic fishery is concerned.

During the discussion of this bill one or two matters did not come through too clearly, so perhaps the minister could clear them up when he concludes debate on this bill. As I recall it, the indication in the discussions last June was that Canadian inspectors would be given the right to inspect the ships of member nations of ICNAF and that these other nations which had inspection ships in the area would likewise have the right to inspect Canadian vessels. One of the points that I think the committee failed to discuss was whether there was any sharing of the cost of inspection.

It is my understanding that some countries—I believe Norway was one but there are other small countries—have no intention of putting inspection ships into this area. While these countries are willing to accept inspection by Canadian or by ships of other member nations, they themselves will have no inspection crews to check the fishing vessels of other nations. Therefore, I am wondering whether there is any kind of pooling arrangement under which the inspection costs are assumed by the nations that inspect, such as Canada, since it is one nation that is not only interested in this fishery but vitally affected by it, or is the cost going to be shared by those nations which do not have ships in the area to do this checking?

I am not too sure how effective Canadian protection officers are going to be in checking vessels that fish the area that has been outlined. We had some discussion of this matter during committee stage, and I was given to understand that the patrol boats would make surprise checks, which I think would be a proper way to carry out their duties. If our inspection forces suspect that the vessels of other nations are not complying with the regulations, say in the matter of fishing gear, size of mesh or type of fish caught, then these vessels can be checked. As I said earlier, I think this is a very good thing.

One point that was raised in committee, and which I would ask the minister to comment on when he concludes this debate, is whether the minister has any further information on the controls desperately needed as far as the inshore salmon fishery is concerned. I believe there are some areas outside the coverage of ICNAF. Certainly, the Atlantic salmon is one species that desperately needs protection, and some of the nations have been reluctant to reduce their catch. I do not think the commission was able to get majority agreement on this point at the last meeting. I might be wrong, but I believe there was hope there would be agreement amongst the nations to reduce the salmon catch, particularly to the west of Greenland where apparently the Atlantic salmon are caught in great quantities and the catching of them seems to have adversely affected propagation of this species in our Canadian waters. If I am wrong on that point, I should like the minister to correct me, or at least to inform us whether he has any further information regarding this particular species.

• (4:00 p.m.)

I do not think there is much more that we can say about the act. It is a very short and limited piece of legislation, but again I want to say that periodic inspections carried out on this very valuable fishery resource is something that we have long required. I am hopeful that we will see more co-operation than ever before among the nations of the world so far as our fishery resources are concerned, and I think that conservation is the key word in resource development. We are glad to see that a number of nations in the world are willing to move progressively to ensure that adequate checks are made in reaping the crops from this particular fishing area. Again I say that we endorsed the bill in committee and that it is the intention of our group to vote for the bill on third reading this afternoon.

Mr. Lloyd R. Crouse (South Shore): I, too, wish to speak briefly on the bill before the House. As the minister has stated, this bill was dealt with by the Standing Committee on Fisheries and Forestry which held hearings on these important changes.

This is an important change in the act governing the International Commission for the North Atlantic Fisheries, in view of the fact that our fisheries resources off Atlantic Canada are facing serious depletion. When the International Commission for the North Atlantic Fisheries was set up in 1949 it was charged, as I understand it, with the responsibility of investigating, protecting and conserving the fisheries of the Northwest Atlantic Ocean in order to make possible the maintenance of the maximum sustained catch from these fisheries. It would appear, in view of the decline in our fisheries stocks, that ICNAF has failed to fully discharge its responsibilities. I say this because one of our best managed fisheries resources, if you could use that term, namely our haddock resources, are practically depleted. They are fished in areas called subareas 4 and 5. They have been almost completely destroyed. Unfortunately, this is also true in other areas coming under ICNAF where herring, flatfish, cod, redfish and other species are fished. We heard, for example, a few weeks ago of action taken by the Minister of the Environment (Mr. Davis) when he put forth an edict that herring could only be caught in Canada for human consumption. I agreed entirely with that action, but no information was given along with that announcement as to whether the minister or the government had taken any steps to secure agreements with other countries that they, too, would abstain from catching herring for other than human consumption. So today, off the coast of Atlantic Canada we still see the enormous fleets from Europe, the

Russian fleet primarily, the fleet from East Germany and the fleet from Poland, to name but a few, and these massive fleets are still taking all the herring they can catch.

I ask the minister, in what manner do we conserve the herring resources in the North Atlantic by limiting the catches of Canadians to herring for human consumption only when there has been absolutely no effort, so far as I know, to obtain agreement from the Europeans to take similar action? This is not conservation, it is only curtailment of Canadian fishing activities. Desirable as this is in order to maintain the fishery, it would appear that other action must be taken or else we are acting in vain, as has already been stated here. Apparently the International Commission for the North Atlantic Fisheries has not been capable of acting in time to take proper preventive measures. It does not act, it reacts after the various species are depleted.

It was mentioned a moment ago by the previous speaker that we face serious loss in the North Atlantic of our salmon resources. Here we have one country, namely Denmark, taking something like four million pounds of salmon a year on the high seas. I realize that efforts have been made to obtain international agreement on the curtailment of the catch of fish, the androgynous species, on the high seas. However, so far as I know, to date no agreement has been reached. So, the Danes are literally milking a cow which they neither own nor feed. We, as Canadians, make efforts to restock our salmon resources but in many cases the last we see of the salmon is when they go down Canadian rivers to the sea. They never come back. We must secure some type of agreement with other countries to prevent this from happening. To travel among Canadian fishermen today is to meet with a group of men who are somewhat frustrated and who are very concerned about their own future as well as the future of their industry in view of what is happening on our continental shelf.

Other countries are taking some action to extend their fisheries jurisdiction. Iceland, for example, which depends for some 90 per cent of its income on the fisheries, has taken action. The Icelandic parliament has introduced a resolution to implement fisheries jurisdiction over their entire continental shelf before November of 1972. When taking that stand they did so for a very definite reason. They wanted to set down their course and to make it clear to all and sundry that this is what they will present as a nation when they come before the 1973 Law of the Sea Conference. They look upon the continental shelf surrounding Iceland as being part and parcel of their country. They maintain that there would not be an Iceland without a continental shelf. I believe this logic could also apply to Canada. We certainly would not be a nation, a country, without our continental shelf. Certainly, a coastal state must have a prime interest in, and a primary concern with the fisheries surrounding its shores.

• (4:10 p.m.)

After all, Mr. Speaker, if you had a right to go to a bank and take out money any time you desired, you would look with disfavour on any action that would bar you from continuing that course of getting funds. Similarly, European countries do not look with favour on any legislation which limits them from taking any quantity of fish they like off our banks, off our continental shelf. I am not saying that we should take over control of the continental shelf and ask all other fishing nations to stop fishing in that area, but I believe that we must take a stand. I believe we must extend Canadian fisheries jurisdiction out to the limit of our continental shelf.

To date our Secretary of State for External Affairs (Mr. Sharp) has expressed concern. Our Minister of the Environment (Mr. Davis) has expressed concern. Some action has been taken towards establishing a 12-mile limit but today, Mr. Speaker, when you visit fishermen, in-shore fishermen and off-shore fishermen, they talk of the 12-mile limit almost in terms of it being a joke. There is very little fishing activity carried out within 12 miles of our shores. There has been so much over-fishing on our off-shore banks that the amount of fish that can be taken in our in-shore areas is very limited. This accounts for the frustration of our fishermen, and they keep asking their elected representatives "Can nothing be done"?

Some Latin American countries have extended their fishing jurisdictions 200 miles from their shores. Off the coast of Latin America this is very important because when they extend their fishing rights 200 miles from their shores they are covering the Humboldt current, which is one of the richest fishing currents in the world. They have done this in order to protect the fisheries for their own people. We in Canada must consider some type of fishing jurisdiction over our continental shelf if we are to survive as a fishing nation. I submit that we should no longer even consider fishing limits on a 12 miles scale. We should start considering depths, something like a 500 fathom area because this is the depth, or close to that depth, in which some of our deep-sea fishing trawlers are operating.

Now, returning to the bill, which I endorse, because even though it is not going to be too helpful we welcome any assistance that will be beneficial, I question the manner in which it will be enforced. I believe the minister stated that such legislation has been adopted by other countries, and that it will be acceptable to them. But to date, to name but one country, Russia has refused to have any examination made of fishing equipment below decks on its vessels. As I say, I question the manner in which this legislation will be enforced. Possibly the minister, when he winds up the debate, will enlighten us on the manner in which the regulations will be followed and enforced on ships operating on our continental shelf.

Only last Friday we learned of the over-all concern of the people in Atlantic Canada who are engaged in the fishing industry when representatives from Newfoundland, from Nova Scotia, from Prince Edward Island, from Quebec, from New Brunswick met in the West Block with the Minister of the Environment, the Minister of Transport (Mr. Jamieson), and the Secretary of State for External Affairs (Mr. Sharp). They made a very good presentation, with a written and graphic brief, describing the over-all decline of the fisheries. Some of the figures which they presented to that meeting told a story of over-fishing, of complete disregard for the resources so far as other countries are concerned, a course which, if followed, within the next five years would bring about a total depletion of our over-all fishing resources.

At that meeting we were told that the catch of codfish has declined by 50 per cent in the last five years. We were told that haddock stocks were decimated almost to the point of no return. We were told that European countries were now concentrating on the flat fish, yellowtail, flounder, sole and such species, and that if the overfishing continues these particular species too will soon be decimated. At that meeting they presented certain resolutions which I think should be placed on the records of this House because their suggestions and their proposals are worthy of consideration by the government. They suggested, and I quote:

Speed up the phasing out period of all foreign activity in the Gulf of St. Lawrence. In the process there should be discussions with the Canadian fishing industry on the Canadian aims in dealing with the St. Pierre question and how it relates to the eventual control and management of the continental shelf.

Enforce the 12 mile limit immediately in all areas around the Newfoundland and Labrador coastline and zone or "box off" certain important areas on the east coast for the exclusive use of in-shore fishermen during certain periods of the year.

Obviously, this is not being done. They also recommended that the government exclude gill net fishing from all off-shore banks. Again, I quote:

Discuss with Iceland, Norway and Denmark immediately Iceland's proposal to implement the 50 mile limit which is to be effective in September 1972. Also discuss the plans of the other two countries to follow similar action. We believe this will be a very useful exercise in determining what areas the Icelanders, the Norwegians, the Danes and the Canadians can work together toward achieving the common aim of extension of management control over their respective continental shelves.

Either close out all fishing activity on Hamilton Inlet Bank during the pre-spawning and spawning season for a minimum period of three years or implement immediately a crash quota system to apply for the 1972 fishery and to continue in existence until sufficient research is carried out to determine what quantity of fish can be safely taken annually from this stock and still maintain a maximum sustainable yield.

Close off all fishing activity during the haddock spawning period on the Southern Grand Banks where haddock concentrate for spawning and restrict fishing activity along the western slope of the Grand Banks during the haddock migration period. This action to facilitate the recovery of this important species for which scientists have so little hope at the present time.

Implement sea and air surveillance on whatever scale is necessary to establish the level of activity on our continental shelf and to locate this facility where it can effectively do the job. This type of surveillance is necessary to determine what effort is required in this direction for effective management control on the shelf. This facility should also incorporate the Air Sea Rescue Service which is now totally inadequate to do the job.

Step up research on critical species such as cod, flounder, redfish and haddock in all areas to determine what action is required to maintain sustainable yields. The knowledge of quantities that can be safely taken from fish stocks will bring stability to the industry by determining the fishing effort required and the number of shore jobs which the industry can support. If this knowledge had been available and acted on in the past we would not be here today, stated the groups spokesman!

• (4:20 p.m.)

Make known to the foreign fishing nations our strongest objection to gang fishing which is not only contributing to overfishing but in some cases presents a definite hazard to the lives of Canadian fishermen.

Continue discussions with the Danes and take every possible measure to eliminate high seas fishing for salmon.

Canada should make its position absolutely clear at the 1973 Law of the Sea Conference that Canada as a coastal state will not accept anything less than full management control over the marine resources on the continental shelf by the end of 1973.

That, Mr. Speaker, is the basis of the brief presented to the three ministers on Friday morning. It is a well worded brief and contains some very definite suggestions which we in the Official Opposition endorse. In view of the serious economic conditions faced by the people in Atlantic Canada as a result of the decline in our fisheries resources, I urge the minister to give careful consideration to these well thought out proposals. If acted upon they should be helpful to Canada in establishing our position when we come before the 1973 Law of the Sea Conference where, hopefully, we can gain some control over these fisheries resources which are so important to our people in Atlantic Canada.

Mr. Deputy Speaker: The hon. Minister has already spoken and, of course, at this stage of the proceedings may speak again if members give unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Mr. MacLean: On a point of order, Mr. Speaker. Before the minister closes the debate, perhaps I might ask him if he would indicate to the House what countries so far have passed legislation which will allow enforcement officials of other countries to board their vessels? In other words, what countries have passed legislation comparable to this?

Mr. Davis: Mr. Speaker, the hon. member for South Shore (Mr. Crouse) asked several questions. An important one was whether the international convention for the North Atlantic organization failed in its duty, as outlined in its terms of reference, to conserve the fish stocks of the north Atlantic. I think a short answer has to be, yes, it has failed in its duty. It has failed to conserve the fishery resources of waters commonly described as the high seas.

As a nation, we have extended our own exclusive limits. We have included all of the Gulf of St. Lawrence, all of the bays and inlets around our coast and 12 miles out to sea beyond that. Still we have not covered the largest continental shelf in the world and our own immensely productive shelf off Newfoundland and Nova Scotia.

The North Atlantic convention for the conservation of fish stocks has failed to protect those stocks, has failed miserably in a number of cases. It has failed badly in respect of haddock and may be failing in respect of other groundfish species. The mighty cod is either at the point of maximum sustainable yield or has been pushed beyond it. In other words, there is excessive pressure on our ground fishery. Stocks and catches have been failing in recent years.

Having said that International Convention of countries that fish commercially in the North Atlantic has failed in the past 22 years, I owe it to the convention to ask the question whether it can recover its balance and in future do the sort of job it was originally designed to do and asked to do. I think the answer is yes—a qualified yes, if it can have the authority, if all the countries fishing in the north Atlantic will back it or, as is more likely to be the case, it can be used as a medium for negotiating agreements resulting in certain practices such as reducing the

fishing efforts of all countries in the North Atlantic it can be a success.

It is making a beginning on haddock. Quotas are now being set up to establish a fishery which will first of all recover and then operate on a sustained yield basis on Georges Bank. An important conference is to take place in Rome next February, an interim meeting of the members of the North Atlantic fishing community. This conference will deal with the matter of quotas. Hopefully, and certainly this is the thrust of the Canadian submission, quotas will be set in respect of herring. Canadian fishermen take half the herring. But, we have a continuing interest in this particular species and there are indications that it, too, is approaching the point of over-exploitation.

Our basic approach is to establish a managed fishery not only in our own exclusive limits but out over all our continental shelf—which in places extends 400 miles into the Atlantic—and all of the slope beyond it and to insist that in future it is by agreement, a managed fishery. It would be necessary for the scientists of the member countries, all 14 of them, to agree on condition of the stock that exist there, the numbers of fish that should be conserved and on a maximum catch, thus ensuring useful production for the indefinite future. There is the tricky question, but I am sure it can be answered, of sharing out the sustainable yield between nations. Finally, there is the matter of policing the extent of the catch and the manner in which the catch is taken. The bill before us addresses itself to the question of policing the catch of all important species.

I was asked several questions today. The hon. member for Kootenay West (Mr. Harding) asked whether other countries would share in the policing of this fishing effort. It is true that Canadian fisheries protection vessels will be patrolling off our shelf and a number of other countries will not have vessels of that character in the area. We will be doing more than our share of the policing. Perhaps this is as it should be because we claim it is our shelf. It is much closer to our shores and thus much easier for us to do the policing.

This bill gives us the authority to go on board any vessel of any other country and we will be doing more of this type of inspection. The Canadian taxpayer will be putting up much of the money. When the whole scheme is in effect and all the stocks of the north Atlantic are under a sustained yield management, I think we can then claim, as a coastal state, to have a special position, to have put more into the shelf management operation than the other countries, to be entitled to an increasing share of the pie, so to speak, and to be on the inside track when it comes to sharing of stocks of new species caught in the area. I would hesitate to ask other countries to share in the policing activity when I think this could be a good thing for the future, to assert our sovereignty and to obtain a larger share of the catch under good management in the longer run.

Questions were asked about Atlantic salmon. This is another threatened species of fish. The fishery has been over-exploited all along the east coast of the Atlantic. It is now confined largely to rivers in Canada, principally Labrador, the north shore of Quebec and New Brunswick. There has been fishing pressure from European countries in recent years off Greenland. The Danes are progressively pulling out of that fishery, partly because they expect to go into the European Common Market which precludes them from fishing around Greenland, and partly because the fishery itself has fallen off. They are getting out of the salmon fishery and, using the same fishing vessels, they are fishing off Africa. Indeed, the Danish government is subsidizing the conversion of its salmon vessels, still about a dozen in number, for use in fisheries in other parts of the world.

• (4:30 p.m.)

Our basic approach to the next Law of the Sea Conference and our basic approach to the North Atlantic fishery with respect to salmon is that there should be no fishing by any nation beyond the exclusive limits of that nation. If our resolution passes, at the 1973 Law of the Sea Conference and that law becomes the law of the sea with respect to salmon, there will be no high seas salmon fishery to police, because no nation would take salmon on the high seas.

Our remaining problem will be of course, that any Canadian salmon or salmon spawned in Canadian rivers which swims to within 12 miles of Greenland and which inhabits those waters will continue to be taken by the Eskimos based in Greenland. There will be a continuing problem in that regard, but it will be nothing like the problem we have recently experienced with respect to the unrestricted fishery for Canadian salmon on the high seas.

There was reference to the action which Iceland is proposing. Iceland is now proposing to extend its 12-mile fishing limit to 50 miles. Iceland's principal reason for the change is that the 50-mile limit around Iceland neatly includes most of the continental shelf off Iceland. It does not include all of it; it includes all but a part of it.

Their 50 mile limit is a simple limit; it is easy for captains of fishing vessels to observe. As I say, it is an Icelandic formula. It does not suit Canada because we have a much larger continental shelf. If we were to set it at 50 miles, that would mean that we would have to exclude the 350 miles of the Grand Banks extending eastward from Newfoundland. We intend to include the whole of our shelf, which is, of course, a bigger shelf. We intend to cover the whole shelf and hope to gain management control over the sustained operations over the whole of the shelf. We will share the product of the shelf on a sustained basis with other nations, do the bulk of the policing, if that is the wish of the other nations and, in effect be the manager if not the total exploiter of our shelf.

Mr. Crouse: Mr. Speaker, I wonder if the minister would permit a question. Would he indicate when we can anticipate an announcement by the minister of that policy which he has just enunciated, namely, that we intend to go for the management of the fisheries resources of our entire continental shelf.

Mr. Davis: I think the hon. member for South Shore (Mr. Crouse) will recall that one of the first speeches I made as Minister of Fisheries I made in Boston. It was about ten pages long and explained our policy. What I said then has been our policy ever since. It is the approach we will take at the next Law of the Sea Conference. We want to make

sure that sound conservation practice is extended to the whole of our shelf and its slope. We are prepared to fish our shelf along with other nations on a co-operative basis, but with Canada being on the inside track; and, in so far as the exploitation of new species is concerned, we would have the total fishery. That has been our policy. That is our policy today.

Mr. Crouse: Mr. Speaker, may I ask one further question. I hesitate to interrupt the minister. Has the government indicated to the Icelandic government, for example, that we as Canadians will support their resolution which, if I read it correctly, states that their continental shelf fisheries resources will be managed by them in the area between 50 and 70 miles off the shore. That area is to include their natural continental shelf which, in one area, extends out for 70 miles. Will we, as a nation, take the public stand that we are endorsing that type of action in the hope that Iceland, in turn, will support our action when we go before the 1973 Law of the Sea Conference?

Mr. Davis: There is common ground here. We have worked closely with the Icelandic fishing industry in respect of getting the price of fish up, and in respect of the optimum management of the continental shelf. We are interested in the fishery out beyond 50 miles. We are not interested in a 50 mile only policy. What I have referred to is a total shelf policy. We may cheer them on, but I do not think we should follow their policy in detail, Mr. Speaker.

There are one or two other points I should like to touch on, Mr. Speaker. I would not like to leave the impression that our commercial fishery off the east coast is in the process of being wiped out. It is in difficulties, in that the resource itself is under heavy pressure offshore from very large fleets owned by a number of countries. Indeed, the number of countries is increasing. Japan has recently entered the fishery off the east coast as well. Yet the total catch in quantity this year, in 1971, will be in the same order of magnitude as the highest catch ever taken in the North Atlantic. And because of the higher prices which we now obtain for our fisheries products in the markets of the world, the total income to the fishery will be very much higher this year, 1971, than it has ever been. So, in terms of income, we are making progress. It is in terms of fish stocks that, we have a problem, and this is the area in which we must work closely with other nations.

As for the other points which have been raised are concerned, I was asked how many of the 14 nations have already indicated their willingness for reciprocal policing of their vessels by our own officers, and vice versa, in the North Atlantic. I am sorry that I cannot answer that precisely. I think about ten nations have already taken the necessary steps, either by regulation or by passing legislation. All are expected to do so before the convention meets again next year in June. The principal nations about which we are really concerned, the USSR and the United States, have signed and we are anxious to start operating reciprocally with them now.

Perhaps a few statistics could be of interest. I think anyone listening to this debate would have the impression that over the years other offshore nations have been taking the bulk of the fish from our shores and continental shelf. This is true with respect to cod. The offshore nations collectively took two-thirds, and we took about a third of the cod. However, Canadians took more than half of all the other species, including herring which may be in jeopardy, and haddock. The average figure is 50 per cent. Canadians currently take 85 per cent of the total catch of scallops off the east coast. Canadian commercial fishermen take 80 per cent of the pollock. They take 60 per cent of the herring, 50 per cent of the haddock, 50 per cent of the red fish and 50 per cent of the flounders. So, good conservation practices will depend in considerable measure on our own good practice as well as the practice of other nations.

I am glad to note that hon. members in all corners of the House support this legislation. I am convinced that it will help us eventually to develop a policy to bring about orderly production and better remuneration for the commercial fishery in the North Atlantic.

Motion agreed to and bill read the third time and passed.

* * *

COMMITTEES OF THE HOUSE

ESTABLISHMENT OF STANDING JOINT COMMITTEE ON STATUTORY INSTRUMENTS

Hon. Allan J. MacEachen (President of the Privy Council) moved:

That Standing Order 65(3) be amended by adding thereto the following:

> "(c) On Regulations and other Statutory Instruments, to act as members on the part of this House on the Joint Committee of both Houses established for the purpose of reviewing and scrutinizing statutory instruments standing permanently referred thereto by section 26 of the Statutory Instruments Act, to consist of 12 members;"

And that a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its Members to act on the proposed joint committee.

• (4:40 p.m.)

He said: Mr. Speaker, I wish to make a very few remarks in connection with this motion to establish an additional standing committee, a standing committee that is intended to be a joint committee of both Houses of Parliament. Hon. members will be aware of the history of this process in establishing parliamentary machinery for reviewing regulations and other forms of administrative legislation. The setting up of this scrutiny committee is really the final step in that process.

As hon. members will recall, in the first session of this Parliament, a thorough review of this question was undertaken by a special committee under the chairmanship of the hon. member for Windsor-Walkerville (Mr. MacGuigan). On the basis of the committee report, the government prepared the Statutory Instruments Act which was passed earlier in the present session.

I believe that consultations have been held with members of the opposition with regard to this particular motion and that it has the general acceptance of the House. As has been pointed out in previous speeches that have been made in discussion on the bill, it is intended that the committee will operate in a non-partisan man-

ner—at least that hope has been expressed and agreed to by members who have taken part in previous debates.

It has been suggested by the committee that the chairmanship of the committee be rotated or moved about among members of various parties in the House. Perhaps if that procedure is followed, it will give some incentive to carry out the work of the committee with a minimum of partisanship, although I am certainly not advocating that partisanship be removed from the House of Commons or any of its committees generally.

Even though it will be a joint committee, the committee will be small. It will probably require members who are expert in this field and who, over a period of time, will develop a growing expertise in the examination of statutory instruments, administrative regulations and so on. The work of the committee will be a continuing job because of section 26 of the act which provides for a permanent referral of the subject matter to the committee.

It has been recommended by the committee, under the chairmanship of the hon. member for Windsor-Walkerville, that this new scrutiny committee be assisted by a skilled expert staff in order to perform its work effectively. I believe that recommendation of the special committee received the support of the House and the Minister of Justice (Mr. Turner) in the debate on the act. It is probably a good idea to get the committee organized as quickly as possible so that the expert staff required, however, small it may be, can be recruited and assigned to the work of this committee.

I do not propose to say anything further because the ground has already been covered in a previous debate. For those who would like to refer to previous discussions on the work of the scrutiny committee that is proposed in this motion, I refer them to the debate of Monday, March 8, 1971. It contains quite a full account of the discussion at that time in which distinguished members of this House, including the hon. member for Peace River (Mr. Baldwin), the hon. member for Winnipeg North Centre (Mr. Knowles) and the Minister of Justice gave their views on the work of the committee. I should revise my inclusion of the name of the member for Winnipeg North Centre because his participation was confined to one or two small interjections. The main burden was carried by the hon. member for Peace River and the Minister of Justice.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, we endorse this motion. I am sure it will pass. When the motion does pass, I hope the President of the Privy Council (Mr. MacEachen) will engage in the usual consultations to secure the submission of names of those from this House who will form the committee so that, in conjunction with the members of the other place, the committee will be formed and immediately commence its operations. One of the first and most difficult tasks the committee will have will be to develop a jurisprudence with regard to this very important issue.

I do not want to traverse the ground we already covered in the debate. However, I should again point out that practically every bill that comes before this House has a clause that deals with regulatory powers granted to a minister, tribunal, board or the governor in council. This is a tremendously important subject. I think this fact is emphasized by item 78 on the Order Paper, a motion standing in the name of the President of the Privy Council which deals with the right of the committee to be appointed to study the kind and nature of legislation to deal with emergencies. There is an amendment to the motion by the hon. member for Calgary North (Mr. Woolliams) to give the committee the right to look into the circumstances surrounding the problems in Quebec last year. To stress the importance of this motion, if this committee had been active, it would have had the right, pursuant to the Regulations Act, to look at the order in council which contained the proclamation to bring into effect the War Measures Act. I think that simple statement underlines the importance of this committee.

I wish to very briefly put before the House some of the recommendations of the select committee to which the President of the Privy Council referred, and of which I was a member. They are to be found in the third report of that committee of the 1968-69 session. The committee recommended what should be the powers, duties and functions of a standing committee. I will not say anything about the composition of the committee as it will be comprised of members of the other place. I do not have any objection to that. There is something to be said for the fact that it will provide a measure of continuity which may be very important. One proposal is as follows:

All regulations should stand permanently referred to it.

This is what the select committee recommended. This will be brought about by the terms of the statute.

It should strive to operate in an objective and non-partisan way.

I agree with the President of the Privy Council that in this House we operate on the adversary system. Hopefully, not as much of this adversary system is carried into all committees. There is bound to be some. If this committee is going to function, not to place a nail in the last plank of the coffin of bureaucracy but at least a nail on the last rail which will hem bureaucracy in a corral behind it, it will have to examine and scrutinize with a measure of objectivity those things which are referred to it. To that extent, I recommend that when the committee is constituted the first chairman be selected from the ranks of a party other than the government. That, of course, is up to the committee. I like to think that it will at least start out on that basis.

This is the practice in the United Kingdom where the chairman of the special scrutiny committee on statutory instruments is always a member of the opposition. I am not suggesting this should necessarily be the case here, but I hope it would start out like that. "It should have a small membership". That condition is met. "It should normally sit in public session." I do not think there will be any objection to that. "It should be empowered to sit while parliament is not sitting". "It should have adequate staff". I pause here to enlarge upon that recommendation. The success of the United Kingdom committee is to a large extent ensured by the effectiveness of its chief adviser, who is counsel to Mr. Speaker at Westminster. I do not suggest we follow this procedure precisely here, but if this committee is to function effectively in examining statutory instruments and checking the operations of government boards and tribunals which operate under statutory instruments it should have an adviser with some knowledge, some training, some considerable experience, who

would function as a kind of ombudsman in collaboration with the committee.

• (4:50 p.m.)

When we consider the thousands of statutory instruments which are passed in a year, I would think it would be physically impossible for this committee to deal with them all. But it is the experience in the United Kingdom and, I think, in Australia, that an effective, capable and learned chief executive operating with the committee is able, through the simple method of making telephone calls and taking part in discussions, to weed out a lot of the difficulties and faults which appear in statutory instruments so that the committee is left with the task of dealing only with matters which cannot be settled by discussion. I would imagine that through telephone coversations or personal discussions a proper officer would be able to weed out most of the areas of difficulty before they get to the committee.

A final proposal is that it should examine regulations on the basis of six criteria:

Are they authorized by the terms of the enabling statute?

That is manifest.

Do they make some unusual or unexpected use of the powers conferred by the statute?

That is very important.

Do they trespass unduly on personal rights and liberties?

Have they complied with the provisions of the Regulations Act?

Do they represent an abuse of the power to provide that they should come into force before they are transmitted to the Clerk of the Privy Council?

And so on.

I suggest that a committee which is objective, hard-working and properly staffed would perform a function which has long been needed in this country. I wish to confer my blessing, and the blessing of our party, on this committee. I feel that since the lives, the fortunes and the liberties of the people of Canada are affected to the extent of almost 90 per cent by statutory regulations rather than statutes, this committee will be one of the most important committees to function under the authority of Parliament during the course of the next few years.

I have taken a little longer than I should have taken. I hope that if necessary we can trespass to a limited extent upon the private members' hour in order that this motion may be passed and the process of setting up the committee begun.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the whole question of what we ought to do about regulations and other statutory instruments is one which lends itself to lengthy discussion. However, I believe there are not many who wish to speak in the debate today; perhaps there is a general disposition to complete an afternoon of accomplishment by getting this motion through by five o'clock. I shall therefore take only a minute or two to say that, just as we welcomed the passing earlier this session of the statutory instruments bill, we welcome this motion which will establish a standing committee to which statutory instruments, regulations and so on can be referred for scrutiny. I concur in the general attitude which has been expressed both by the President of the Privy Council (Mr. MacEachen) and the hon. member for Peace River (Mr. Baldwin) to the effect that this committee must approach its work in an objective manner and also to the effect that it will be engaged in a very important activity.

It is our experience in Parliament time and time again to think we knew what we passed when we gave final approval to a piece of legislation, only to find months later that things were being done or restrictions were being imposed of a kind we did not believe appeared in the bill at all. When we try to find out what happened, we discover that we had given authority to the Governor in Council to make regulations for the carrying out of the purposes of the act and that under this authority restrictive regulations were passed, or restrictive definitions introduced of such a nature as to produce quite a different result from the result we thought had been intended. I could give a number of examples of this sort of thing, but since time is limited, I shall refrain from doing so now. This is an area which the committee ought to scrutinize very carefully. I would hope that with the committee exercising an eagle eye there might in future be fewer departures by way of orders in council from what Parliament really intended.

A few moments ago I said I would not make references to examples. But let me give just one, not in order to be contentious, but merely to make my point. Take the new Unemployment Insurance Act. Because we gave the Governor in Council the power to define "earnings" we found that things were happening which we did not expect and that in many cases benefits were greatly reduced. I use this as one example. There are others. So this kind of job is extremely important, and we are therefore glad to give our support to the motion to establish a standing committee.

Motion agreed to.

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

• (5:00 p.m.)

PRIVATE BILLS

CENTRAL-DEL RIO OILS LIMITED

On the order: Private Bills.

June 10, 1971—Resuming the report stage of Bill S-12, An Act respecting Central-Del Rio Oils Limited, as reported (without amendment) from the Standing Committee on Transport and Communications.—Mr. Harries.

And resuming debate on the motion of Mr. Skoberg, seconded by Mr. Knowles (Winnipeg North Centre),—That Bill S-12, An Act respecting Central-Del Rio Oils Limited, be amended by adding the following to Clause 1 at line 27 on page 1:

"on the condition that sections 52 to 56 of the Bank Act apply to the company *mutatis mutandis* notwithstanding the provisions of Part I of the Canada Corporations Act."

Mr. Howard (Skeena): Mr. Speaker, on a point of order, I understood the Clerk at the table to be reading an item with respect to Bill S-12, which is No. 3 on the list of

private bills. I had understood that we were proceeding with the bill relating to the Royal Victoria Hospital, which is No. 1 in any event.

Mr. Deputy Speaker: The hon. member is quite right; that was merely an oversight.

ROYAL VICTORIA HOSPITAL

Mr. Warren Allmand (Notre-Dame-de-Grâce) moved that Bill S-19, respecting the Royal Victoria Hospital, be read the second time and referred to the Standing Committee on Miscellaneous Private Bills.

He said: Mr. Speaker, this is a bill to amend the charter of the Royal Victoria Hospital in Montreal, one of the great hospitals not only in Canada but in the entire world. It has provided outstanding medical care to several generations of Canadians and produced many great medical personalities.

The Royal Victoria Hospital was incorporated as a charitable corporation by act of Parliament in 1887. Its charter is found in the statutes of Canada 1887, 50-51 Victoria, chapter 125. As members of the House might expect, the charter is very much out of date. It was passed at a time when hospitals were established by individual initiative and philanthropic associations. There was no medicare and very little government intervention. Times have changed and now the state is very much involved.

The purpose of this bill is to bring the charter up to date, and in particular to bring it into line with the provisions of the Quebec Hospitals Act and the medicare legislation. The principal provisions of the bill are as follows. First, it eliminates the right to establish branch hospitals. Second, it eliminates the provisions for ex officio governors. Third, it provides a new method for appointing governors to the board of governors. Fourth, it eliminates certain passages regarding indigent patients due to the introduction of the Quebec Hospitals Act and medicare. Fifth, it eliminates certain references to the laws of England and it changes the provisions regarding the official visitor. Sixth, it eliminates the requirement to obtain the consent of the heirs of Lord Mount Stephen and Lord Strathcona for a change in the charter. Both men have been dead for many years and their heirs are in the third and fourth generation and scattered all over the world. Lastly, the bill amends the charter so that the minister of health of Quebec under the Quebec Hospitals Act can recommend adoption of certain orders in council for financial grants and bond issues.

Since it is urgent that this bill be passed as soon as possible, I would ask the House to give it quick passage at this stage so that it can go to committee.

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to make a few observations on this bill. Since such a famous institution as the Royal Victoria Hospital is under discussion, I think acknowledgement should be made of those men who founded it. Eight men founded this hospital, and they were Sir George Stephen, Sir Donald A. Smith, Hon. John J.C. Abbott, Alexander T. Paterson, James Wentworth Buchanan, Richard B. Angus, Andrew Robertson and Thomas Davidson.

[Mr. Howard (Skeena).]

This hospital was established in 1887, at a time when there were not many hospitals in Canada. It was one of the first hospitals in the province of Quebec, and it has achieved a very enviable reputation over the years. It was one of the first hospitals in the province that treated the sick, medically and surgically, and those who were indigent in whole or in part and unable to provide for their own welfare.

I think it might be worthwhile to draw to the attention of the House the fact that hospitals were often founded by religious bodies. In Judaism it was always believed that the rich should look after the poor. The Christian religion established this principle, and Christ himself in his own teachings said—and many Christians at all periods have found the motive for their philanthropy in these words—"Truly, I say to you, as you did it to one of the least of these my brethren, you did it to me". Some, however, with a materialistic view of the rewards and punishments of the afterlife, have seen, in almsgiving especially, a means of making God their debtor, and this was particularly obvious in the mediaeval period.

When St. Bartholomew's Hospital and Guy's Hospital were established in London in the year 1100, it is interesting to note that a lot of their patients were poor people who had no place to sleep or to rest. They were down and out and they went there to get a meal or to be looked after. Of course, some of them were sick. So that the founding of these hospitals lies in the humanities.

As I have said, the Royal Victoria has a very enviable record. From the time the hospital was a private corporation until the present day it has been one of the famous teaching hospitals in Canada, in fact on the North American continent. It is renowned in the field of medicine and has been made famous by many of its graduates. Among those who have held teaching positions in this institution is the name of Osler, and it is of interest to note that Osler was born about 40 miles north of the city of Toronto. It is a name known in medical circles throughout the world. Osler held the post of professor of medicine at Oxford University. Dr. Archibald, the great chest surgeon, also taught at the Royal Victoria Hospital and at McGill University. Wilder Penfield, the neurosurgeon who established the department of neurosurgery at the hospital is recognized as an authority in his field throughout the world.

I could go on at length to name outstanding doctors who have graduated from this institution, doctors who have not only made their name in the field of medicine in Canada, but in the United States and other countries they visited. In the march of events, however, it is necessary that changes now he made in the charter and statutes of this hospital to comply with the Quebec Hospitals Act and the Quebec medicare plan. It is hoped that under the Quebec Hospitals Act this teaching hospital will continue its great progress, not only in disseminating the knowledge of medicine but in the care of the sick.

Mr. Frank Howard (Skeena): Mr. Speaker, when Parliament in 1971 seeks to amend a statute that has remained intact for 84 years—since 1887—I think it is a unique occasion. I understood the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) to say there is a two-fold purpose in the bill; first, to modernize or bring the charter up to

date in the general sense, and second, to make it comply with the Quebec Hospitals Act. I have some wonderment as to what we are really seeking to accomplish, apart from the general purpose of endorsing the hospital itself, its concepts, and what it seeks to do in the medical and health areas. I do not think there is any disagreement about that fact.

• (5:10 p.m.)

When the bill was before the Senate, it was referred to the Senate Committee on Legal and Constitutional Affairs. I have not followed the proceedings of that Senate committee, so I really do not know at this point what matters the Senate committee inquired into in so far as legalities and constitutional matters are concerned. But perhaps some consideration should be given to just what it is we are seeking to do. Before I get to that, I understood the hon. member for Notre-Dame-de-Grâce to say that the gentlemen who were the initial sponsors and promoters and who incorporated the Royal Victoria Hospital have long since died. Yet, I see that the names of these individuals who are enumerated in clause 1 of the bill, namely, Sir George Stephen, Baronet, the Honourable Sir Donald Alexander Smith, and the others are the same individuals who are enumerated in the statute of 1887 under section 1.

In this bill we are seeking to repeal section 1 of the statute of 1887 and to replace it with clause 1 of this bill, and yet we still carry on the names of the individuals mentioned in the statute of 1887 as being the incorporators of the Royal Victoria Hospital. I have no argument with that. I assume that it is done out of historic recognition, not out of any legality inasmuch as these gentlemen were the ones who initially incorporated the Royal Victoria Hospital. If it is done out of recognition of the contribution they made to the establishment of a Protestant faith hospital in the city of Montreal with the intention of establishing other hospitals in other provinces, then it is fine with me, although if it is not for the purpose of the recognition of these gentlemen I do not see the legal necessity of saying that there are a number of gentlemen in the city of Montreal in the province of Quebec together with such other persons are as hereafter associated with them. From the point of view of draftsmanship, I do not see any sense in talking in the present tense, about people who are deceased, and saying that there are other persons who are likely to be associated with them, all of whom will carry on the functions of the Royal Victoria Hospital so that it may be a continuing organization and so that it does not decline if individual members of it pass on. This, it seems to me, is a strange sort of approach for Parliament to be taking, and I wonder whether perhaps an explanation could be given by the sponsor of the bill when he has the opportunity to speak in closing the debate.

The other thing that disturbs me and makes me wonder about what precisely we are doing here is the very simple fact that when the Royal Victoria Hospital was incorporated in 1887 it was authorized to do certain things, one of which was to establish a hospital in the city of Montreal to be called the Royal Victoria Hospital. That is fine. The charter goes on to say, also convalescent cottage hospitals as branches thereof at Banff, in the Northwest Territories and in Caledonia Springs in the province of Ontario. Such being the case, I think it was necessary in 1887, since under the provisions of the constitution health is under provincial jurisdiction, to superimpose on top of that a national authority, a federal corporation giving the incorporated Royal Victoria Hospital authority to extend itself beyond the boundary of the province of Quebec, or indeed beyond the boundaries of any other province as the case may be. Presumably, this is what the Parliament did in 1887. It said, yes, we will incorporate the Royal Victoria Hospital with a federal or a national identity and give it a national complexion and a charter, thus authorizing it to go beyond the provincial boundary and into Alberta, the Northwest Territories and Ontario as specified in section 1 of the statute of 1887.

What we seek to do here is to repeal section 1 of the statute and to replace it with something else. Some of the things we replace it with are extracts from the statute of 1887, but there are some things that are left out and one of those is the authority to establish convalescent cottage hospitals in Banff, in the Northwest Territories and in Caledonia Springs in the province of Ontario. We are now saying that all the authority which the Royal Victoria Hospital has under the statute of the Parliament of Canada is to establish a hospital, one only, in the city of Montreal in the province of Quebec, and this is a continuing thing. In fact, the explanatory note to clause 1 reads as follows:

> The purpose of this amendment is to remove the Hospital's power to establish branches outside Quebec. The Quebec Hospitals Act contemplates the establishment of "a hospital" only.

In other words, we are now removing the authority of the hospital to establish itself or branches thereof in other provinces, and we say that its sole authority will be confined to the city of Montreal in the province of Quebec. So, the need to have a national charter seems to disappear. In fact, the constitutional requirement under the BNA Act that health, civil rights, medical care and so on, be under the authority and the exclusive jurisdiction of the respective provinces makes me wonder even more why the Parliament of Canada is involved in this situation. In addition to that, the province of Quebec, probably more so than any other province over the years on a continuing basis, has been extremely jealous, and rightly so, of the constitutional jurisdiction it has under the BNA Act. When the late premier Duplessis was in office, he even contended against becoming involved in expenditures under the Trans-Canada Highway Act and becoming involved in receiving federal grants to universities. There was a strong concern about constitutional jurisdiction within that province. Because of that concern, I wonder whether we as the Parliament of Canada are embarking upon the correct course in seeking to do what we now do under the bill. I wonder whether, in fact, we should not be paying respect to the constitutional jurisdictions of the provinces, in this case the province of Quebec because that is where the hospital is, and is to remain, and whether we should not simply repeal the statute of 1887.

• (5:20 p.m.)

All throughout the explanatory notes to the subsequent clauses of the bill, those following clause 1, as was mentioned by the hon. member for Notre-Dame-de-Grâce and as also—I am not getting into the details of them now—there are three or four references that I can see, just at a

quick glance, wherein clauses or sections of the act of 1887 are being amended to meet the requirements of the Quebec Hospital Act and, in another instance, the Quebec medicare plan. If this is so, if this is the purpose, to have the Quebec Hospital Act prevail, which I am sure is what the case must be within the constitution, why do we have to go through the process of the Parliament of Canada seeking to comply with a law of a province, which that province has exclusive jurisdiction under the constitution to enact in any event?

It would seem to me that if the Quebec National Assembly, exercising its authority under the constitution to pass legislation with respect to hospitals, were in fact to pass such legislation, then any federal legislation would become null and void. How can there be two jurisdictions here? How can there be the Parliament of Canada saying with respect to a particular hospital, "Here is one set of rules, one set of circumstances, one set of proscriptions and activities," and the Quebec National Assembly, exercising its authority under the constitution, saying "Here is another set of circumstances, and here is something else that is going to prevail"? It seems to me that we do not need to go into the process of saying, "Yes, we will pass other legislation now with respect to the Royal Victoria Hospital in order that a statute of the Parliament of Canada and the operations of the Royal Victoria Hospital meet with or comply with the requirements of the Quebec Hospital Act." Surely those operations must do that now. Surely, the Royal Victoria Hospital must comply with the provisions of the Quebec Hospital Act, which is exercised exclusively within that province?

Surely, the operation of the Quebec medicare plan as it has application to the people in that province is paramount and overrides any decisions which the Parliament of Canada might make, because it is operated within the province's exclusive constitutional jurisdiction? These are the doubts or wonderments I have in my mind. I am not objecting to advancing the structure, the authority and the provisions relating to the hospital so that its administration and internal operations may be modernized and brought up to date, reflecting more the needs of the people in that province who go to that hospital. I am not questioning that at all, but what I am questioning is the whole constitutional issue of whether we are really on the right track, and whether or not the most appropriate thing might be simply to repeal the statute of 1887, because obviously the bill before us came here by petition. It is a private bill. It came by petition of the principals of the Royal Victoria Hospital themselves. I do not know who they are at the moment, who signed the petition, or sought to have the bill introduced in the Senate. That is immaterial. But whoever they are, they represent the hospital, and the hospital as a corporate society is saying, "We no longer want to have the authority to establish convalescent cottages outside the province of Quebec. We only want the authority to have the hospital established and maintained within the province of Quebec, as it always has been."

Then they are seeking to say, "In addition to that we want the federal statute that was enacted in 1887"—and presumably there was good reason for its enactment at that time, since there was not any medicare plan, any hospitalization plan,—which was enacted and established

at a different time, under a different set of circumstances, and with a different concept about society with respect to medicine, hospitals and payment of bills to be changed now and adjusted to meet the Quebec Hospital Act.

I submit that the Quebec National Assembly, operating within its jurisdiction, has enacted sufficient legislation within its own jurisdiction that we are not competent in a constitutional sense to question it. This is the thought that I have to express. There may be some points I missed in all of this, not having had the opportunity to look at the record of the proceedings before the Senate Legal and Constitutional Affairs Committee which examined this particular bill. I do not know whether or not this question of the constitution, this question of the exclusive jurisdiction of the province to enact legislation in this field of health and medical care, was discussed in the Senate committee, to what extent it was discussed, and what answers were given by the constitutional authorities. But it seems to me, without that kind of background knowledge of what they did, this is a valid point that should be considered.

I am not saying that we should not give second reading to the bill and refer it to the committee. That will take place in due course this afternoon. But it seems to me that unless those questions are answered, and answered clearly, we are in fact likely to be offending against the British North America Act, against the attitude of the government of Quebec which consistently has been to uphold rigidly and clearly the provisions of the BNA Act in those areas where the Quebec National Assembly has exclusive jurisdiction, and this appears to be one of them. I say that this appears to be one of them, unless there are some constitutional provisions within that act, as there are sometimes, that carry forward a special arrangement outside of the provisions of the constitution, such as was the case in Nova Scotia, where for many years the province of Nova Scotia had a special set of laws relating to divorce matters. They were laws of the Parliament of England that, by virtue of a provision in the BNA Act, were carried forward and remained in effect in what became the province of Nova Scotia.

As I say, there may be some provision in the BNA Act with respect to the Royal Victoria Hospital, or with respect to the establishment of hospitals, which gave at that time some authority to the Parliament of Canada to be able to enact special statute law in that area. These are things that need to be examined. I hope that when the bill gets to committee this question will be cleared up because it would seem rather a needless exercise for us to go through the process of passing a statute with respect to amending the Royal Victoria Hospital Act of 1887, and then find out it was not necessary, that the whole process was ultra vires of our jurisdiction in any event.

• (5:30 p.m.)

[*Translation*]

The Acting Speaker (Mr. Boulanger): Order. I am sorry to have to interrupt the hon. member but his time has expired.

I recognize the Parliamentary Secretary to the Minister of National Health and Welfare.

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I have listened with interest to the comments made by previous speakers on this bill and I am happy to note that there is no objection in principle either to the proposal or to its adoption.

I should mention, I think, that on reading the proposed amendments it is clear that the only object of this Senate bill is to amend the act of incorporation of the Royal Victoria Hospital in Montreal so that it be in accord with the Quebec Hospitals Act.

With regard to the department of National Health and Welfare I would like to say that this matter affects only the internal administrative arrangements of a province and, therefore, does not fall directly under the department's jurisdiction.

The constitutional apprehensions raised by the hon. member for Skeena (Mr. Howard) are not, I think, as serious as he seemed to maintain. In my opinion, this legislation, both from the legal and constitutional point of views, is quite acceptable.

I would also like to reply to a question of the hon. member for Skeena about clause 1.

The enumeration contained in clause 1 refers to certain persons incorporated. Those named there are generally designated as the founders of that renowned hospital. It is still customary to mention people belonging to the corporation. This clause lists people who at the beginning set up the corporation and the sole purpose of the proposed amendment is to remove the hospital's power to establish branches outside the province of Quebec. The Quebec Hospitals Act contemplates the establishment of one hospital only.

Finally, I want to point out that the Quebec Hospitals Act could soon be replaced by Bill 65 that provides for complete re-organization of health institutions and social services in the province of Quebec. When the legislation becomes law, it will probably be necessary to amend our legislation.

Anyway, we cannot see anything in the present bill of national scope to which we would feel it a duty to oppose. I must say also that we do not believe the bill runs counter to any provision of the Hospital Insurance and Diagnostic Services Act.

Therefore, I recommend the adoption of Bill S-19.

The Acting Speaker (Mr. Boulanger): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Carried.

Motion agreed to, bill read for the second time and referred to the Standing Committee on Miscellaneous Private Bills.

[*English*]

CENTRAL-DEL RIO OILS LIMITED

The House resumed, from Thursday, June 10, consideration of Bill S-12, respecting Central-Del Rio Oils Limited, as reported (without amendment) from the Standing Committee on Transport and Communications, and the amendment of Mr. Skoberg (page 6588).

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, first a point of order in regard to Bill S-21. Did I understand correctly that this bill has been dropped? I did not quite understand the translation.

The Acting Speaker (Mr. Boulanger): Order, please. That bill was stood.

Mr. Skoberg: Mr. Speaker, there was debate when Bill S-12 was before us for second reading, and I am very aware of the debate when it went to the Standing Committee on Transport and Communications. That was a most unfortunate debate, to say the least. I am also aware that we have an amendment which would call for bringing this company, Central-Del Rio Oils Limited within the sphere of Canadian ownership.

Many people have suggested that we in this House should not be hung up on the idea of Canadian ownership, that there has to be a complete change in the area of ownership of companies. I agree with this and ask the government why they have not brought in regulations in light of the report which the Minister of National Revenue (Mr. Gray) made to the cabinet last June.

We are all well aware of the problems that exist in various parts of the country in regard to what should be construed as Canadian ownership and what direction should be given to corporations residing within our boundaries. In view of the concern expressed by many eminent people about the type of regulations we have and the direction the government should be giving, we are entitled to ask that safeguards be written into the bill to spell out clearly where ownership will be Canadian and direction as to the destiny of Canadian corporations, which means the destiny of thousands of employees.

Not long ago I read a book on this subject, entitled "Canada can Thrive," by Raymond Spencer Rodgers. It appears that when we talk about nationalization or nationalism we are all tagged with a name which really means retaliation. In 1958 there was a move afoot to try to bring about this type of nationalism and so gain the respect of the younger people of our country.

We have a difficult situation at present with our good neighbours to the south. Some time ago the Carling Company selected Baltimore as the site for a brewery. The legislature in Maryland vetoed the bill on the ground that this Canadian company was not 51 per cent American owned. In that case the executive power stepped in at the last moment and set the legislation aside. In related incidents involving the U.S. Customs, Canadian corporations have suffered. The book gives examples of various areas where exports are affected. At page 26 appears the following:

> It cannot be said that Ottawa has been vigorous in its approach to this problem in the past.

We talk about the Canadianization of certain industries, about the type of bills we should enact and whether we should introduce amendments that would bring foreign-owned industry under the control of the Canadian people. The book continues:

> During the fourth session of the twenty-fourth Parliament, a private company sought incorporation in Ottawa. Only the most spirited opposition by the old CCF, plus two Conservatives (who were thought to be crossing party lines for having done so—though in fact the matter did not relate to a government bill)

prevented the Aurora Pipe Line Company from being completely American in composition.

I am using this as an analogy because it is similar to the case now before us, although the company with which we are concerned, Central-Del Rio, is really Canadian. If we are interested in Canadian ownership and Canadian direction we must ensure that amendments are included in every bill that goes through this House to make absolutely certain that this will be the case. The book continues:

• (5:40 p.m.)

CCF MP Harold Winch said in the debate that "this House of Commons is being asked to give its stamp of approval to a company that first of all has no interest in Alberta. Everything will be exported for secondary industry in the states of Idaho and Montana" through a half-mile long border pipeline, built by a U.S. controlled company.

His colleague, Arnold Peters, added that "if it is necessary to spend $15,000 to build this pipeline, then goodness gracious, surely the Canadian people could afford to do this if it would give them the key to the complete control of the Alberta oil fields and the export markets."

A little lower down the page appear these words:

After months of opposition the backers of Aurora finally made a verbal promise that the majority of the directors were to be Canadians—even if only sleeping directors. And as the bill passed into history, Ernest Broome, the only Tory MP to consistently follow Diefenbaker's theory made this final observation:

"I am pleased with the announcement"—

Even though two Conservatives of those days took a stand to which their party must have taken exception, I have yet to hear any Liberals or Conservatives in debates of this type speak on the difficulties with which Canada is faced. We must all be concerned about Canadian nationalism. I submit that it is not good enough for assurances to be given in the House of Commons. Amendments such as the one proposed should be included in the bill. The preamble ought to say that the company shall remain under Canadian ownership.

It is not good enough for us to be given that assurance by word in the House of Commons. There must be guarantees to make sure that this company continues as a Canadian company. I realize that at this time 90 per cent of the shares are Canadian owned. Nevertheless, as one of the directors forcefully told the committee, we cannot control the destiny of the company once its shares are listed on the stock exchange.

If we are truly concerned about who controls our industry, we should be more concerned about the decision-making process in Canada. We therefore ought to provide, either in a clause or in the preamble of the bill, that companies such as this in Canada will be controlled and directed by Canadian directors who are ordinarily resident in Canada. It seems to me that the definition of "resident in Canada" has arisen in connection with other bills. That is a matter we ought to be concerned about in view of the difficulties Canada faces. It is no use having a corporation say that it will abide by the law of the land and make sure that its ownership remains Canadian: we must see that in writing and in legislation.

Not long ago when this matter was before the Standing Committee on Transport and Communications questions were directed to the president of Central-Del Rio Oils Limited regarding the tabling of the first quarter's interim report. I believe we asked for that report to be appended to the transcript of the committee's proceedings. That request was made on May 20, 1970, and as yet the report has not been made available. At that time we wanted to know whether he was prepared to answer questions regarding the inclusion of clauses affecting ownership. Some members of the committee took exception and suggested that the question was not proper.

It seems strange that since the president was prepared to answer such questions, members of the committee—some of whom are in the House this afternoon—took exception to questions which, if answered, would clarify the situation that we face in Canada. We were sincere in trying to elicit that information. If the rest of us are equally sincere, then I suggest there should be no objection to obtaining answers from such witnesses.

It should be noted that on page 12:15 of the committee report an hon. member on the government side is reported as saying:

—there is no government policy, no Canadian policy about foreign ownership as yet, and therefore I think Mr. Skoberg is out of order.

He went on to say:

He cannot force them to go into anything, or promise anything in that direction, unless there is some sort of a policy adopted by Parliament, and there is not such a thing yet.

That state of affairs could go on indefinitely unless the government is prepared to bring in regulations and implement the report which has been submitted by the Minister of National Revenue regarding the ownership of Canadian industry. The cabinet ought to consider the report made to it by the Minister of National Revenue and table it in the House. Perhaps the government is afraid to table it because the minister's report is similar to the Watkins report. Perhaps the government is concerned about statements made by people like Dr. Rotstein who is an associate professor in the department of political economy at the University of Toronto. He is reported as saying that events since August 15 had proven the legitimate concern expressed by Canadians, "some of whom are called nationalists and some of whom are interested in Canadian independence without wanting to be called nationalists."

I suggest that amendments ought to be incorporated in the bill to guarantee the Canadian ownership of this company. I think such amendments would be acceptable to the House, to the company concerned and to the Canadian people. There ought to be in the bill a definition regarding residence. Such a definition is included in the Canadian and British Insurance Companies Act. At the same time there ought to be amendments providing that the majorities of directors of this and similar companies shall at all times be Canadian citizens ordinarily resident in Canada. I presume that this type of commitment could be included in this bill. It should be in writing and should not be given verbally. If that were done there would be no reason why bills such as this should not be passed by the House of Commons.

We ought to be concerned about the outstanding shares of this and other companies. That matter ought to be looked at closely. We should take a leaf from the Bank Act amendments on which this amendment is based, because the adoption of such an amendment would guarantee

Canadian ownership. I realize, of course, that if the amendment were adopted the company would face regulations with which other companies are not faced. That brings me back to the original question. Where do we begin establishing so-called Canadian ownership and protecting the Canadian consumer? I submit that if the government had adopted some of the proposals suggested by this party, we should not now face our present dilemma.

I wish to refer to some of the things said on the subject of ownership. What I am about to quote was not said by a raving socialist. He is the vice-chairman of MacMillan Bloedel in Vancouver. He said:

• (5:50 p.m.)

We are no longer a nation of consumers quarrelling with manufacturers and retailers; no longer unions and employers pursuing separate interests; we are no longer separatists with cultural axes to grind.

We are suddenly and simply Canadians without economic allies, very much on our own, and we shall need all our intellectual resources—our plain horse sense—in business, in government and in the universities to devise measures that will defend our aspirations as effectively as the Americans, the Europeans and the Japanese defend theirs.

This was stated by R. W. Bonner, vice-chairman of MacMillan Bloedel, Vancouver.

Mr. Howard (Skeena): I have doubts about anything he says.

Mr. Skoberg: It appears from this type of quotation that even people in this position are finally being hurt by the actions of people outside this country. As long as we are not in a position to control our destiny through legislation and even the small amendment we ask to this bill, we are at the disposal of people in other countries.

We are interested in trying to bring about some type of recognition for Canada. We are not married to the amendment. If there are other substitutes, we in our party will be only too pleased to accept them. At the same time, we insist that there be some protection in writing for the Canadian people. In the bill before us there should be some type of resolution, preamble or clause to spell out that the directors of this company should be Canadian for ever and a day. If this can be done, possibly we could accept this bill in so far as the CPR and Central-Del Rio are concerned. We have suggested many times there should be a modification in respect of the number of directors.

If we look at the many comments made by people across this land there is no reason to back off in demanding that there be some type of Canadian ownership. The policy of the company may be their prerogative. At the same time, the type of business that the company carries on, in so far as the protection of the Canadian people and Canadian workmen is concerned, is the prerogative of the Parliament of this country.

Canadian content is one of the main problems we have to face. Canadians all across this country ask about this. When they find there is no employment for them. Today we learned of the increase in unemployment. This question is being asked by young people on street corners and workers in automobile plants throughout the land. They are asking Parliament what it is doing to protect their Canadian heritage. We are being asked to ensure that they will have job opportunities in so far as any operation in Canada is concerned.

I noted another release with regard to the problems we face. This all goes back to the incorporation of Central-Del Rio in so far as the federal charter is concerned. I quote as follows:

The Windsor-based automobile equipment manufacturer last week was awarded a federal government incentive grant for $381,-000 to locate a plant in Sault Ste. Marie that would manufacture machine steel bases and columns.

Because of the changing atmosphere it was decided to locate the plant and carry on business across the border. Even though industrial commissioners in the Soo tried their best to get the management of the plant to reconsider their action, they were informed by the vice-president of the company that they would not move to the Soo because of economic conditions in the country.

I am sure all members are asking themselves what brought about these economic conditions in our country. In fact, what are we really doing to ensure that situations such as this—which is only one of many hundred in the last month or two—are properly dealt with?

THE ROYAL ASSENT

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

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

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

[*Translation*]

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An Act to support employment in Canada by mitigating the disruptive effect on Canadian industry of the imposition of foreign import surtaxes or other actions of a like effect.

An Act to amend the Northwest Atlantic Fisheries Convention Act.

Mr. Speaker: It being six o'clock, I do now leave the chair to resume same at eight o'clock.

At six o'clock the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

MOTION TO ADJOURN UNDER S.O. 26

THE CANADIAN ECONOMY

MEASURES TO INCREASE EMPLOYMENT AND PRODUCTIVITY

Mr. Speaker: Order. Pursuant to special order made earlier this day, the Minister of Finance (Mr. Benson), seconded by the President of the Privy Council (Mr. MacEachen), moves:

That this House do now adjourn.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I should like to announce certain measures to deal with the current problems facing the Canadian economy and to sustain and reinforce the growth of production and employment now taking place. In terms of production, employment and prices, the Canadian economy is on the course I envisaged at the time of my June budget, before the United States economic measures of last August were announced. The disappointing news concerns unemployment; it is very disappointing. I told this House that I had expected unemployment to fall in the second half of this year, and the hard fact is that the September figure is three-tenths of a point higher than it was a year ago. I do not wish to minimize in any way the seriousness of this fact.

Output is advancing strongly. It grew at an annual rate of 2.3 per cent in the first half of 1970, 3.5 per cent in the second half, and then accelerated to 6.2 per cent in the first half of this year. In the second quarter output was rising at a rate of 8.5 per cent per annum. The strong increase in the August index of industrial production confirms that this pace is being maintained. This, then is the recent record of real production, quite apart from any changes in value attributable to price developments.

Domestic demand has been growing with output. Consumer spending is coming on strongly and, if anything, rather earlier than we had expected. Its pick-up in the second quarter was very pronounced and was distributed widely over the whole range of goods and services.

Capital investment in machinery and plant was up quite vigorously in the second quarter after having fallen in the first. The action here was considerably more than I had counted on for this period.

In housing we are having the best year ever. The September starts were at an annual rate of about 260,000. This figure compares with starts of 191,000 in 1970. Thus, we are well on our way to a level of housing construction this year at least one-fifth higher than we achieved last year.

Employment has been increasing about as forecast. There are some 200,000 more jobs in the economy now than a year ago. Except for the welcome surge in productivity which always takes place at this stage of an expansion, the number of new jobs would be even higher.

The cost of living figure published yesterday shows a decline for the month of September; the index is some 3.5 per cent above the figure for last September. Wholesale prices, according to figures released yesterday, were also down in September and now stand 2.5 per cent above their value a year ago. While we should like to see an even better price performance, these results and especially the very recent trends are encouraging. In this respect we are still well in the forefront among the industrial nations.

Our unemployment rate does not derive from a failure of employment to grow. The growth of employment has largely matched the growth of an increasingly productive economy, as I have said. We observe in the September figures for the first time some effect of the United States measures on the Canadian economy—

Some hon. Members: Oh, oh!

Mr. Nielsen: Be honest.

Mr. Benson: —but the overwhelming fact behind the increases in the unemployment figure is the increased proportion of Canadians of working age who have jobs or who respond in the sample survey as being without a job and looking for work. This proportion, described technically as the labour force participation rate, was higher in the third quarter than ever before in the history of the labour force survey. To my knowledge, no one in government, in business or in the universities predicted such a phenomenon.

No doubt the explanation is complex. Those who are recorded as unemployed include men and women who have lost their regular employment, teenagers of age 14 or older who have decided not to return to school, college students who, for the time being at least, have dropped their courses, women who have decided to seek work, a large number who are seeking part-time work, some who are drawing unemployment insurance and some who are not, and some who are drawing welfare benefits and some who are not. I shall not try to explain the composition of this unemployed group, many of whom are having a very difficult time. Members of this House may be assured that the government is making every effort to obtain full knowledge of the many facets of unemployment in Canada. My purpose this evening is not that: it is to deal with the problem in practical terms.

In the weeks since mid-August I have been aware of a growing feeling of concern in the economy deriving from the unsettled state of the international trade and payments system and from the uncertainty concerning the duration of the United States economic measures and the extent of their impact upon the Canadian economy. This worry threatens to weaken our economic expansion. The government has contributed and will contribute in every way that it can to restoring international stability.

I would like now to propose to the House measures to reinforce the economic expansion and to provide jobs for Canadians who want to work but who have no work to do.

Some hon. Members: Hear, hear!

Mr. Benson: I wish to propose, first, a series of expenditure measures to relieve the problem of unemployment in the coming winter and in the months thereafter. By means of this program we will join forces with industry, provincial governments, municipalities and active private groups to create jobs, improve the skills of our work force and encourage economic growth. The program has five parts designed to engage workers quickly, efficiently, usefully and in the regions where jobs are most needed. It will benefit all unemployed groups and it will have long-

term value without creating short-term distortions in our economy.

• (8:10 p.m.)

The first is a local initiative program under which the government will grant $50 million to municipalities and their agencies and $50 million to community organizations and other organized groups to finance labour-intensive projects.

Some hon. Members: Hear, hear!

Mr. Benson: We will be calling on these organizations and groups to submit worth-while projects that will create jobs for the unemployed without delay. We expect to consult with provincial governments forthwith to establish a mechanism for them to approve municipal projects. Appropriate arrangements will be made in respect of the two territories. Regional committees will be created to consult with the local interests who will initiate community projects. This program will be under the direction of my colleague, the Minister of Manpower and Immigration (Mr. Lang).

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

An hon. Member: Sabotage.

Mr. Benson: Second, we propose to introduce a new $20 million on-the-job training program with special emphasis on unemployed young people who are ineligible for the existing manpower training programs.

Some hon. Members: Hear, hear!

Mr. Benson: We will co-operate closely with industry in this effort. In addition, $15 million will be allocated to an expansion of our existing Canada Manpower program. The on-the-job program is designed to encourage employers to prepare for future economic expansion and to ensure that trainees acquire solid skills to increase their earning capacities and to help them take advantage of new employment opportunities.

Mr. Hees: These are things you have been refusing to do for months. The truth hurts, doesn't it?

Mr. Benson: We are building flexibility into this program—

An hon. Member: You certainly are.

Mr. Benson: —to cover a broad range of employers, and we will help to finance the program by tax incentives or direct payments to employers. The tax incentives will take the form of a 150 per cent write-off of specified costs incurred by a firm in respect of the training it provides. Alternatively, there will be a direct payment of equivalent value provided to those employers for whom this form of assistance is more suitable. Further details of this assistance will be announced later. The training programs will also be administered by the Minister of Manpower and Immigration.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Benson: Mr. Speaker, the opposition may find unemployment amusing, but I do not.

Some hon. Members: Oh, oh!

Mr. Hees: We find the whole thing very sad.

Mr. Horner: The government caused it.

Mr. Speaker: May we have order, please?

Mr. Hees: Talk about deathbed repentance!

Mr. Benson: Third, it is proposed to create a new and improved $160 million special program of loans to provinces and their municipalities to finance additional job creating capital projects. A somewhat similar program announced last December has been very successful. It has funded major highway and community projects across Canada and created many thousands of jobs. To concentrate the job-creating impact in the approaching months we have added an important financial incentive which will relieve provinces and municipalities of $3 for every $4 of on-site labour costs which they incur up to May 31, 1972.

Some hon. Members: Hear, hear!

Mr. Hees: This is the winter works program that you have been refusing.

An hon. Member: The old winter works is back again.

Mr. Benson: This incentive feature will cover an important part of the total cost of projects financed under this program. We will be consulting the provinces forthwith on the early implementation of the program. Consideration will also be given to the way in which the program might be made applicable in the Yukon and Northwest Territories. This capital loan program is intended to be completed by March 31, 1973.

Fourth, the Department of Public Works and other departments and agencies of government will launch an $80 million program of federal labour-intensive and capital works, embracing a wide range of maintenance and improvement projects. These will include, for example, alterations and improvements in federal buildings and transportation facilities, forest and parks projects and the extension and modernization of other federal installations. Beyond this, I would like to announce a specific allocation of $10 million in loans this year for construction of multi-purpose exhibition buildings. This program will be under the direction of my colleague, the Minister of Agriculture (Mr. Olson).

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Hees: He's a little better, but that's not saying much.

An hon. Member: We are desperate now.

Mr. Benson: Again, our criteria for these projects will ensure that they create a maximum number of jobs, start quickly and concentrate in regions where unemployment is most serious.

Finally, my colleague, the minister responsible for Central Mortgage and Housing Corporation will accelerate $113 million in loans for public, home owner and student housing, for sewage treatment and for land assembly projects. These loans will be made before the end of this year instead of in 1972. My colleagues with responsibility for individual parts of this comprehensive program will be informing the House of further details shortly.

It is in the corporate sector of the economy that the adverse effects of the American import surtax and the threat of other U.S. measures, coming on top of the appreciation of the Canadian dollar, are having their most serious impact. If the corporate sector of the economy is weak and uncertain we cannot have a sustained growth in job opportunities. I am therefore proposing a substantial cut in corporation taxes.

Some hon. Members: Hear, hear!

An hon. Member: We urged that three years ago.

An hon. Member: That is going to help the poor!

Mr. Benson: The cut has been designed in such a way as to give to Canadian firms maximum flexibility in responding to the special difficulties they confront and the opportunities they can seize in an expanding economy.

An hon. Member: What expanding economy?

Mr. Benson: I propose that effective July 1, 1971, until the end of 1972 the tax payable by Canadian corporations be reduced by 7 per cent. The whole cost of this reduction will be borne by the federal government. This change, combined with the elimination of the 3 per cent surtax, brings the effective reduction of corporation taxes from last July 1 to 10 per cent.

• (8:20 p.m.)

Some hon. Members: Hear, hear!

Mr. Benson: In my judgment, help to the private sector to enable it to create more jobs is a most effective way, in present circumstances, of helping all Canadians. I have said, Mr. Speaker, that the rates of consumer spending are favourable. Nevertheless, it is the government's view that we must do all we reasonably can to give confidence to the economy and induce increased demand for goods and services. I remind the House that spending by individuals makes up two-thirds of national income and is therefore the base on which the whole economy rests. To this end I propose that effective July 1, 1971, the federal tax payable by persons be reduced by 3 per cent during the period ending December 31, 1972.

Some hon. Members: Hear, hear!

Mr. Benson: This proposal means that many taxpayers will receive refunds in the winter months, many taxpayers will be paying less tax immediately, and that all taxpayers will be paying less tax in 1972. I want to emphasize that this change is in addition to other important changes in personal income tax for 1971 announced in my budget of June 18. From July 1 we have eliminated the 3 per cent surtax for all Canadians. By eliminating tax on taxable income up to $500 we have taken 750,000 Canadians off the tax rolls since July 1, and effective last January 1 payments under the guaranteed income supplement have been exempt. With the help of this House there will be further alleviation for taxpayers in the lower income bracket if we get Bill C-259 through the House.

Some hon. Members: Hear, hear!

Mr. Benson: Mr. Speaker, neither of the tax measures I have proposed today will reduce provincial revenues from corporate or from personal tax sources.

The expenditure programs I have described are designed and will be administered in such a way as to have the earliest possible impact. The corporate tax cut is expected to result in a reduction of federal revenues of $160 million in fiscal year 1971-72, and a reduction of $175 million in fiscal year 1972-73. The cut in personal taxes is expected to reduce federal revenues by $125 million in fiscal year 1971-72 and by $225 million in fiscal year 1972-73.

These changes, combined with other changes that have taken place since my June budget, imply a budgetary deficit in the fiscal year 1971-72 of $1,000 million deriving from revenues of $13,580 million and expenditures of $14,580 million. I now estimate that non-budgetary requirements will be $1,600 million. Total cash requirements for the current fiscal year, apart from funds required to finance or obtained from exchange operations, will thus amount to $2,600 million.

Before concluding my remarks I would like to sum up the total dimension of the program I have proposed today. The total cost of the expenditures and tax reduction measures will be $1,070 million. The impact on Canada's gross national product will be substantial. More important, these programs, with their multiplier effects, will produce a large number of new jobs for Canadians. The economy is strong and growing. The measures I have proposed today are designed to keep it that way.

Some hon. Members: Hear, hear!

Mr. Benson: With the permission of the House, Mr. Speaker, I would like to table notice of a ways and means motion covering the tax changes.

Mr. Speaker: Order. Has the minister leave to table this document? Is this agreed?

Some hon. Members: Agreed.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, when I heard the applause a minute ago I wondered what it reminded me of. It reminded me of the applause the same people gave the Minister of Finance (Mr. Benson) when he presented his June budget. They are now applauding—

Some hon. Members: Hear, hear!

Mr. Stanfield: —with equal fervour when the minister rises to try to make up for the inadequacies of the June budget. I shall have some comments to make in a few minutes about the specific measures that the minister has proposed. It may be considered a little unkind for me to begin by recalling the past on a night when the minister is making such a vigorous effort. But regardless of the

shamefaced reversal of attitude, it is still the same old crowd, still the same old government.

This is the same government that day after day, week after week rejected our demands for its forecasts of economic trends. It is the same government which, refusing to give such forecasts, expressed its confidence that everything was going better and better all the time. It is the same government whose past decisions now stand revealed by the minister himself as ineffective, irrelevant and inappropriate to the needs of the country.

Some hon. Members: Hear, hear!

Mr. Stanfield: Mr. Speaker, I am not going to describe the government as a bungling, incompetent group of economic ignoramuses, because in the present circumstances of the country I do not feel like being that charitable.

Some hon. Members: Hear, hear!

Mr. Stanfield: It will be sufficient to say that the policies of the government have been bankrupt in every sphere of economic activity, bankrupt to the extent that this afternoon the Minister of Regional Economic Expansion (Mr. Marchand), in trying to defend his policies, the inadequacy of his regional development policies, had to retreat into the weaknesses of the national economy. Yet, Mr. Speaker, it is not his policies that are inadequate; it is the economy of the country as a whole.

• (8:30 p.m.)

Mr. Marchand (Langelier): Be serious, please.

Mr. Stanfield: I listened to the Minister of Finance and now I am trying to listen to some of the rabble across the way and their catcalls, Mr. Speaker.

Mr. Hees: They are a very rude lot.

Mr. Stanfield: Whatever else the minister's speech may have demonstrated, the statement he just made constitutes the clearest possible admission that the government has been wrong in its policies over the past six months and over the past year, and that we have been right.

Some hon. Members: Hear, hear!

Mr. Hees: Pierre told us inflation was licked.

Mr. Stanfield: His admission is wrong to the extent that he is coming forward tonight and announcing the government is to spend a million dollars. That is how right we were and how wrong he has been—a million dollars!

Mr. Benson: You don't know the difference between a million and a billion.

Mr. Stanfield: A billion dollars, Mr. Speaker. I know the difference. I do not expect the minister to apologize; I do not think that is particularly relevant. But we now have the government's admission of its own economic incompetence. I do not suppose it came very easily, certainly not in terms of the long time it took for this announcement to come forth. It came from a government cornered in a hole of its own digging. It came when there was no alternative. But it came, and that is about the only good thing, without qualification, that I am able to say about this government.

Nothing could be a clearer demonstration of the inadequacy and inappropriateness of the June budget presented by the Minister of Finance. The predictions of the minister have been wrong all year, Mr. Speaker. Outside economists have predicted some growth in the economy, but independent economists have not predicted any significant reduction in unemployment in the course of 1971 based on the fiscal policies that the minister produced in his June budget. The minister cannot quarrel with that; he knows it is so. Based on what independent economists were saying, I predicted earlier in the year that the seasonally adjusted rate of unemployment would not fall during 1971, unfortunately, below 6 per cent. The minister jeered at me. He ridiculed me, Mr. Speaker.

Now we have lame explanations about an unexpected growth in the work force, increased participation in the work force. The government has not run into anything that was not predicted long ago by the Economic Council.

Mr. Hees: Pierre told us inflation was licked.

Mr. Guay (St. Boniface): How is the heavy water there, Bob?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Stanfield: It is all right.

Mr. Ricard: If you had something heavy in your head, it would be better.

Mr. Stanfield: I know that I am doing all right, too, when I hear that sort of remark from across the floor.

Mr. Ricard: There is a hole in your head; that is why you are not heavy at all.

Mr. Hees: Pierre is ready to leave town.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Stanfield: We now have massive unemployment. We now have continuing inflation, massive unemployment and a massive deficit. The Minister of Finance has worked himself and the country into a very considerable bind. He has left himself very little room to manœuvre. It is in this unfortunate stance that we are now caught by the United States initiative. Mr. Speaker, the hon. member can read this speech if he cannot listen.

It is very late now to tackle problems for this winter—it is mid-October. I am enjoying the good humour of the House tonight. Certainly there has been no sense of urgency shown on the government benches in recent months—no sense of urgency in regard to inviting the provinces to meet, no sense of urgency with regard to announcing a program to tackle massive unemployment; simply the repeated pretence that everything was going along all right and everything was improving.

Mr. Speaker, I think the government must have been incapable of recognizing that the budget was wrong and that its forecasts were wrong. I think its attitude must have been that it just cannot be wrong in its forecasts. Last month it took refuge in the argument about our

teenagers. To those of us outside the government the argument seemed so incredible that quite frankly I said it was a dishonest statement. It may be, however, that the Prime Minister (Mr. Trudeau) could not imagine that he and the Minister of Finance and his colleagues could have made such a mistake in judgment, such a mistake in forecasting as that involved not only in the June budget but in the continuing posture and stubbornness demonstrated since then.

It is high time that the government acted. We in this Parliament and the Canadian people have been waiting for months and months for the government to act. The situation has grown worse and worse, yet the government did not act—all it did was talk. It assured us that things were not so bad. The minister tonight says that things are good and yet, Sir, we know better.

The government has described me and other members of the opposition as prophets of gloom and doom. They have described me as the chief gloomster because I have been telling the government and the Canadian people the truth about the situation. I warned the government that it must act, and act quickly and decisively. I said it must cut taxes and I said it must take direct measures to create jobs. But the government did nothing, Mr. Speaker. If I am called the chief gloomster for that, I suppose, considering the source from which it came and the activity of the Minister of Finance tonight, it is a compliment.

Some hon. Members: Hear, hear!

Mr. Hees: It was the only thing that made them act.

Mr. Stanfield: The kindest thing anybody can say about this government is that it has been the victim of its own blind complacency. Unfortunately, the Canadian people and the Canadian economy have been the innocent victims of that complacency. The government has certainly been hurt: we can see that tonight, Mr. Speaker. But that is not relevant. It is the Canadian people who are hurting and hurting even more.

In terms of cost this is a very substantial change after months and months of pretending that nothing was necessary, after months and months of doing nothing. It is a very substantial package that the Minister of Finance has finally produced, in terms of cost. It involves something over a billion dollars. I should like to ask the Prime Minister why they have waited so long. Why have the Minister of Finance and the Prime Minister waited until mid-October to introduce these programs, Mr. Speaker? It is inevitable that at this time many of these will be crash programs.

Mr. Guay (St. Boniface): What is wrong with that?

Mr. Stanfield: What is wrong with it? If my hon. friend does not know what is wrong with it, I doubt if I can explain it to him, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Ricard: You would not understand it, anyway.

• (8:40 p.m.)

Mr. Hees: The cuts should have been introduced many months ago.

[Mr. Stanfield.]

Mr. Ricard: Government supporters do not have enough brains to understand these things.

Mr. Nielsen: You have to draw them a little picture.

Mr. Woolliams: It is clear that they made a mistake.

Mr. Stanfield: That is clear to anybody. It is clear that programs such as the minister announced, $50 million for local initiatives, $20 million for training and $160 million for loans to municipalities—

Mr. Trudeau: What's a hundred million?

Mr. Stanfield: What's a hundred million? A great deal.

Some hon. Members: Hear, hear!

Mr. Stanfield: It is a great deal, despite the views of the Prime Minister. It is important for this $160 million, and more, to be spent to the best advantage, despite the views the Prime Minister may hold. What possible excuse is there for the government's introducing a crash program at this time instead of earlier, when the program could have been properly planned for the coming winter?

Mr. Hees: And when we suggested it.

Mr. Stanfield: Does anybody on the other side of the House pretend that these programs can be as well worked out now as they could have been when we and everybody else in this country except the government realized they were necessary.

Some hon. Members: Hear, hear!

An hon. Member: Why not talk about winter works?

Mr. Stanfield: My hon. friend mentions winter works. This government has reviled winter works programs, yet that is what this is—a winter works program.

Mr. Hees: They laughed at us.

Mr. Stanfield: Not only did they laugh at us; they waited until it was very late in the year before introducing such a program effectively.

An hon. Member: Read your text, Bob.

An hon. Member: So what has changed?

Mr. Stanfield: What has changed? The winter works programs which the Prime Minister reviled previously have now become appropriate, Mr. Speaker. It will be interesting to see what has changed. May I now talk about taxation cuts, Sir. My time is limited.

An hon. Member: Keep going, Bob.

Mr. Stanfield: The Minister of Finance has proposed a 7 per cent cut in corporation taxes up until the end of 1972.

An hon. Member: Have you any better suggestions?

Mr. Stanfield: If my hon. friend will wait, he will hear them. These cuts involve substantial cost to the treasury; there is no question about that.

An hon. Member: That's an announcement, I suppose.

Mr. Stanfield: There is also no question in my mind that if the Minister of Finance had been prepared to announce a reduction in corporate taxes without such a short terminal date, the effect on incentives might have been substantial.

Mr. Benson: The hon. member should look at Bill C-259.

Mr. Stanfield: All right. The 7 per cent reduction, Sir, is to be effective until December 31, 1972.

Mr. Benson: The hon. member should look at Bill C-259.

Mr. Stanfield: I will look at Bill C-259.

An hon. Member: Explain it to him, Mr. Benson.

Mr. Dinsdale: The minister could not explain anything.

Mr. Stanfield: I ask the Minister of Finance this question: What effect will the short-term corporate tax reduction have upon employment and investment?

Mr. Benson: There is a long-term effect as set out in Bill C-259.

Mr. Stanfield: In Bill C-259?

Mr. Benson: That is right.

Mr. Stanfield: The minister is suggesting that there is to be a reduction of four points over a period of several years. If he is here, those changes will be made. I doubt if anybody in this country is confident that the minister will be here and that he will be able to do that.

Some hon. Members: Hear, hear!

Mr. Stanfield: I say to the Minister of Finance, through you, Mr. Speaker, that the long-term reduction in corporate income taxes may very well have a substantial effect on incentives and investments, and therefore on unemployment. Therefore, I challenge the Minister of Finance or anybody on his side of the House to explain to us on this side in what way and to what extent this 7 per cent reduction in corporate taxes up the period ending December 31, 1972, will affect employment in this country. This reduction may well provide more money—

An hon. Member: Explain that.

Some hon. Members: Oh, oh!

Mr. Stanfield: I will explain it and make it simple for you.

Some hon. Members: Hear, hear!

Mr. Hees: You had better make it simple.

Mr. Stanfield: It will be simple enough for my hon. friend from New Westminster (Mr. Hogarth) to understand.

Mr. Hees: They never understand.

Mr. Dinsdale: Make it very simple.

An hon. Member: Draw them a picture.

Mr. Stanfield: Mr. Speaker, a corporate income tax reduction for that limited period of time will make more money available for increased dividends. It will also make more money available for investment, without question. I want the Minister of Finance to tell the country how many new jobs this will create over that limited period of time, Mr. Speaker.

Some hon. Members: Hear, hear!

An hon. Member: Explain.

Mr. Stanfield: I will explain to my hon. friends what I should like to do.

Some hon. Members: Explain.

Mr. Stanfield: Hon. members over there seem to be getting a little excited. Once the fact is pointed out to them, most of them are capable of seeing how dumbheaded their own Minister of Finance is.

Some hon. Members: Hear, hear!

Mr. Hees: Perhaps they are getting a little embarrassed.

Mr. Stanfield: The 3 per cent reduction in personal income tax is fine. That will be helpful, without question. But, Sir, why was it not possible in June? It was inflationary in June, even though inflation allegedly had been licked. The reduction was inflationary in June. But how much more effective it would have been in June! If instead of having a simple 3 per cent reduction in personal income taxes now, there had been a 6 per cent, 7 per cent or 8 per cent reduction in personal income taxes at that time, would the psychological effect not have been that much greater? Would that not have been better, rather than bringing forward these dribs and drabs, 3 per cent in June and 3 per cent later? Much of the reduction has been thrown away in terms of psychological impact upon the income earners of this country.

Mr. Baldwin: The government was following Liberal dogma.

An hon. Member: Throw your own psychology away.

Mr. Stanfield: Sir, think of the delays. Think of the cost to this country which has arisen as a consequence of the misjudgment, poor forecasting and mistakes which have been made by this government and the Minister of Finance in recent months.

Some hon. Members: Hear, hear!

Mr. Hees: That is shocking.

Mr. Stanfield: The minister is now accepting arguments we put forward as long ago as January and even further back. Think of the enormous cost to the people of this country and to the country itself as a result of that delay. There is also a big cost to the treasury. I say to the Minister of Finance that his 7 per cent corporate tax reduction for that limited period of time is not the effective tax reduction that he ought to be proposing at this time. If he is prepared to extend it further, that would be different. But for the limited period of time it will not be effective.

If the minister envisages a short-term reduction in taxation, something he will commit himself to only until the end of 1972 and no longer, then personal income tax reductions of more than 3 per cent would have been effective, far fairer and more just than these short-term cuts, Mr. Speaker.

Mr. Hees: And they would have produced a lot more jobs.

Some hon. Members: Hear, hear!

Mr. Stanfield: So far as corporations are concerned, there would have been a much more beneficial effect on investments and incentives—and this would not have cost the government a cent—if the minister had announced that he was going to defer implementation of those parts of his tax reform bill relating to corporations. That would not have cost him a cent.

Mr. Speaker: Order, please. I must interrupt the Leader of the Opposition to mention that he has received a three-minute credit to compensate for interruptions, in the same way as the Minister of Finance was granted a three-minute extension of his time to take into account the interruptions when he was speaking. The Leader of the Opposition may pursue his speech with the unanimous consent of the House.

• (8:50 p.m.)

Some hon. Members: Agreed.

Mr. Stanfield: I will be very brief, Mr. Speaker. I appreciate the generosity of the House in this regard. I am pleased to see that the government has recognized the need for action. Some of the measures proposed will certainly be helpful.

Some hon. Members: Hear, hear!

Mr. Stanfield: If the government takes my advice, it can use this money, as I pointed out, much more effectively and to much greater advantage than it has been. We have had perversely bad judgment from this government in economic matters.

Some hon. Members: Hear, hear!

Mr. Stanfield: The budget tonight, coming after the June budget, is the best proof of this. The government has been wallowing around. I say to the minister in all sincerity that the country has no confidence in him. I suggest to him, and I say this to his face through you, Mr. Speaker, we have no confidence in him.

Some hon. Members: Hear, hear!

Mr. Stanfield: He better resign.

Some hon. Members: Hear, hear!

Mr. Stanfield: I wish to make one further comment. I do not like to make it in this House because I do not like to speak of people who are not here to answer back, but it is necessary to do so. The government needs new economic advisers. There is no better proof of that than this budget tonight.

Some hon. Members: Hear, hear!

[Mr. Stanfield.]

Mr. David Lewis (York South): Mr. Speaker, although I have seen the government's program only since seven o'clock, it is my intention to deal as well as I can with the actual program presented by the Minister of Finance (Mr. Benson). I start by expressing some pleasure that at last the government has accepted the challenge of the times and has seen fit, far too late and far too inadequately, to produce a program to deal with the unemployment expected this winter.

The first point I make is that nowhere in his statement and nowhere in the documents that I have seen is there any attempt to estimate either the level of unemployment that may be expected this winter or the number of jobs that the program which the minister has presented will create.

Some hon. Members: Hear, hear!

Mr. Lewis: I am particularly concerned about the latter, because there is an indication as to the kind of thing with which we are dealing. In the documents which I have seen, we are informed that the $160 million loan program to municipalities last year produced a total of 13,000 jobs. I ask hon. members to note this. Thirteen thousand jobs were produced with the $160 million, the equivalent, the document states, of 13,000 Canadians for a year. If that is the case, Mr. Speaker, the program presented by the Minister of Finance obviously will not even scratch the surface of the real unemployment crisis expected this winter.

Some hon. Members: Hear, hear!

Mr. Lewis: It is the duty of the minister to tell this Parliament and the country how many jobs this program is intended to create. On the basis of the information that we now have, it is my guess that we will be lucky if the people without work in Canada this winter have jobs to a total of 30,000 to 50,000 out of a total unemployment likely to be as high as 700,000, 800,000 or more. I am not talking about the multiplier effect that may result six, eight or 10 months from now. I am talking about the four or five months this winter. I stick my neck out to say we will be lucky if 50,000 of the unemployed will have jobs as a result of this program. The reason the minister does this is well illustrated in the nonsense in which he indulged in the introductory paragraph of his speech. He repeated the same pollyanna rubbish that was repeated time and again during the last 18 months.

Some hon. Members: Hear, hear!

Mr. Lewis: He still expresses the same complacency and satisfaction with the performance of the economy. I cannot think of anything more nonsensical than this sentence in his speech: "Our unemployment rate is not derived from a failure of employment to grow." How stupid can anyone be, Mr. Speaker?

Some hon. Members: Hear, hear!

Mr. Lewis: Of course, the total employment has grown. If it had not grown, we would have two or three million Canadians unemployed. There has been a steady increase in the labour force of between 250,000 and 300,000 for years. If employment did not grow, you would have a cumulative quarter of a million unemployed in each year

for the past 10 years in this country. In what kind of rubbish does the Minister of Finance indulge?

Some hon. Members: Hear, hear!

Mr. Lewis: What kind of nonsense does a man complacently place before us which makes the Prime Minister (Mr. Trudeau) grin all evening as he listened to this nonsense? What kind of rubbish is that? Even in the present year, that is a nonsensical, misleading, distorting statement.

Even though there were approximately 200,000 more jobs, the increase in the labour force in this one year was 238,000. Already it fell short by a very substantial proportion to find jobs for the increase in one year, let alone the increase in the labour force over time. He has repeated the same complacent rubbish, as every minister has done. The minister said that we have had an unprecedented increase in the participation rate. Sure, there has been some increase, but let me quote some figures to show what the unprecedented increase has been in the last quarter. I have the figure. I will start with 1967 so I will not have to spend too much time.

In 1967, the participation rate in July was 55.7; August, 55.8; September, 55.5. In 1968, the participation rate for July was 55.5; August, 55.5; September, 55.7. In 1969, the rate in July was 55.6; August, 55.5; September, 55.4. For 1970, the participation rate for July was 55.9; August, 55.6; September, 55.7. For this year, 1971, the participation rate for July was 56; August, 55.8; September, 56. If there was any difference, it was one small part of a small one per cent. The minister tries to seek consolation in that fact as an explanation for the increase in unemployment. How gullible does he think even his own members are?

Some hon. Members: Hear, hear!

Mr. Lewis: How puerile and gullible does he think the people of Canada are about such nonsense?

Some hon. Members: Hear, hear!

• (9:00 p.m.)

Mr. Lewis: Let the government have the decency and the humility to accept the fact that its policies up to now have been wrong and that the unemployment figures are the result of those policies. The Canadian people would appreciate such honesty and frankness. This dishonesty, this distortion is shameful not only for the government but for Parliament where it is pronounced.

Mr. Hogarth: Give the other side of the picture.

Mr. Lewis: I wish, Mr. Speaker, you would tell the spirited gentleman to keep quiet. The program will, I hope with all my heart, do some good. But it is too late. Throughout his submission the minister said the provinces would be consulted as soon as possible. I say to the government, to the Prime Minister (Mr. Trudeau) and to the Minister of Finance (Mr. Benson) that in a federal country such as ours these consultations ought to take place before a minister announces a program, so that the provinces and the municipalities, through the provinces, might have something to say about the priorities and might know what the government intended to propose.

One does not have to be an economist to know that three-quarters of what the minister proposed will take time to come into effect. You cannot make $113 million available to housing and expect that the jobs will be open in December, January or February. They will not. The Minister of State for Urban Affairs (Mr. Andras) has money already available, money which has not yet been picked up. It probably amounts to a great deal more than $113 million. If he has used it all up, he should have been after the government a great deal earlier than now. It takes time for people to invest in housing. It takes time for additional money to become effective.

The whole proposition advanced by the minister amounts, in major part, to a winter works program. I have no objection to that. It is the government which objected to it. Everything is a kind of tokenism. Look at the breakdown of the $113 million for housing and other works. In his statement the minister talked, and the press gallery no doubt noted it, about sewage treatment, roads—

Mr. Marchand (Langelier): That is what we call public works.

Mr. Lewis: But in the accompanying document the minister said $4 million will be spent on sewage treatment projects. Mr. Speaker, I should like to know how many sewage treatment plants you can build across Canada for $4 million.

Then, again, we are told that $1.7 million is to be set aside for land assembly. How much land assembly can you carry out in the major communities of Canada for $1.7 million? I point these things out because I am anxious that the people of Canada should know that the statements made by the minister have to be read with great care.

I want to say a word about the training program. The sum of $15 million is to be available to expand the present training program. But for what jobs? Is this program to provide additional training both under the present scheme and on the job merely a way of reducing the size of the unemployment rolls, or is it a serious undertaking? What jobs are there for the trained people to take? I notice in the accompanying document that since 1966-1967, when the government's training program was set up, 1,134,485 Canadians have been upgraded and trained under this plan. This is very good, Mr. Speaker. I ask Your Honour to stop and think what this means. It means that approximately one-eighth of our labour force has been through this training scheme.

Mr. Speaker, we must have in this country the most upgraded and trained corps of unemployed in the western world. What are we training these people for? Where are the jobs? What will the Minister of Regional Economic Expansion (Mr. Marchand) do with them? What will the Minister of Manpower and Immigration (Mr. Lang) do with them? I am the last to decry the fact that some young people will now receive training and be upgraded. It is necessary to do it. But I say to these people, "Do not be misled." When they have finished their training and upgrading process they stand a chance of being in the same unhappy position as others who have received training and been upgraded—the chance they will leave college and walk the streets. That is what a good many have had

to do until now, and that is what a good many will do in the future.

In the few minutes left to me I want to deal with the tax measures. I would first of all draw attention to the double standard which the minister and his colleagues constantly apply. My hon. friends and I noticed this the first minute the minister began to talk about tax changes. Seven per cent for the corporation; 3 per cent for individual Canadians. This is typical of what the government does. Why 7 per cent to the corporations, those penurious, poverty-stricken corporations of Canada? In the last quarter, corporate profits were the highest for some years.

Note, also, that this 7 per cent decrease—I will describe the kind of decrease it is in a moment—is not meant to apply only to the manufacturing industries which might be hit by United States import policies. It will apply to all Canadian corporations, including the resource corporations which already enjoy tax concessions worth hundreds of millions of dollars. These corporations, too, will benefit from the minister's across the board 7 per cent reduction.

Please note, also, that the 7 per cent deduction is not related to the tax rate. It is a reduction in the amount of tax payable, one of the most regressive ways in which tax reductions can be brought about. The payer of lower taxes gets 7 per cent and the payer of higher taxes gets 7 per cent, and in total amount the payer of higher taxes benefits from a much larger chunk of dough. On that point I do not care so much about the 7 per cent reduction for corporations. I care very much, though, about the 3 per cent reduction in income taxes payable by individuals. The changing rates should have been graduated.

Three per cent across the board is not graduated. It means that a person who makes $10,000 a year and over—and only 10 per cent of Canadian taxpayers have taxable incomes of $10,000 or more—will get a great deal more out of the 3 per cent than a person who has a taxable income of $4,000 or $5,000 a year: his 3 per cent will amount to only a few dollars. But for those with higher incomes such as Members of Parliament, that 3 per cent will amount to a pretty large chunk of money.

An hon. Member: You should know about that.

Mr. Lewis: And the lawyers, when they practice, and the doctors and the engineers.

Mr. Mahoney: Don't forget union lawyers.

Mr. Speaker: Order.

Mr. Lewis: I do not intend to lower myself to deal with remarks of that kind. It is obvious that members opposite are attempting to use their wit. Unfortunately, they are only half succeeding. I think it is important to note that a 3 per cent across the board reduction in income tax payable is worth a great deal more to those with high incomes than it is to those with lower incomes. It is a regressive and inequitable way of adjusting the tax system.

I think the people of Canada will greet the announcement today with some relief, as I do, because I would much prefer to have some program than none at all. But the people of Canada will understand that it is far too late and quite inadequate.

[Mr. Lewis.]

• (9:10 p.m.)

I suggest, Mr. Speaker, that actual expenditures—I am not talking about income tax losses but actual expenditures—should be two times or even more the amount proposed by the minister if there is to be any sizeable increase in jobs. The goal we should have set ourselves is the creation of at least 250,000 jobs during the winter months. From what one can foretell, this would have provided work for only about one-third of the likely number of unemployed in the dead of this winter. Nothing less justifies our being here and nothing less justifies the existence of this government.

All through the period of increasing unemployment crises the government has shown, as I have said, an attitude of complacency and insensitivity. No other government that I know of in the history of this country has shown greater complacency in the face of obvious difficulty. No other government has shown more insensitivity to human suffering. When the Prime Minister some months ago started his fight against inflation, as he called it, he said he would be prepared to take 6 per cent unemployment. He did not have to take it; more than 6 per cent of the Canadian people, according to the adjusted rate, are in fact taking it, and even on an unadjusted basis we have had unemployment that high. Ever since then no appeal to the government has had any effect. Then, unemployment became so desperate, as the September and August figures show, that even this government could not escape trying to do something about it.

It is a great pity that this action comes so late. Even the small program announced this evening—and it is small—would have helped. It would not have been small had the government not created an unemployment crisis of immense proportions.

Mr. Speaker: Order, please. The hon. member's time expired about a minute ago. He can carry on with the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent.

Mr. Lewis: Mr. Speaker—

Mr. Speaker: Order. I have to inquire again whether there is unanimity.

Some hon. Members: Agreed.

Mr. Speaker: The hon. member for York South.

Mr. Lewis: Mr. Speaker, I will not be many seconds, let alone minutes. The government's program might have been adequate had not the government created an unemployment situation of crisis proportions. Economists across the country have been pleading with the government to realize that it takes time from the announcement of a program to plan the program, to make investments and to create jobs. Therefore, if the government's program is intended to influence the unemployment situation this winter, it should have been announced last April, May or June, not in the middle of October.

It is regrettable beyond words that this program has been so long delayed. This program is not so imaginative, so ingenious, so unprecedented that it needed all the brains of all the ministers and officials for the last six months to bring it about. This program could have been thought out by knowledgeable people within a period of weeks and been presented much earlier than today. Whatever may happen on election day, for years this government will stand condemned in the eyes of every thinking Canadian as a most ruthless and insensitive government, as a government without the sense of urgency and compassion that every government in a democratic society ought to have.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, after hearing the statement of the Minister of Finance (Mr. Benson), I expected him to announce, at the end of his speech, general elections for the month of December, because, to my mind, the program he has just announced is an election-oriented one.

Mr. Speaker, this is a program mapped out by economists—as usual—who advised the government to present this House and the general public with new measures intended to create employment in Canada. However, other economists, who probably attended the same universities, advised the leader of the Progressive Conservatives telling him exactly the opposite. As for the economists of the New Democratic Party, they suggested another solution.

Mr. Speaker, I was particularly impressed by two paragraphs in the speech by the Minister of Finance. I would like to quote first the last paragraph:

> Mr. Speaker, the economy is strong and growing. The measures I have proposed today are designed to keep it that way.

Now today, hardly a few hours before the minister's statement to the House, I was reading in today's issue of *Le Droit* two articles which I will quote. First one could read the following:

> Substantial increase in unemployment rate—

In the same issue, another article deals with a "substantial increase in our exports to the United States."

• (9:20 p.m.)

At noon or yesterday, the Prime Minister (Mr. Trudeau) stated: "We are beginning to feel the adverse effects of the 10 per cent surcharge." Today, the newspaper *Le Droit* announced that Canadian exports to the United States have increased, in spite of the American surcharge. Who is lying to Parliament and to the Canadian people? The economists or the government?

Mr. Speaker, I have been surprised to learn today through newspaper reports that our exports have increased in spite of the surcharge and to hear the government say that the surcharge has brought about the increased unemployment rate. Now, the Minister of Finance said the following:

> Mr. Speaker, the economy is strong and growing.

Everyone agrees, on the contrary that the economy is not growing and that it is far from strong. I continue to quote:

> The measures I have proposed today are designed to keep it that way.

If we keep the economy in its present direction, in one year we shall be worse off than we are now. However, what struck me also were the words of the leader of the opposition (Mr. Stanfield) who has been crying for several weeks: Give us a program. We too had shouted to the Progressive Conservatives who were in power in 1962: Give us a program. They have waited till they were defeated in the elections. Mr. Speaker, nothing concrete has been suggested.

Members of the New Democratic Party are saying the same thing: This will create only about 15,000 jobs.

Mr. Speaker, it is the economists that I hold responsible for the situation in which we are. They are bad advisers, people who are in the clouds. In French, we say they are fogbound, that they do not keep both feet on the ground. And I am asked: Where are the economists of the Social Credit party? Economists of that sort I do not want!

The true economists, Mr. Speaker, are the farmers, the workers, those who know what it means to earn a dollar and to work to build our country instead of creating difficulties as the economists are now doing.

Economists use fine words. The Finance Minister's speech was written by economists. The minister said that economists—

An hon. Member: Name them.

Mr. Caouette: Oh! I can surely name some. The first one would be the Governor of the Bank of Canada. He knows how to impose an interest rate, but he does not know how to distribute credit nor how to create some on the basis of Canadian production statistics.

I quote further:

> —it is the government's view that we must do all we reasonably can to give confidence to the economy and induce increased demand for goods and services.

This means that we must spend more. It is interesting for the poor man to be told by the government: My friend, if you want to help get the economy moving again, spend a little more. You have nothing but spend more. How clever! An economist claims that we must spend more. I go on with the quotation:

> I remind the House that spending by individuals makes up two-thirds of national income and is therefore the base on which the whole economy rests.

Economists manage to understand that. However, we put up with a system that prevents people from spending because they are without purchasing power. What is done to keep things in order? A little, not very much!

All sorts of task forces are being established: task forces are sent to the Gaspe area to see whether or not there are poor people there; task forces on bilingualism because one hears that French Canadians are responsible for the predicament of English Canadians and vice versa. Both are in a predicament because we do not have the means which would allow our economy to function on a rational and normal basis.

We give away social welfare benefits, old age security pensions and unemployment allowances. The administration of these programs is even costlier. Some needy fami-

lies receive nothing from social assistance offices while others obtain benefits which they do not need. What do we, of the Social Credit party, suggest?

An hon. Member: Nothing!

Mr. Caouette: Do not misconstrue my words. First of all Canada's entire social legislation should be revamped into one single whole. We should not find an unemployment insurance office here and a labour employment office there; a social welfare assistance office here and an auxiliary office there, and so on. No. The structure of social security must be altered to the extent that we will not even mention social welfare anymore. Social security should be established and it would give people the incentive to work and develop what can be developed in our country.

What do we suggest then? The payment of an income to everyone aged 18 or over. By replacing current programs all Canadians would enjoy the following benefits: social security—not social assistance—which will give all citizens a greater purchasing power and would spur the economy. A bachelor aged 18 or more should get a yearly guaranteed income of $1,500 or $125 per month. If he works, he should not be penalized by being denied his $1,500 payment. This is the poverty threshold in Canada. This would be a minimum that would enable everybody to live. A married couple would receive a yearly $2,500 which is about the equivalent of the pension presently paid to our senior citizens. A married couple with one child would get a yearly $2,550; with two children $3,000; with three children $3,250; with four children $3,500; with five children $3,750; and with six children he would get a maximum of $4,000. Everyone should be assured of that and if an unemployed worker should find a job his guaranteed income should not be discontinued; he should keep it.

At the present, if you claim welfare allowances and you get caught you must pay back the money you received or you will be denied any further allowances. What would you do? Stay at home and refuse to work. In fact, there are many cases of abuse.

Recently, I met a worker on compensation who was receiving $86.54 a week from the province of Quebec. This worker had two children and a fairly high rent to pay. So the compensation payment of $86.54 a week was insufficient. He goes to the welfare office and the manager tells him: You are not entitled to allowances because your income of $86.54 a week is sufficient. He makes him sign a form whereby the worker promises to pay back any amount of welfare he may get while waiting for his compensation. So the worker signs the form and on his way out gives it a second thought, tears up the form, goes back inside and says: I refuse to accept that commitment, I will work it out in some other way.

• (9:30 p.m.)

I know a young man of 29 who one day told his wife: Listen, go to the welfare office, tell them that I left you, that I will stay with my father, and then apply for a welfare allowance! The wife went to the welfare service and the official granted her $220 a month because, on the advice of her husband, she had said that, with her children, she had been deserted. Such a case is becoming typical in Canada.

[Mr. Caouette.]

What I am now suggesting would cost less to the government than all those dishonest schemes people are using to get something out of the welfare system. People are said to be dishonest whereas the legislation itself calls for dishonesty. The law is unfair: it penalizes one citizen in order to help another!

We are suggesting a guaranteed income plan, no matter if the citizen works or not, has money or not. The millionaire would get a yearly guaranteed income as well as the unemployed. If, instead of discouraging work we were to tell the married man with three children, receiving a yearly guaranteed income of $3,250: if you have a job and earn money, you will not lose your $3,250, I am sure that about 80 per cent of the unemployment problem would be solved, because the citizens would be interested in getting a job, knowing there would be at least something to depend upon.

Instead of hiring officials in unemployment insurance or welfare offices, in manpower centres or economists' offices, we would establish our economy on sound bases. That may seem bold, because we are not used to such thinking. But the Prime Minister should realize that the program which was just announced again amounts to nothing more than a bandaid treatment. That will not solve the problem of unemployment in Canada. That is so true that even when the Prime Minister, as I mentioned when beginning my remarks, says we are beginning to feel the effects of the 10 p. 100 American surcharge, at the very same time Statistics Canada register a definite increase in our exports to the United States. Therefore, the tax has not hindered Canadian exports to the United States at all.

As a contribution to the economic development of Canada, we should add on a discount on products manufactured in Canada so that our population may be in a position to sell its goods to Canadian consumers. Instead of granting discounts to Japan, Germany, China or Russia, let us grant them to Canadian consumers on goods produced in Canada in order to help our industries, our manufacturers, our farmers and thus contribute to creation of new industries in our country.

If this proposal were seriously studied, I would undertake to look into the cost for Canada of setting up such a system that would guarantee social security for all, that would not penalize a man for working, or another who can find work for two or three days a week, or else the working mother who goes outside her home to earn a few cents to boost the family's annual income.

Mr. Speaker, the suggestion should be examined by the caucus of every political party in the House and by our economic brains. Let them study it and then tell us if it is nonsense. As I said earlier, I am personally convinced that the program would be cheaper than any of the existing ones. Then, the Minister of Finance or anyone who succeeds him, will be able to conclude his speech with those words: "Mr. Speaker, the economy is strong and moving ahead. The measures I propose today are conceived to keep it in that direction".

If the Finance Minister wants to be logical, if he does not want to play political games or throw dust in the eyes of voters in the event of an early election, he should consider the proposal I just made: a discount on Canadian

products, an income, and social security for every Canadian. I am sure that from then on we shall have full employment in Canada, industrialists will not be so much afraid of undertaking capital expenditures and new ventures in Canada. Then, the whole population will be able to say: "At last, we are given an economic formula that provides us with security and personal freedom".

[*English*]

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, the Minister of Finance (Mr. Benson), in opening the discussion tonight and in indicating the measures which were being taken, also reviewed the signs of strength in the economy such as the constant improvement in the gross national product to levels which are very impressive indeed. He also could have referred to the figures of exports, to which the previous speaker referred. Both of these improvements indicate the basic, underlying strength of the Canadian economy and led us on a number of occasions to indicate to all sectors of the economy that the time was ripe for growing and moving ahead in this country.

The figures in growth of employment have also shown significant increases. Hon. gentlemen opposite make some point of the fact that unemployment figures have increased, and will not accept the logic that we have not only what we all very well knew, which is a very rapidly increasing working age population, but that in addition we have what was not so expected or so known, increases in participation rates.

The figures, again, this month which show signs of high unemployment in seasonally adjusted terms also indicate the growth, on a year to year basis, from a year ago of 202,000 new jobs. The significant figures to compare are those which indicate that the working age population in that year grew at a rate of 2.4 per cent while employment grew at a rate of 2.5 per cent, so that employment was growing at a faster rate than the growth of population but not fast enough to take care of the increased participation in the labour force. It is this fact which has led, above all, to the need for special programs at this time.

We of course can take some consolation in the signs of strength in the economy shown by the figures of gross national product and exports and growth in jobs, but we are very concerned as a government and as individuals about any Canadian who is seeking work and cannot in fact find it. For that reason we have before us tonight programs which are designed to create jobs immediately.

The programs are of three basic types. There are the longer term capital projects which will create, of course, fewer direct jobs than other expenditures might in the short-run but which will be of longer term duration and will provide jobs over a longer period of time. These will also, of course, provide significant numbers of indirect jobs over the whole period of the construction. This applies equally to the accelerated CMHC expenditures, the direct expenditures by the government on capital works and the capital programs which will be encouraged by loans to municipalities and provinces across the country.

In this year's program for loans to municipalities for capital works the additional feature has been added of a forgiveness for the jobs created and applied in the immediate short-term period. This will have the effect of channelling this money more into those parts of available capital projects which are in fact easiest to mount and most productive of jobs even in a direct sense. But, of course, the major portion of the expenditures indicated tonight is not of a capital nature but directed specifically to more job-intensive areas. This is true of the direct federal expenditures. It is also true of the extremely important local initiative programs which will allow municipalities and municipal organizations and other responsible organizations across this country with work incentive programs for community betterment to mount those programs quickly and with the direct result of significant job increases in Canada in the immediate period. These programs under local initiatives will be designed to produce the best possible result in terms of the job accomplished, as well as putting to work the greatest possible number of people.

• (9:40 p.m.)

Mr. Stanfield: Who is the consultant, somebody in the States?

Mr. Lang: The criteria for specific application of this program will be available through Manpower centres before long. The centres will be fully involved in the preparation of applications. I want to emphasize again that under this program the emphasis will be upon meritorious projects which produce a good result, as well as upon the labour intensive projects.

Mr. Horner: If you had all this money, why did you have to try to steal $60 million from the farmers?

Mr. Lang: The local initiative programs really invite persons from one end of the country to the other in municipalities and other responsible organizations to apply their vast ingenuity in joining in the solving of the job creation problem and in producing the best possible result.

It is perhaps worthy of note that when the hon. member for York South (Mr. Lewis), the leader of the New Democratic Party, was speaking he seemed to fail to notice this part of the program under which $100 million invites initiative by individuals and groups and municipalities from one end of the country to the other.

Some hon. Members: Hear, hear!

Mr. Lang: Mr. Speaker, the third type of expenditure which is involved in the program announced tonight is the availability of funds for training programs. These training programs have been designed from their inception to improve the basic skill or the developed skill of members of the work force, to put them in a better position to perform the new and challenging jobs which are continually being created in this country and which require additional skills. It is worthy of note that at times, whatever the particular unemployment figures may be, there are significant shortages of persons with particular skills for jobs which are available. The training programs are designed to remedy this problem by helping to fit available manpower for the jobs waiting for them. The traditional training programs as they have existed for a

number of years will be augmented. Immediate discussions will begin with the provinces—

An hon. Member: The woodshedding course.

Mr. Dinsdale: This is the penitent's plea.

Mr. Lang: —for training which will be initiated here both of the basic and skill development type.

Mr. Horner: Did the Prime Minister (Mr. Trudeau) take you out to the woodshed?

Mr. Dinsdale: Not yet, but he will after this speech.

Mr. Lang: These programs have been specifically designed in a way to involve the wishes of the people involved in them, and have always drawn a distinction between those who have recently emerged into the labour force—

Mr. Woolliams: I will say so.

Mr. Lang: —and those who are basically in a regular education program, and this for what may have been fairly valid reasons.

The new feature in the program is the on the job training.

Mr. Woolliams: What are they going to work at when you have them trained?

Mr. Nielsen: What is new about that?

Mr. Lang: The on the job training program will involve an availability of approximately $20 million through the form largely of tax incentives, through the form of a 150 percent write-off for the wages of approved trainees and, in some small measure, through certain programs for institutions which cannot benefit under the tax incentive program. This program will be available not only to those who have been in the labour force for the three year period, which is the condition for the other program, but will be available also for those who cannot meet that criteria. The Canadian Manpower centres will be fully involved in attempting to assess the potential of individuals referred to on the job training and to assure that the training offered is of a type which is, so far as possible, transferrable to other employment. In this program there will not only be the fullest consultation with the provinces but also with labour unions and industrial management. Indeed, unions will be fully involved in consultations with regard to specific application of the program so that they may be satisfied that it is working.

Mr. Woolliams: When are you calling an election?

Mr. Lang: Certain conditions will be applied to assure that the trainees who are put in jobs do not take places which would go to ordinary employees. For instance, where employees are laid off, the training program will not be available but in all cases the fullest consultation with union organizations will take place.

These expenditures, Mr. Speaker, both of the capital sort and the labour intensive sort which may be mounted early and put more people to work per dollar spent, and the training programs, indicate our concern for the movement into employment of the maximum number of Canadians as soon as possible.

The other programs, the taxation programs announced by the Minister of Finance (Mr. Benson) indicate our concern about the basic availability in the economy of inducements to expand in the private sector, and the basic strength of the Canadian economy for this kind of growth to take place. There have been some concerns, particularly because of international development, and here the stimulus of tax incentives should offset to a significant degree the problems this has created. A good deal more will be heard in the next few days about the details of these various programs—

Mr. Woolliams: We have heard a lot now, but nothing happens.

Mr. Lang: —and the initiative to put to work those additional members of the labour force who are seeking work, as a result of the changed participation rate, as a result of the tremendous rate of growth in the work force in this country. It should never be forgotten that the challenge which faces us is great.

Mr. Woolliams: It won't be.

Mr. Lang: Considered on a year to year basis at a 2.4 per cent rate, there is an increase in the working age population in the work force of approximately 5 times the increase shown in many of the industrial countries in Europe, and very significantly greater rates than that in the United States.

Mr. Woolliams: How do you account for that?

Mr. Lang: These are the challenges which face us, Mr. Speaker, and the programs put before the House tonight go a long way toward helping the immediate situation and, through those programs and their indirect effects which are of longer range duration, of sustaining even greater growth in the economy in the months ahead.

Mr. Erik Nielsen (Yukon): Mr. Speaker, I believe it is time that Canadians are entitled to some honesty from the Prime Minister (Mr. Trudeau) and his government. One can understand now why the Prime Minister takes so little part in these debates, takes part in the odd debate on the Speech from the Throne, takes part in the odd debate on Nigeria and takes part in more than the odd debate on television. One can understand why he does not participate in debates in this House now, judging from the weakness of the contribution we have heard for from the minister responsible for the Wheat Board (Mr. Lang) and the Minister of Finance (Mr. Benson).

• (9:50 p.m.)

An hon. Member: He doesn't care.

Mr. Nielsen: We need honesty from ministers like the Minister of Indian Affairs and Northern Development (Mr. Chrétien) who comes to this House and says there is no unemployment in the north, when he knows very well there is; from the Minister of Labour (Mr. Mackasey) who, in response to question after question from this side of the House tells us that the Unemployment Insurance Commission is operating at 98 per cent efficiency, when there is

not a member in this House who has not had complaints from his own constituents about the long delays in processing certain claims; from the Minister of Finance (Mr. Benson), who says that the Canadian economy is on the course "I envisaged in my June budget".

Some hon. Members: Hear, hear!

Mr. Nielsen: That is about as honest—

Mr. Stanfield: Or cold-blooded.

Mr. Nielsen: —or cold-blooded as this government is wont to be on these things. They snow us with statistics. They try to paint a rosy picture. I think the worst offender on the government side is that well snowed Parliamentary Secretary to the Minister of National Revenue, I believe, the hon. member for Calgary South (Mr. Mahoney).

An hon. Member: He belongs to the Minister of Finance.

Mr. Nielsen: The Minister of Finance; that is even worse. To him everything is rosy. Everything is going along fine. And the Parliamentary Secretary to Prime Minister (Mr. Danson) has thrown the first hand grenade to start off an international trade war. One must only assume that he did it with the knowledge and consent of the Prime Minister (Mr. Trudeau). They all paint a glowing picture; yet not one of the ministers and not one of those faceless donkeys on the other side of the House will make a contribution by referring to the rate of unemployment existing in this country. The percentage stands at 7.1 per cent, the highest in a decade. And what do they do? They shrug the figures off and trot forward as a cure-all for this tragic situation promises that were universally implemented by the previous Progressive Conservative government. They march those programs forward.

An hon. Member: Which previous government?

Mr. Nielsen: We need honesty from the minister who has just resumed his seat. He says that there is a new feature to this whole program.

Mr. Stanfield: It is new and improved.

Mr. Nielsen: It is on-the-job training. This program has been in effect for a decade. Why, if it had not been for the shortsightedness of this government in cutting back on that program, it might still be making a contribution to relieve the unemployment facing us now. Talk about confusion; here is confusion personified.

We are in the middle of debating the tax reform legislation in the form of Bill C-259, and the government announces that it has some 100 amendments to make to that bill. Now, the government trots forth another package of confusion. I ask, how in the world are we to conduct a logical debate, which the minister responsible for the Wheat Board talked of in his contribution, on the basis of this kind of confusion?

Mr. Stanfield: Do not go too far away, now.

An hon. Member: I see the Prime minister is leaving.

Mr. Nielsen: I guess the heat is a little much for the Prime Minister. I do not blame him for leaving. He is packed and ready to go. He should go for good.

Some hon. Members: Hear, hear!

Mr. Nielsen: They reviled the winter works program and the on-the-job training program, as well as the vocational training program that was implemented by the previous Conservative government. The Minister of Labour was in the House at that time, as was the Minister of Justice (Mr. Turner).

Mr. Stanfield: This program is new and improved.

Mr. Nielsen: It is new and improved. They scorned our program, scoffed at it and spurned it. They spurned all suggestions which have come from this side of the House over many months, knowing that there would be a severe crisis in the economy and in unemployment. Now, suddenly, they have clasped these programs to their breasts as if they were the originators of these schemes.

An hon. Member: They think they have a new idea.

Mr. Baldwin: It is just a new breast.

Mr. Nielsen: It is a silicone breast. In 1963, when all these Liberals trooped across the country, and there are lots of them here although I notice that the much maligned rump on my right is not here in force tonight, they promised that there would be one million new jobs a year. One million new jobs a year was what they would produce; yet we heard the Minister of Finance taking pride in there being only 200,000 more jobs this year than a year ago. What a pitiful attempt that was to explain that hundreds of thousands people in this country have been made unemployed through the deliberate actions and policies of this government.

An Hon. Member: Shame.

Mr. Nielsen: It is gratifying to note that finally the government has agreed that there is an emergency. This bears some examination, since repeated attempts have been made on this side of the House to adjourn the House in order to carry on an emergency debate such as this. Such attempts have been made for several months. Yet, all of a sudden Statistics Canada figures are released for unemployment this month and then this becomes an emergency. Since the government consents, we are allowed to debate it.

There is to be $160 million in a winter works program for building federal buildings, exhibition buildings and CMHC works.

Mr. Stanfield: We should build a memorial for this government and, indeed, for the minister.

Mr. Nielsen: They need a memorial. All this talk about multiplier effect is all gobbledygook. It is an attempt to camouflage the real trouble in which they find themselves. There is nothing really constructive here which will provide remedies and jobs to get us out of the hole. I talked about honesty a minute ago. Oh, yes, the Prime Minister marches forward. He has gone out in order to build a new program to meet the economic crisis caused by the United States "Nixonomics".

An hon. Member: He wants more parliamentary secretaries.

Mr. Nielsen: They do not have to worry over there. They are secure. Only about one third of them are not employed by the government. The rest all have their sinecures. There are cabinet ministers, parliamentary secretaries and all the rest of them.

The Prime Minister, on the CBC program "Encounter" said this a few weeks ago:

We feel that the budgetary measures that the government has taken have put the economy on a growth path. The Gross National Product is increasing;—

An hon. Member: That is true.

Mr. Nielsen:

—consumer demand is increasing;—

An hon. Member: That's true.

Mr. Nielsen:

—housing starts are the largest ever;—

An hon. Member: That's true.

Mr. Nielsen:

—inventories are falling; exports are growing.

Mr. Stanfield: They can go out and spend another $1 billion.

Mr. Nielsen: The Prime Minister says the government has done lots of things for the people. Let him tell that to the 7.1 per cent of the labour force that is unemployed. He admits that it is a shame that there are unemployed people and he says that the unemployed figures are higher than we would like to see. That was back one month ago.

An hon. Member: That was on "Laugh-in".

Mr. Nielsen: And what did he have to say about this winter? He looked forward to this winter with rose coloured glasses and said:

—in terms of the economy itself it will be a better winter.—So in terms of growth of the economy it will be better. In terms of the number of unemployed people and in terms of the relative, the adjusted figures and absolute figures, it will be better.

It is time we stopped fooling around with adjusted, relative, and absolute figures and got some of these unemployed people back to work.

That brings up another thought. When I saw the Minister of Labour sitting on the other side of the House as a backbencher, he always attempted to created the image that he was the champion of the man with the lunch bucket. He always used that phrase when he was devilling for the minister of labour of that time by intervening in labour disputes. I can recall the CBC and Trans-Canada. He always trotted forth his lunch-bucket of the common workingman. He is now Minister of Labour. He has a responsibility to that workingman who is now without work.

• (10:00 p.m.)

Mr. Stanfield: He lost his lunch-bucket.

Mr. Nielsen: Perhaps he did lose his lunch-bucket. It is not an honest image. When discussing a matter as serious as the one now being debated, it is not enough for ministers and members opposite to get up and spout forth a whole host of statistics and paint rosy pictures. It is time they told it like it is. They should tell us what they are going to do in real terms to meet this critical situation of unemployment.

When the Prime Minister (Mr. Trudeau) was questioned on the same program by the nationally known syndicated writer, Mr. Lynch, he said with regard to unemployment:

—it will be better.

MR. LYNCH: It will be better.

MR. TRUDEAU: Oh, yes. You know, barring some disaster from south of the border.

That is the scapegoat they are trying to use for their incompetence. They are trying to say because of the actions of the President of the United States, Canada is in the economic mess it is in today. They know full well that mess is their own creation and they do not know how to get out of it.

Some hon. Members: Hear, hear!

Mr. Dinsdale: Eric Kierans says that.

Mr. Nielsen: The sensible ones who left the government are the people saying this.

Mr. Francis: Oh, oh!

Mr. Nielsen: We hear the member for Ottawa—

An hon. Member: The member from nowhere.

Mr. Nielsen: As the Prime Minister would say, who the hell is he? Let the member get up and make a contribution to this debate, and let him try to get away from this figure of 7.1 per cent. Let any member opposite try to do the same. Instead of applauding ministers who are saying and doing nothing, they should ruddy well be getting up and representing their constituents by telling it like it is.

Some hon. Members: Hear, hear!

Mr. Nielsen: I quote from the transcript of the same program:

MR. LYNCH: Well you've had a pretty good disaster from south of the border.

MR. TRUDEAU: Yes, and we have brought in measures which we think will annul that disaster.

Well, the figures today do not exactly bear that out. Later in the program the Prime Minister said:

But whether the end result in the winter and in the spring will be 5 per cent or 4 per cent or more or less, I don't know. What I know is that the economy is moving in the right direction, that the adjusted figures and absolute figures are falling with, as I confessed to the House a few days ago, with the exception of the teenagers.

He said that just three weeks ago. How utterly wrong he was and still is. The Leader of the Opposition (Mr. Stanfield) spoke of incompetence. The proof of the pudding is in the eating. What I really like about the transcript—

Mr. Francis: Tell us what you think of tonight's measures.

Mr. Nielsen: The measures are far too late and far too inadequate. All they are is a refurbishing of programs introduced in the early 1960s by the Diefenbaker government.

Some hon. Members: Hear, hear!

Mr. Nielsen: I can remember the four horsemen of the Apocalypse sitting on this side saying to the then government the same things I am now saying.

Mr. Cafik: Geography might have something to do with it. It depends on where you sit.

Mr. Nielsen: Tell that to the hundreds of thousands who are unemployed in the country. It does not make any difference where they sit. The hon. member should tell that to his constituents.

Some hon. Members: Hear, hear!

Mr. Nielsen: That member should not be interjecting.

Mr. Cafik: We are as concerned about unemployment as you are.

Mr. Nielsen: That is fine, Mr. Speaker. If the hon. member is concerned, he will get up on behalf of his constituents who are more than hard hit by the unemployment problem in the country.

Mr. Cafik: I intend to do that.

Mr. Nielsen: If he is not spineless, he will get up and do that.

Mr. Cafik: If you will sit down and give us a chance, we will all have a go at it.

Mr. Nielsen: This is rule by divine right. They all have it over there. It is symptomatic of the Liberal party. They believe that only they have the answers. They believe that only they are right. They believe that only they have the right to speak. They believe that any legislation that comes before this House should be approved without even a whimper from the opposition. They do not understand the workings of a democratic institution such as Parliament. That stupid interjection by the hon. member is evidence of that.

Some hon. Members: Hear, hear!

Mr. Baldwin: He supports the lawbreakers.

Mr. Nielsen: The Temporary Wheat Reserves Act is just one example of how they are breaking the law. Another document which demonstrates this was tabled in the House on October 8. Members should look at it if they think the Temporary Wheat Reserves Act is an isolated example. The Auditor General is so ashamed of the Northern Canada Power Commission's financial report that he will not even certify it; he does not think it is in compliance with the law.

The Minister of Finance (Mr. Benson) spoke of the rosy situation. In his last paragraph he said that the economy is strong and growing. According to him and his supporters, we do not have to worry at all. On September 7, 1971, as recorded at page 7580 of *Hansard*, the Minister of Finance said:

> We are confident that the trend will be that unemployment will continue to decline as the economy gathers further strength. My hon. friends opposite know this will happen, and I hope that the Leader of the Opposition, who guaranteed that unemployment would not go below 6 per cent this year, will turn his leadership over to the hon. member for Prince Edward-Hastings when it does.

It has not. The Minister of Finance was not only wrong in making that statement last September, he was less than honest. As recorded at page 6908 of *Hansard*, the minister said:

> As to the problems of right now it is evident that unemployment is too high. There is too much slack in the economy. At the same time, costs are still rising at a rate that causes concern about future price developments. It is evident also that these problems are interrelated. They must be treated and solved together. I am sure that we turned the corner last year, and despite some apparent hesitancy are now clearly on the way up.

Some "up," Mr. Speaker!

Mr. Deputy Speaker: Order, please, I regret to interrupt the hon. member, but I do so to advise him that his time has expired.

Mr. Warren Allmand (Notre-Dame-de-Grâce): If I understood correctly the remarks made by the Leader of the Opposition (Mr. Stanfield) this evening, Mr. Speaker, he said that he approved of the measures announced but said they should have been implemented sooner. He approved of the measures to the extent that he tried to take credit for them. I would like to deal with both these points.

First, in terms of expanding employment in a free, mixed economy such as ours there are only so many alternatives from which to choose. No matter how many economists we read, we note that more or less the same alternatives are listed time and time again. It is a question of mix and of degree. During the last few months the Leader of the Opposition has suggested all of the alternatives. It is not difficult for him to state this evening that he has suggested these matters before in a general way. If you recommend everything, Mr. Speaker, you are bound to come up with something right from time to time.

Second, his criticism with regard to timing is more serious. He says that our forecasting is poor and that these measures should have been implemented sooner. I admit that timing is the most important element in administering economic policies of this nature. I am not convinced that, given the information which was available, the timing was wrong. It is easy now, after the fact, to claim that the timing was wrong, but on June 18 when the minister presented his last budget, all the indicators were up. At that time there was no way of predicting the United States surcharge. This evening I got the impression from the opposition that in their view the surcharge had not affected the situation in any way. But a few weeks ago, if I read them correctly, they were saying the opposite. Anyway, at the time of the budget there was no way of predicting the United States actions and no way of predicting the worsening of the unemployment situation as it affected young people.

• (10:10 p.m.)

I remember very well the reports which appeared in the newspapers after the June budget and the opinions expressed by economists. There was almost unanimous agreement that it was an expansionary budget, that it was what the economy needed. I think it is important that I should remind hon. members of some of the statistics

which were given by the minister tonight with respect to the rate of growth at that time. He pointed out that the rate of growth increased by 2.3 per cent in the first half of 1970, 3.5 per cent in the second half, and 6.2 per cent in the first half of this year. He also stated that in the second quarter of the year output was rising at the rate of 8.5 per cent per annum. So, there was an increase from 2.3 per cent to 8.5 per cent in the growth rate in a short period of one year. All the indications on June 18 were that the economy was on the upswing. I submit that to have applied further expansionary policies at that time would have been irresponsible; it would have meant adding fuel to an economy which did not need it.

People can criticize today, and say the forecasting was poor, but I have not so far heard any specific suggestions from the opposition parties as to ways in which forecasting can be improved. Every country in the world is finding difficulties in forecasting today because no economy is completely closed; we live in an interdependent world and all sorts of factors enter into economic forecasting. I agree we should seek out means of improvement, and I have myself made suggestions with this in mind. Some time ago the Leader of the Opposition (Mr. Stanfield) suggested that an independent short-term forecasting body be set up. I would personally prefer to see the staff and authority of some of the existing short-term forecasting bodies increased. I submit they should be subject to political control and be more responsive to political needs.

The leader of the NDP said the policies presented tonight by the government, though good as far as they went, were inadequate. Unfortunately, as is often the case when he gets warmed up in a debate, he engaged in personal attacks on the Minister of Finance and other ministers. The hon. member for Yukon (Mr. Nielsen) who spoke before me, did the same thing. I do not know in what way this sort of thing can add to the value of a debate such as this. The hon. member for York South (Mr. Lewis) spoke about complacency. He accused members on this side of being complacent with respect to the economic conditions. I think the hon. member confuses noise and volume with interest. He and other members on that side of the House get up and make loud noises, feeling they are showing great interest in a situation. Members of the government, studying the situation in depth, are not making a great noise about it, but the hon. member and his friends regard this as an expression of complacency. Mr. Speaker, seriousness cannot be judged in terms of volume.

One interesting thing about the speech of the leader of the New Democratic Party was this: although he represents a more or less socialistic party he came forward with no real alternative solution. He launched the same type of attack as did the leader of the Official Opposition. He approved in general of what was being done, but said we should have done more of the same a little bit sooner. He offered no real alternatives. In a free, mixed economy such as ours there are not so many alternatives available. It is a question of mix, of timing, of political wisdom and forecasting—and nobody is perfect in all these respects. Nevertheless, I submit the timing was good in view of what was known at the time.

The opposition accused the government of being complacent to the extent that no action was taken. I repeat that the budget of June 18 was a significant budget and that it was recognized as being so at the time. As a matter of fact, most of the members of the opposition stated then that we were about to call an election because it was such an expansionary budget. They claimed in the press and on television that it was the type of expansionary budget which necessarily led to an election. Now, they are saying that nothing was done on June 18. I submit the government took a significant step on June 18, but since then new elements have entered the picture, elements which could not have been predicted. We are now accused of over-estimating the effect of the United States surcharge. Maybe the opposition is under-estimating it tonight, although a few weeks ago they were placing much more emphasis upon it for political purposes. Now, they are saying it has nothing to do with the situation.

The hon. member for York South said he would like to put forward a program which would create 250,000 new jobs. The proposals he had in mind for bringing this about involved more of the same which would mean, I suppose, an even greater deficit. He says the measures which have been introduced will not lead to employment on that scale. I do not know what evidence he relies on to support his own judgment.

Mr. Orlikow: You mention a figure. How many jobs will be produced? That will be seen.

Mr. Allmand: I am not an oracle or a prophet like the hon. member for York South. I believe the measures which were presented to the House tonight are significant and will lead to a great increase in employment.

Mr. Orlikow: How many jobs?

Mr. Allmand: I shall not predict. It is easy to predict when you are in the opposition. You can make all kinds of predictions, and you are bound to be right one time or another.

The leader of the NDP also criticized the government for not consulting with the provinces before introducing this program. He spoke about credibility. I wonder where this leaves his own credibility. If I am not mistaken, it was only a few days ago that he and his party were suggesting that the government should present a program without consulting the provinces. His supporters were saying that if it was not possible to get agreement on an earlier federal-provincial conference, the government should go forward with its plans now and let them be known at once. Tonight he criticized the government for putting these proposals forward before consulting the provinces.

An hon. Member: That should have been done last July.

Mr. Allmand: You fellows will have your chance to speak. This debate can go on all night. The Prime Minister pointed out, in answer to questions, that he had tried to arrange a meeting with the provinces as long ago as last June. He took the initiative in that connection. If a meeting was not held, where does the responsibility lie? A date was set for December. The Prime Minister said he would prefer the meeting to be held earlier. We all hope he will have these meetings soon.

• (10:20 p.m.)

The leader of the New Democratic Party suggested tonight that in putting forward these proposals and pro-

grams without consultation we are doing wrong. As far as I know, consultation may have been had with the provinces, but only last week many members of the opposition were suggesting that we do just this. So where is the credibility of the New Democratic Party?

We expect this sort of criticism from the opposition. I have the feeling that if the Minister of Finance had put forward tonight all of the programs suggested by the Conservative party, the New Democratic Party and the Social Credit party, he would have been accused of providing too little, too late, or something to that effect. We expect the type of speech made by the hon. member for Yukon (Mr. Nielsen), which was mainly directed at the personalities of members of the government and had not very much to do with the proposals put forward or with any serious criticism or analysis of our policies.

I was pleased to note in the measures put forward tonight some of the proposals which I suggested in an opposition debate a week or so ago. I am particularly pleased with the on the job training program which is directed mainly at youth, those who do not qualify for the Canada Manpower retraining program. In speaking in that debate a while ago I referred to the report of the Committee on Youth which has been downgraded to an extent which I think is unjustified. I pointed out that one of the best parts of the Committee on Youth report related to youth unemployment. This committee made some very good recommendations, some of which have tonight been adopted by the government.

In conclusion, I note that members on both sides of the House have expressed great concern at the economic situation in Canada. It is serious. We have all emphasized its seriousness. No one tries to underestimate the seriousness of the situation. But I submit that if we are sincere in what we say about the situation, we should all get behind the government's program and make it a success. I submit that the question of improving the economic situation in Canada is bigger than partisan politics; it is something that requires the co-operation of all members. I hope the government's program will be a success and that we will all play our part.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in rising to speak on this occasion I think it would be well to remind hon. members that at this moment the Minister of Regional Economic Expansion (Mr. Marchand) and the Minister of Finance (Mr. Benson) are in the press room engaging, I am informed, in a form of television debate. No wonder interest in this House is not very great.

I remember the debate on the western grain industry and reading in the *Globe and Mail* of the attitude of Saskatchewan farmers in the Assiniboia by-election campaign now under way. Their feeling of alienation has been personified no more than in the great debate that went on in this House for days, in which the minister in charge of the Wheat Board (Mr. Lang) put forward a grain stabilization bill involving a 1 per cent reduction for the farmers and a cut-off point which meant that the grain stabilization program would be of little use to the farmers before 1980.

This evening the Minister of Finance bettered Scrooge on his deathbed. Having stated, not only all summer but for the last two years, that everything was fine economically he was faced this morning with an unemployment rate of 7.2 per cent. Thereupon he suddenly decided that the economy needed a massive shot in the arm, but I am afraid that much of this massive shot in the arm is going to be wasted. For example, let us examine the winter works program, which essentially is what the program for the municipalities is. It takes months to get such a program properly under way and to see that there is a reasonable return on the dollar. Engineering works, and so on, require a great deal of preparation.

The Prime Minister (Mr. Trudeau) and his cabinet should have realized over the course of the summer that much needed to be done. The Prime Minister did not even get around to setting the date with his provincial counterparts to work out such a program. So this program is announced without any basic preparation having been made with the provinces, let alone with the municipalities. Even in this day and age when our communications are supposed to be better than they were 100 years ago, the municipalities will be hard put to evolve any programs that will be useful and meaningful by way of providing jobs.

Nevertheless, the cut in taxation is welcome. The cut in corporation tax is particularly welcomed by the private sector and should increase opportunities for employment in the future. However, I understand the cut in corporation tax is self-limiting since it will end in 1972. Steps that should have been taken gradually have been taken at a jump. This leads me to wonder whether these measures are an election ploy to blind the Canadian people to the way in which the economy has been so badly run during the past three years.

A number of other features have to be considered in making an assessment, a critical analysis of the situation confronting us. What are some of the forces that have brought us to the present predicament, forces that are both internal as well as external? There are some things we could have done about these problems, but I am sure that history will show that this administration has handled badly both the internal and the external management of our affairs.

The first factor to be considered is that Canada has built up the most comprehensive system of welfare to be found anywhere in the world. Welfare, in its broad sense, is a provincial responsibility, yet the federal government has encouraged and promoted welfare programs *ad infinitum*, even against provincial protestations that the programs were forced upon the provinces often before they were ready for them. No attempt was made to assess the cost of the programs before they were applied, how they would be managed or how to prevent excessive spending once they were applied, good as the programs themselves were. Only now, when the programs are assuming excessive cost, is the government getting around to curtailing their cost and making some economy moves.

The federal government has been extremely derelict in its duty. Whenever the workability of a program was questioned by the provinces, the federal government invariably answered that in order to ensure universality open-ended programs had to be adopted. Nor have these spending programs yet run their course. The Minister of National Health and Welfare (Mr. Munro) will be introduc-

ing his family income support plan, if we ever get through the tax bill, which in effect will rechannel family allowances to the lower income groups. Granted, much of the family allowances went to people who did not need them, but under the new proposal the total cost will be an additional $150 million.

The recently passed Unemployment Insurance Act is a disguised form of guaranteed income. In committee, Members of Parliament were assured that the plan will operate at a fiscal break-even point when unemployment is at the rate of about 4 per cent, though the figures given were imprecise. When it is considered that unemployment in the sixties averaged well over 5 per cent and that at the present time the unemployment rate is 7.2 per cent, it can be seen that almost half of the unemployment insurance money will come from the federal treasury, according to the estimates made by the Department of Labour.

• (10:30 p.m.)

All this brings me to the main point: what are we doing for Canadian business? It must provide all the goods that we need in order for our welfare economy to survive. Until tonight, the government has given precious little encouragement to business beyond piling tax upon tax. In the *Globe and Mail* of Tuesday, October 12 the following is said regarding Mr. Nixon, the Liberal leader in Ontario:

> Or take the uncertainty that afflicts business, causing it to pull in its horns and fail to produce the expansion that would have provided jobs— It was caused by the Ottawa Liberal government, lingering for years over a new system of taxation that would have heavily penalized business, withdrawing it—largely under well-researched attack by the Ontario government—replacing it with another system almost as confusing, topping it off with a Competition Act that has business wondering if it will end up in jail or paying a million dollar fine. Instead of providing jobs.

The tax bill now before the House is one suited to a decade long gone by. It is one that favours so-called equity over economic growth, and where there is a conflict between equity for the taxpayers and revenue for the treasury, it comes down firmly on the side of treasury. In this tax bill, the government has discriminated against the millions of Canadians who are individual entrepreneurs, farmers, and storekeepers. It has assumed no responsibility for the unincorporated business sector of the business community. It has not assisted these groups to become more viable.

In the tax laws governing small businesses, the government has taken away substantial freedom of choice from these small businesses. Indeed, they seem only to have paid lipservice to the widely held public sentiment that small businesses should be granted tax concessions in the proposed tax structure. They have hedged this tax portion of the bill so rigidly, in apparent fear that some foreigner will buy a small company, that they have virtually reduced the tax proposals to naught. The government is planning to put curbs on industry under the Labour Code section dealing with technical change, so that a company will not be able to introduce technological changes until the end of a labour contract. On the surface at least, this looks like a device that will hold back technological changes in our industry, and what surer way is there to prevent an efficient industry?

Further, the Minister of Consumer and Corporate Affairs (Mr. Basford), in his competition bill, is restricting

business in an apparent attempt to create an ideal society where every consumer will be protected to the nth degree. He may well be hedging industry and services with regulations to such an extent that it will be hardly able to breathe.

As the government of a country with the international trading pattern that we have, this government has been behaving in a curious manner. While the United States has been defending the western world with its blood and treasure in Viet Nam, the Canadian government has been systematically cutting down its commitment to NATO and cutting down its own security forces. It has recognized Red China at the expense of Taiwan. It is assiduously engaged in attempting to expel Taiwan from the United Nations in direct contrast to the American position. What did the *Globe and Mail* say about this in its editorial of October 12? It reads:

> Or consider the coldness which has developed between Canada and the United States, and which has undoubtedly contributed to if not precipitated the U.S. disregard for what U.S. measures may do to Canada's economy.

While in Russia, the Prime Minister (Mr. Trudeau) has portrayed the United States as a cultural, economic and possibly military threat to Canada.

In the long awaited and apparently now defunct Gray report on foreign ownership in Canada, there was an implication that the government would be sympathetic to the economic nationalists in Canada who portray Canadians as hewers of wood and drawers of water for the Americans. The Gray report would certainly have been punitive against foreign investment.

The action of the U.S. government in applying the surtax to Canada cannot really be condemned from their point of view. Canada, along with Germany and Japan, is one of the nations at which it was aimed. They did not have any alternative but to correct their balance of payments. Much of the American grievance lies in the automotive pact and the use to which it was being put, such as the Michelin tire plant in Nova Scotia and snowmobiles. All this has created an abnormal balance in favour of Canada. There are many areas in which negotiations would be useful in dealing with the U.S. surcharge. We have to be aware of the change in conditions in the world in which we live. While the world has been coalescing in trading groups such as the European economic union, the Asian group, and North America, we have been doing very little about it. We have assumed that we can operate outside any trading bloc in an independent manner. This may be so, but we cannot do this without a considerable change in the direction of our economy.

Measures should be taken at the internal level to stimulate business, as has been proposed tonight, but also we should give the entrepreneurs a greater place in our society. Our welfare structures should be scrutinized, and we will have to make some decisions to ensure that economies are effected in these fields without a reduction in service. In the international field, we should negotiate with the Americans on the sore points and the so-called grievances with resolution and firmness. Mr. Connally has suggested that Canada has probably met many of the conditions necessary for the removal of the U.S. surtax. It has allowed the dollar to float and it has allowed market realities freely to determine exchange rates. It has made

some move toward the reduction of specific barriers to trade. I think that the Canadian government could do its part in hastening the end of the surcharges by declaring its readiness to re-examine promptly the safeguards in the 1965 Canada-U.S. auto pact.

The measures announced tonight by the Minister of Finance should be accepted and promoted. It is unfortunate that they have come so late, and I believe that, particularly with regard to the winter works program, an earlier announcement would have been a more effective way of providing jobs for this coming winter.

[*Translation*]

Mr. Yvon L'Heureux (Chambly): Mr. Speaker, it is a pleasure for me to participate in tonight's debate. Last May, when I was elected in my beautiful riding of Chambly, I emphasized the importance of the economy.

Tonight, I want to express my views on unemployment and on the economy of Canada, problems of extreme concern to us, not only because of their present magnitude, but also because of their potential disastrous consequences.

Fortunately, the Minister of Finance (Mr. Benson) has announced tonight action to be taken in behalf of Canadians, action which will no doubt help to solve the problem of unemployment and restore stability to the Canadian economy. I want to congratulate him and thank him on behalf of my voters and of all Canadians.

Although we are short of jobs, it is not because of a lack of raw materials in Canada. We own a rich subsoil and huge power resources. The land that our people have developed for more than 200 years is truly immense. I suggest that unemployment is due to the fact that the growth rate of our population increased faster than that of our industries. This is quite obvious, and in my opinion, that is where the problem lies.

We have seen other countries devasted by war that have reached industrial power far greater than anything Canada has ever been able to achieve. These countries do not have our advantages in material resources, but they were aware of a reality that Canada has not recognized until now. These countries were aware of the need to work and of the need of markets for their products.

The good fortune of our neighbours can explain why Canada has, in some measure, been sheltered from the full appreciation of both of these needs. When we were basically an agricultural country, we were able to sell a very large percentage of our gross national product and we were able to afford and sustain relatively new industry under protection.

Other industries started off without protection, and that is why from the beginning they could equip themselves with an organization and specialization that assured them of success.

After 1968, Canadians have found themselves competing in a much freer way in the markets of the world, but particularly in the market of the United States. They could not however equal the high industrialization of others that mass production made possible.

Canadians generally have not matched the productivity of many other countries. Without protection from now on, their industries cannot profitably exist in direct competition with the great new plants located in the United States, Japan and the European Common Market.

As the United States' balance of payments became and remained intolerable to the United States, they have found it necessary to take the moves of the import tax and of other legislation. These added burdens, these protective measures in favour of exports, are beyond the ability of many Canadian manufacturers to stand.

It brings into question the viability of American branch plants in Canada and it most certainly brings into question the viability of Canadian manufacturing plants which must be able to share freely in the North American market.

We should explore with the Americans not only the conditions of immediate removal of the trade limiting taxes, but a continuing policy leading to some assurances to the United States in matters of energy and of raw material.

In my view, the United States must guarantee to Canada an immediate access to the North American market so that our plants in Canada may operate on a footing of equality. This is the only way in which I can see the development in Canada of an industrial society worthy of Canadians as a whole.

The world is being divided into great markets—Southeast Asia, Japan, the European Common Market, and Canada must belong to one of these. The logic of geography dictates that this must be a North American market.

Many organizations—even separatists—havee put forward this logic, but it can only be effectively negotiated by a Canada strong and united in its purpose and its wish.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, we are participating in this emergency debate tonight because of the disastrous unemployment figures announced today by Statistics Canada. In the month of September, 7.1 per cent of the labour force, on a seasonally adjusted rate, was unemployed. The number of unemployed in September was 434,000 compared with 398,000 in September, 1970.

One would think that this is something unexpected, unpredicted, and nobody knew it would happen. In fact, the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) said precisely that when he said that members of the opposition were being wise after the fact. Mr. Speaker, the truth is—and members of the government know it—that the government has consistently misread the economic indicators. The government has been consistently wrong in its estimates of what the level of unemployment would be. Not only has the government been wrong in its estimates of what the level of unemployment would be but it has deliberately chosen to exaggerate unemployment because of its fears about inflation. The Prime Minister (Mr. Trudeau) said in December, 1969, that he would not be deterred in his fight against inflation even if the unemployment rate rose to 6 per cent. Well, Mr. Speaker, last month we had an unemployment rate of 7.1 per cent.

The Minister of Finance (Mr. Benson), the Prime Minister and—I hesitate to bring this member into the august company I have just mentioned—the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) all

predicted that within the last year or so things would be getting better, when in fact they have been getting consistently worse.

On November 12, 1970, the Minister of Finance said:

Recently I suggested publicly that on a seasonal basis . . . unemployment had about reached its peak and expressed confidence that we could look forward to continued improvement.

What was the rate of unemployment then, Mr. Speaker? It was 6.5 per cent. On March 18 of this year the Prime Minister said:

The government has taken a series of steps intended to alter the course of the economic policy . . . Some time must elapse before these steps can be fully efficient.

He went on to say:

I think that all the economic indicators show that the economy is moving.

What was the rate of unemployment then, Mr. Speaker? It was 6.2 per cent. The economy was moving, but in the wrong way. Just a few weeks ago, on September 7, the Minister of Finance said:

Unemployment will continue to decline.

He challenged the Leader of the Opposition (Mr. Stanfield) to resign his leadership if the prediction of that hon. gentleman that unemployment would not go below 6 per cent this year did not materialize. What is the unemployment rate now, Mr. Speaker? It is 7.1 per cent. Here is a real gem from the parliamentary secretary, who said on April 27 of this year:

The government is not prepared to accept an unemployment rate of 5½ per cent to 6 per cent seasonally adjusted or otherwise, for the future.

• (10:50 p.m.)

Mr. Speaker, we have not had less than 6 per cent unemployment, seasonally adjusted, for the last 16 months but the parliamentary secretary seems quite willing to accept an unemployment rate of 7.1 per cent. We have heard a great deal from the ministers and the Prime Minister—the Prime Minister who believes in a just society, who believes in participatory democracy, who gives strong leadership to this country compared with the former Liberal Prime Minister who was weak, vacillating and uncertain about what to do.

Mr. Speaker, here are some interesting comparisons. For the month of September, in the four years during which the former Liberal Prime Minister led this country, from 1964 to 1967, the rate of unemployment, seasonally adjusted, varied from a low of 3.6 per cent to a high of 4.5 per cent. In the four years this great Prime Minister has led the country the unemployment rate, seasonally adjusted, for the month of September has varied from a low of 4.7 per cent—the lowest rate under this Prime Minister is higher than the highest rate under the former Prime Minister—to the highest rate yet for the month of September, of 7.1 per cent.

Given the consistently wrong, fraudulent and deceptive predictions of the Minister of Finance and of the Prime Minister, is it any wonder that we are involved in an emergency debate tonight? Is it any wonder that the Minister of Finance comes here tonight and spends the first ten minutes of his speech repeating all the nonsensical arguments he has been making for the last couple of years, that things are getting better and better? The number of people employed, the number of houses being built—everything is getting better except one thing: the patient is dying. We have more unemployment than we have ever had in this country.

These are the simple and concrete facts which cannot be ignored, Mr. Speaker. This government has consistently misjudged what is happening. In any other country where a minister has been so consistently wrong and where the Deputy Minister of Finance has repeatedly in meetings with economists from other government departments and officials from provincial governments berated and lectured them about how wrong they are, they would have been asked to resign. If they had any decency, they would not have waited to be asked. This is the record of this government—consistently ignoring unemployment.

Mr. Perrault: And you need a new record.

Mr. Orlikow: The Parliamentary Secretary to the Minister of Labour (Mr. Perrault) is good at interjecting. But I do not mind, Mr. Speaker, because we have heard him before.

Mr. Perrault: You have been making the same speech around here for ten years.

Mr. Orlikow: The parliamentary secretary says that I have been making the same speech for ten years. The only reason I have done so is because this government is consistently wrong in regard to what has to be done. Mr. Speaker, in most governments one expects that the Parliamentary Secretary to the Minister of Industry, Trade and Commerce, who represents business and takes the point of view of businessmen, does not worry about the employee; but one expects the Parliamentary Secretary to the Minister of Labour to have some heart. I do not expect him to have any brains, but I do expect him to have some heart, some compassion, some understanding about what ordinary people want.

Mr. Perrault: Mr. Speaker, would the hon. member permit a question?

Mr. Deputy Speaker: Order, please. If the parliamentary secretary were in his place I would recognize him. The hon. member for Winnipeg North (Mr. Orlikow).

Mr. Orlikow: Mr. Speaker, I am more than willing to answer a question by the Parliamentary Secretary to the Minister of Labour if he wants to ask it in a proper way, because I know that every time he opens his mouth he puts, not just one foot but both feet into it, or changes his feet. When I have finished, if the parliamentary secretary wishes to rise and defend the government, I shall be glad to hear him.

In September we had the highest rate of unemployment this country has had in the last ten years—a rate of unemployment, Mr. Speaker, higher than that of the worst years under the previous Conservative government about which the Minister of Finance spoke so scathingly. I am willing to listen to him, Mr. Speaker; I am willing to have him defend his government and the 7.1 per cent unemployment.

What is the situation? We have a crash program. I shall talk about that in a few minutes. I said a few moments ago that in September of this year 434,000 people were unemployed, or 7.1 per cent of the labour force at the seasonally adjusted rate. But September is a relatively good month, Mr. Speaker.

An hon. Member: Not for the Liberals.

Mr. Orlikow: In September, 1971, we had 10 per cent more unemployed than in September, 1970. I want the Parliamentary Secretary to the Minister of Finance, who said that we could not tolerate 5½ per cent to 6 per cent unemployment, to tell us what is going to happen.

Mr. Nesbitt: He doesn't know.

Mr. Orlikow: In February, 1971, we had 675,000 unemployed. Since we have 10 per cent more unemployed in September of 1971 than we had last September, I predict—after consultations with economists in government and outside who have been consistently more correct in their estimates than the economists to whom the Minister of Finance listens—that in February, 1972, the normal increase in employment which we have had will mean we will have 750,000 unemployed.

Mr. Whelan: No.

Mr. Orlikow: The Minister of Industry, Trade and Commerce (Mr. Pepin), when estimating the effects of the Nixon economic policies announced a few weeks ago, estimated that if the U.S. surcharge remains in effect for a full year it will mean a loss of 90,000 jobs. I suggest, from a very simple calculation, that by next February the surcharge will result in another 50,000 unemployed. This means that between the normal unemployment and that caused by the Nixon economic policies we will have 800,000 unemployed.

Tonight the government announced programs which sound pretty good. The leader of our party and others have challenged the government, the Minister of Finance or any other member—the Parliamentary Secretary to the Minister of Labour who is so ready to interject—to calculate the number of jobs that will be created by these programs.

Mr. Perrault: You estimate it.

Mr. Orlikow: The parliamentary secretary suggests that I make an estimate. I intend to do just that. I predict that the maximum number of jobs produced by these programs—and it will not be in the next four months because there is a considerable time lag between the announcement of a program and its implementation—will be in the neighbourhood of 50,000. Mr. Speaker, that means that in February, 1972, this country will be faced with 750,000 people unemployed. I hope I am wrong. I would love to hear some parliamentary secretary say I am wrong. Although I have been here for close to ten years, I have not discovered what functions parliamentary secretaries serve. However, in the light of estimates prepared by economists attached to the Department of Finance, prepared by economists attached to the Department of Manpower and prepared by economists attached to Statistics Canada, I should be happy to hear the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) or the Parliamentary Secretary to the Minister of Labour (Mr. Perrault) get up and tell me I am wrong, that I have exaggerated and that there will only be 500,000 or 400,000 people unemployed this coming winter. They will not do that, because they know the figures I have given are pretty close to being correct.

• (11:00 p.m.)

I am not alone in my concern. To show that what I am saying is not particularly partisan, may I quote from a short article which appeared in the *Globe and Mail* on October 9, headed, "Welfare roll boost expected this winter with job scarcity". The estimates I am about to quote have not been made by politicians, have not been made by economists or by elected people; they have been made by people who have the responsibility of seeing that Canadians do not suffer too much and do not go hungry. Of course, I am talking about the welfare directors of a series of cities in the most prosperous province of this country, Ontario. Here, in part, is how the article reads:

> In Oshawa, where rolls doubled last year, welfare administrator H. G. Chesebrough said last month's announcement by General Motors to lay off workers could swell the welfare rolls. —
>
> In London the January, 1971, welfare rolls were 33 per cent higher than the January, 1970 rolls—

The administrator there expects the welfare budget to be 15 per cent higher than it was in 1970. I continue quoting:

> In Peterborough, officials predict welfare costs this winter will rise by 25 per cent over last winter. —
>
> In North Bay, Nipissing District welfare administrator Royal Poulin said he predicts the number of people on welfare will rise by 40 per cent. —
>
> In August, 1970,—

This will interest the hon. member for Windsor.

> —Windsor's expenditures totalled $197,676. In August, 1971, the figure rose to $310,285.

These are facts. They cannot be ignored or pushed aside by the government, and they will not be met by the hastily conceived and, in many cases, ill conceived proposals brought forward by the Minister of Finance this evening as a result of the government's fright.

What do we have here? We have $113 million in further loans for housing, sewage and land assembly. Any province or city which has had dealings with Central Mortgage and Housing Corporation knows that a minimum of one year elapses between the time a proposal is made and when it is approved and work can begin. That $113 million will join the line-up for approval behind the tens of millions of dollars worth of projects that Central Mortgage and Housing Corporation is considering. Much of that money will not be used in the winter of 1971-72.

Then, we have $35 million for job training. I do not have time to go into details but, as has already been pointed out, we have already upgraded through job training in our Manpower training centres over one million Canadians. As my leader said, this winter we will have the most highly trained unemployed people in the world.

What does the government propose as its major method of dealing with the unemployment crisis? It proposes just what one would expect from a millionaire Prime Minister (Mr. Trudeau) and a big business administration, a 7 per

cent cut in corporation taxes. Mr. Speaker, corporation taxes in the last quarter of this year were much higher than they have been for a number of years. There is no sign that corporations need tax cuts to produce more jobs and to expand productive capacity. Why should they expand their productive capacity when this winter three quarters of a million people will be unemployed? How many cars, radios and television sets will the three quarters of a million unemployed be able to buy this coming February?

An hon. Member: Let them buy Canadian made goods.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member. His time has expired.

An hon. Member: Continue.

The Acting Speaker (Mr. Laniel): The hon. member may only continue his remarks if there is unanimous consent. Is there such unanimous consent?

An hon. Member: No.

The Acting Speaker (Mr. Laniel): There is not unanimous consent, so the hon. member may not continue.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, this debate, tonight, on the unemployment which we are experiencing now in Canada, is far from premature, because if it had come about a little sooner, it is quite possible that the Minister of Finance (Mr. Benson) would have opened the Treasury a little sooner, and the situation would not be as serious as it is now.

An old proverb states: Better late than never. Unemployment among the young, especially in the 18 to 25 age group, is a real calamity, and more particularly in the province of Quebec, where employment opportunities for the young in that group are extremely limited.

• (11:10 p.m.)

We invited the government, on several occasions, to do something really practical. Indeed on two opposition days we considered that topic and we did more than just criticize. On those occasions, as was done tonight by the hon. member for Témiscamingue (M. Caouette), we suggested proposals and solutions to the government, in order to help those people who are at present in alarming circumstances.

As the previous speaker said, educated or non educated, young people are doomed to unemployment. Such are the conclusions to be drawn from statistics. I do not have enough time to quote them but most of the hon. members are familiar with them because they are published from time to time and give us the information we need.

The Canadian economy is more and more unable to absorb the multitude of specialized young university people entering the labour market. Short term projections are most pessimistic. Indeed, although the federal authorities refuse all comments on the situation, some experts assert that the labour market for new graduates will be almost inexistent in the spring of 1972.

Mr. Speaker, these are far from encouraging forecasts. Even if the policy announced tonight is applied, I do not see really that we could make an all out effort in such a short period of time as a few months and achieve the objective of sending our young people on the labour market without delay to earn a decent living.

Such is the situation prevailing for the graduates between 18 to 24 years of age from our colleges and universities. That is the deadend young people are facing today, after having made the necessary sacrifices to acquire a sound education: they find no possibility of putting their energy, skills and know-how at the service of their fellow-citizens so that they may enjoy a better standard of living based on our material and human resources.

While considering the situation, one has the feeling of being in a tremendously small country, where there is no room to move and no possibility for our young people to come to a normal fulfilment. And yet as early as 1968, when I first came here, I remember reading a report from the Economic Council which, as a matter of fact, was informing the government of the desastrous economic situation. This same Council was telling the government about a number of ways likely to correct this situation.

Instead of doing something, the government took pleasure in fighting inflation even at the risk of increased unemployment. And we have heard in this House extremely categorical government statements that to fight inflation you cannot help creating unemployment.

In fact, the government allowed the situation to reach a most dangerous level and now claims to be the saviour of the people. The program proposed tonight makes me think of those two poor guys standing by a well. Suddenly one of them deliberately pushes the other into the well. Later, he helps his victim to get out of the well with a ladder. Of course, once he is out of the well the unfortunate guy is in a worse situation than before since his clothes are all wet.

When the government has spent the millions of dollars it is offering this evening, the Canadian people will be worse off than before. Indeed, the loans will have to be paid back as well as the interests running into millions of dollars because we do not want to alter the present financial system and we wish to cling to old methods that may have been adequate some years ago but that are far from being so in 1971.

Mr. Speaker, the Minister of Manpower and Immigration (Mr. Lang) talked about a program this evening. I would not wish people to feel that I am criticizing all that has been proposed. I would like to analyse the program objectively and also to see that consideration is given to the fact that it might be possible to improve upon it by amending the regulations respecting the loans and interest rates.

The plan which was announced tonight by the Minister of Manpower and Immigration provides that $35 million be earmarked for trainees who have registered in the manpower training program. I would like, in this respect, to suggest to the government that they change the qualifying conditions for admission to the retraining courses.

I was discussing just today, three cases of people who had been to a manpower center to register for retraining courses and, by reason of existing regulations, they could not be admitted, one because he had not been for at least three years on the labour market, the other because he

was 55 years old and it was impossible for him to be retrained in order to earn a decent living, and the third because he did not fulfill the conditions required in the present regulations.

I would suggest that these conditions be amended at least in regard to young people. It is not their fault that they are 18 or 20 years old, that they have just graduated and have not been for at least three years on the labour market as required by regulations. They are unable to pursue their studies and receive such benefits as provided by law. Therefore, I would suggest that these conditions be amended in order not to discourage these young people, but to allow them to follow up their education. If later on they are offered an opportunity to contribute by their knowledge and work to the development of our country, we will not have completely wasted our money.

I should like to comment on another aspect of the program, namely, public works. I recall having often suggested here, in this House, a policy intended to encourage public works, federal, provincial and municipal, to offer the workers job opportunities. I also suggested that those public works be put at the disposal of the public. We would then kill two birds with one stone. Through public works, we would increase the purchasing power of the consumer and simultaneously build useful works from which the country could benefit.

I am pleased with the program as announced, but once again, Mr. Speaker, I do not agree with its mode of financing because I have had experience as an administrator in a municipality when the winter works program was in operation. The same problem occurred again and again: Where to find the money to undertake those works? Some advantages were offered by the government to pay for labour, but the fact remains that there are always some materials to buy, some machinery to pay and the programs did no more than that introduced this evening, include any provision to that effect.

In the special development loans program, one can read the following:

> Provinces and municipalities will receive in assistance of $3 for every $4 they spend on labour hired locally for projects approved up to the end of May 1972.

Mr. Speaker, I do not like the expression "from now until the end of May 1972", because although the idea is to promote winter work, I would wish that encouragement be given to summer work as well, for it is less costly for municipalities to have water systems, sewers and so on built in summer than in winter, and people eat as much in summer as they do in winter.

Everybody knows that the labour cost portion of public works is consistently decreasing. The member for Bonaventure-Îles-de-la-Madeleine (M. Béchard) shakes his head in dissent. I would suggest to him that he ask people who are seriously engaged in construction, and he will be able to see, from the figures he is given, that labour is the smallest item of expenditures related to the construction of municipal services.

This is the reason why I submit that, in the case, at least, of work done by machines, government compensation should also be granted in respect of such necessary equipment. Then comes a statement of the terms under which such loans will be made—I quote:

> The incentive will consist in forgiving loans to the amount of 75 per cent of on-site labour costs incurred up to May 31, 1972.

It seems great, at first glance, for up to 75 per cent of a loan to be forgiven. But here lies the problem: under present rates of interest, few municipalities can afford to get into considerable debt in order to engage in public works. This is, at present, the great problem which every municipality is faced with, and I know what I am talking about. In order to get the 75 per cent they will have to undertake a work program and there will be the difficulty: finding money. The municipalities will go into debt. If they really want to do something, they will have to contract colossal debts. That is the reason why I have come to following conclusions: according to the figures mentioned this evening by the Minister of Finance the situation will be worse once that work program is achieved within four or five years than it is today because municipalities will have to pay back the capital and high interests, as I said at the beginning of my remarks.

Canadian mayors—they are not a candid lot—have already thought about discussing that problem. In April 1971 they submitted a brief to the federal government. Not in the days of Noah, Mr. Speaker, but in 1971. They made an interesting submission and the other day, about a week ago, I urged the Minister of Finance to read it again in order to pick up some ideas and be in a position to announce a more generous policy than the one put forward tonight concerning financing municipalities. I can only assume that he did not take it so much into consideration.

Recently, the Executive Committee of the Canadian Federation of Mayors and Municipalities brought forward the following press release.

> The Executive Committee of the Canadian Federation of Mayors and municipalities met in Montreal on September 30 and October 1 last in order to discuss, among other things, the major problem of unemployment in Canada, particularly for the coming months. The Executive Committee then perused, and decided to support a request from the City of Toronto asking the federal and provincial governments to contribute financial assistance in the form of grants and loans to municipalities that are anxious to accelerate implementation of projects and initiate new ones in order to reduce the number of people unemployed.
>
> The Canadian Federation of Mayors and Municipalities also urged its members to prepare such programmes for immediate action and, through their provincial association, to call on their provincial government to get financial assistance.

I did not invent this. The mayors and municipalities are requesting financial assistance because they don't have the means to undertake the works that would be necessary within their respective boundaries.

• (11:20 p.m.)

The hon. member for Témiscamingue made very practical suggestions in his speech. I could see that members behind the curtain were laughing. The suggestions seemed funny. However, people should not laugh too long at the Canadian population.

This week, I heard a minister ask the opposition to make suggestions. But some make fun of proposals that are advocated instead of examining them seriously to see if they are sound. Tonight, the hon. member for Témiscamingue suggested we provide security to all Canadians because Canada can do it. The evidence is that there are

800,000 unemployed who are sound and fit to work. They are getting rusty. If we put them to work, we could surely develop our country and produce more. Production would be related to the money guaranteed each Canadian. Whatever way we call it, it is social security for the various categories of Canadians.

Another member has spoken like that. The hon. member for Témiscamingue was rather hard on economists tonight. I hope it will give them food for thought. This is not done out of malice for them but to make them look squarely at problems. As for me, I would quote another economist. He opened his eyes and made a suggestion similar to that of the hon. member for Témiscamingue tonight. In fact, Mr. Theobald said the following:

He has again expressed his conviction that it is impossible to obtain full employment.

I share his view. I go on quoting him:

—However, he added, even if that objective were achieved, there would still be some workers who should be assured of an income. It would be those who are too old or too sick to get a job, whose responsibilities demand that they be spared the obligation of working, for instance, the woman who is alone and who has dependent children. Such would also be the case of students.

Some sneer when there is talk of paying students. That is comical! Yet, it has become necessary. He went on to say:

In order to make possible this guaranteed income . . . in order to establish an official policy to create job opportunities and guarantee an income to all those who are looking for work. He suggested that the initial level of the guaranteed income be set at $1,000 for each adult and $600 for each child.

About a guaranteed income for students, Mr. Theobald stated: "One must admit that it is just as fair to say of a student 'that he is working' as it is to say it of a worker in a factory. The time has come for us to accept the concept of a salary for the student, from age 14 perhaps, with proportionate increases as he gets older. Such a salary would be paid to any student attending a school or a university."

For our part, we advocate the payment of a salary to those who are 18 years of age. So, he goes further than we do.

Mr. Speaker, common sense incites us to reflect on this:

Automation requires that we change the fundamental notion according to which there cannot be any salary without some corresponding work.

In the old days, that was that. If you wanted a dollar, you had to go and earn it through your work. But in 1971, there is so much genius and intelligence around us, we have invented so many machines of all kinds that it is fascinating to watch them operate in our factories. And our unemployed must be satisfied with watching rolling mills shape steel into smooth sheets and powerful mechanical presses stamp parts through electronical systems, while in the old days, workers necessarily had to—

Mr. Speaker: Order. I regret to interrupt the hon. member, but his time has expired. He can carry on with his remarks only with the unanimous consent of the House.

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Speaker: There is no unanimous consent.

[Mr. Lambert (Bellechasse).]

[*English*]

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, it had not been my intention to participate in this debate but I do so now for several reasons. First, I want to make it abundantly clear that as a member of the government and as Minister of Labour I share whatever responsibility the opposition is trying to place on the shoulders of the Minister of Finance (Mr. Benson). The Minister of Finance, I believe, has been subject to an awful lot of unnecessary and unwarranted abuse by members of the opposition in recent weeks.

Some hon. Members: Shame.

Mr. Mackasey: I welcome back the hon. member for Lethbridge (Mr. Gundlock). I have not seen him for about a year and a half. I suppose he has been quite ill.

The second reason I rise to take part in this debate is this: I think it is about time we put to rest the old chestnut which the hon. member for Winnipeg North (Mr. Orlikow) was airing, namely, that the Prime Minister (Mr. Trudeau) of this country, because he happened to be born to riches rather than to poverty, is insensitive to the burdens and difficulties encountered by working people. This is a very false rap to place on this man, because the whole history of the present Prime Minister, when he had the money and the resources to be independent, callous and insensitive to the needs of the people of this country was just the contrary.

Some hon. Members: Hear, hear!

• (11:30 p.m.)

Mr. Mackasey: The present Prime Minister, in his youth, took the time, when the provincial police in the province of Quebec were no more than the private army of Mr. Duplessis, to march with workers who were on strike in that province. He provided, along with other civil libertarians, including Frank Scott, the type of legal advice that enabled the Witnesses of Jehovah in my province to take their court case to the Supreme Court of Canada and win it. That is hardly the action of a man who is insensitive, callous and unfeeling, as the opposition have tried to portray him to the Canadian people in recent weeks.

There is no use by going on at length because the real interest that the opposition has in the problem of unemployment is perhaps exemplified by the fact that there are less than six of them in the House at this time. Proportionately, they are least in attendance in this House. There are present three members of the Official Opposition. Where is the concern that they have for the poor unemployed people of this country? Why do they not demonstrate their concern by their participation in the debate tonight? Earlier in the debate the hon. member for Yukon (Mr. Nielsen) referred rather sarcastically to the fact that I was known as the man who cared about the man with the lunch pail. I have never been ashamed of caring for such men and I am not today. In the final analysis, the most precious ingredient this country has, its greatest resource, is not machinery, not government, but people.

No one in this House is pleased by the fact that we have an unemployment rate of 7.1 per cent today. No member of this side takes any satisfaction from such a high rate. To try and attribute such an attitude to the Prime Minister

of this country, I suspect will not fool many people at the present time.

What has this government done since 1968?

Mr. Yewchuk: Nothing.

Mr. Mackasey: Since the hon. member came to this House a short time ago, he has constantly shown by his remarks exactly that degree of ignorance with which we on this side of the House stamp him. We will all be waiting for him to make a speech without assistance from any notes prepared for him by his research department. Any piece of legislation that I have introduced and had passed by this House affecting that category of person to whom the hon. member for Yukon sarcastically referred as the man with the lunch pail has had the full support of this government. My colleagues have accepted the philosophy of the legislation in question.

Earlier this evening I listened to the hon. member for Dauphin (Mr. Ritchie) read a speech, and I suppose he is in the right party because I have yet to hear as reactionary a speech from any member of this House in recent months. On the one hand, he was deploring the fact that 7.1 per cent of the labour force was out of work. On the other hand, he was upset because we have provided enlightened legislation, such as the new Unemployment Insurance Act and the new Labour (Standards) Act; and he made a sly remark about the proposed labour bill which provides ways and means of alleviating the insecurity of people who are fearful of being out of work. I suggest he cannot have it both ways.

There is no substitute for jobs, Mr. Speaker. When members of this House and other people outside the House who should know better, such as leading industrialists and others, deplore the fact that people are on welfare and suggest we must cut back on welfare—as the hon. member suggested earlier—then it is time we put an end to the notion that every person in this country who is drawing welfare is slovenly and lazy or would prefer to draw unemployment insurance rather than work. That is not the fact.

The other day the Minister of National Health and Welfare (Mr. Munro), in two good speeches, pointed out that less than 15 per cent of the people drawing welfare in this country are capable of working even if jobs existed. I suggest it is high time we stopped apologizing for the expansion of CAP, for our new unemployment insurance program, and for many other social measures that this government has introduced to the House and had passed since 1968.

I still adhere to the philosophy that people are more important than machines, and I do not apologize to the opposition or to the hon. member for Dauphin for my proposed measure dealing with technological change, which simply means that an employer or an industrialist who intends to introduce technological change to improve his profits should, at the first opportunity, sit down and discuss the effect of this change with the people who will be affected by it. This is just plain decency. It is also time people understood that we no longer have a silent group of workers but well educated people who want jobs. If jobs are not provided by private industry, these people will rise up and make it quite clear that they prefer some other form of government. I am not talking about a switch to government by the party of the Official Opposition; I am talking about a switch to socialism. Heaven knows, our record right now is nothing to write home about with unemployment at the high rate it is. I admit that because I am honest. But God help us if a socialist party were in power at the present time. This is a fact of life that private enterprise had better understand.

Let me look at the economic situation for a moment. Cash savings in this country are at an all time high. There are more people working than ever before in Canadian history; roughly 94 people out of 100 are earning higher wages than ever before in Canadian history. Add to this the fact that inventories are probably at a record low, that there is ample money in the system, that interest rates have dropped, that there are all kinds of incentives built into the economy to enable private enterprise to encourage expansion. Accelerated depreciation is one of the many incentives contained in the last budget. The recent textiles bill that the Minister of Industry, Trade and Commerce (Mr. Pepin) introduced encourages the textile industry to rationalize instead of hiding behind high tariff walls, and to become competitive with other countries that flood this country with textiles. This, Mr. Speaker, is progressive Liberal legislation.

Having said that finally everything is in place, that savings are high, inventories are low, money is in ample abundance at the chartered banks and that interest rates have fallen, why the reluctance on the part of private industry to meet its responsibilities and begin to expand? I suggest there has been a series of events beyond the control of the Minister of Finance. This is why I said at the outset that the Minister of Finance is being made the goat of events that are beyond his control.

Let me give the House a very good example. Last year in the province of Quebec an end was brought to uncertainty in the province by the election of a majority government—never mind which party happened to get that majority. What has happened since then? As the economy was about to take off, last October we had the FLQ crisis.

Mr. Horner: Three budgets in a year.

Mr. Mackasey: And there should be as many as six. This kind of flexibility is not outmoded thinking; it is progressive thinking, something the hon. member for Crowfoot (Mr. Horner) knows nothing about. It illustrates the ability of the Minister of Finance to adjust to changing economic conditions. He brings in a series of budgets instead of following the old, stereotyped method of presenting one a year. This is something for which hon. members opposite should applaud the minister, not condemn him. Right after the crisis last fall, and again in March, the minister took ways and means of stimulating—

• (11:40 p.m.)

Mr. Woolliams: Oh, oh!

Mr. Mackasey: The hon. member has just arrived from his siesta. He is a fitting example of someone who should not worry about unemployment, considering what a big wheel he is in Alberta and what a wonderful lawyer. If he has something to contribute, let him contribute it, otherwise he should remain silent.

Some hon. Members: Hear, hear!

Mr. Mackasey: After the FLQ crisis, when the minister felt it was time to stimulate the economy he introduced money into the economy as he did again in March. Again he tried to accelerate the economy in June. As a result of those measures in March and in June the economy improved, as the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) has pointed out, the Minister of Finance (Mr. Benson) pointed out and as I have repeated tonight. Then came events beyond the control of the Minister of Finance.

It is all right for the opposition to say that the high rate of unemployment is not the result of the surcharge, but the effects of the surcharge have been devastating in a psychological sense, as has the possibility of DISC or certain tax measures designed to bring industry back to the U.S. These are the types of unexpected roadblocks that the Minister of Finance has run into. No one can blame him for the events that have taken place in the U.S.

Some hon. Members: Hear, hear!

Mr. Mackasey: As someone asked in the House, what is an acceptable rate of unemployment? To me there is no acceptable rate. The unemployed man has no consolation if the rate of unemployment is 3 per cent but he is out of work. There is no acceptable rate of unemployment. However, there is a practical appreciation of what a country of this size can achieve with a population of 22 million people, running as we do geographically.

Mr. Woolliams: Yes, running as we do.

Mr. Mackasey: The point I am trying to make is that even in the days of the Tories the average rate of unemployment between 1958 and 1962 was over 6 per cent. No one questioned that—it was understood. From 1962 to 1970 the average rate of unemployment hovered around 4.8 per cent. That is too high, but that is what the recent history of this country has been and will be more often than not as long as we are under-populated and as long as we have the geographical and periodical climatic conditions which this country has to face.

Tonight I listened to hon. members opposite talking about inflation. They said that all this is the result of inflation. The fact remains that when we decided to do something about inflation we did not have to fire the head of the Bank of Canada, as did the Tories with Mr. Coyne, if they want me to review that for them. The only instrument at the disposal of this government up to this time was fiscal and monetary policy, which is traditional and classic, supplemented by price and wage guidelines, not control. Whether we like it or not, that exercise was successful.

So that with the 6 per cent rate of unemployment which we had prior to the present rate, our rate of inflation was about half of that which the Americans had with an equivalent rate of unemployment. You cannot get away from these statistics.

Some hon. Members: Hear, hear!

Mr. Mackasey: I happen to be one—I am not speaking for the government but for myself—who feels that never again can we tackle the problem of inflation with the blunt instruments of fiscal and monetary policies.

Mr. Woolliams: Tell the Prime Minister that.

Mr. Mackasey: I have said it before, and I have said it in this House.

Mr. Woolliams: Why don't you resign from the cabinet, if you disagree with the Prime Minister?

Mr. Mackasey: If we are going to control inflation and have low rates of unemployment, then we will have to tackle inflation in another way one of these days.

Mr. Woolliams: What is your method?

Mr. Mackasey: It may very well have to be selective controls which were advocated by the former leader of the NDP on December 12, controls which were recommended by the Premier of Saskatchewan in an hysterical outburst over the CBC a couple of weeks ago to which I happened to listen.

The challenge to private industry and to private enterprise is to provide the jobs which more and more people feel, quite properly, is their right in what can be termed potentially one of the richest countries in the world. That is the challenge before the private enterprise system, whether we are in power or the party opposite is in power. How well we meet this challenge may depend on whether the people will turn in desperation to something as outmoded and old-fashioned as socialism.

Mr. Woolliams: Your party took over the last NDP member.

Mr. Mackasey: If you think I am exaggerating you have only to look at the experience in England under Harold Wilson, who had ample opportunity to do what he wanted.

Some hon. Members: Oh, oh!

Mr. Mackasey: I cannot hear above the babble. I suppose something I am saying is agitating the oil baron from Calgary.

Mr. Woolliams: He flatters me.

Mr. Mackasey: He has developed into one of the senior statesmen around here. Nothing he says excites anyone any more. He has mellowed. Look at him sitting complacently in his seat, worrying about unemployment, since ten minutes to twelve. He has not been here since eight o'clock when we started discussing this matter.

Some hon. Members: Hear, hear!

Mr. Woolliams: There is one good thing about the Minister of Labour (Mr. Mackasey). I have not always agreed with him but I have found him to be fair. I left here at exactly 10.30 p.m. and I met Hayden Smith from Calgary. I had an interview with him and then I came right back. I am sure the minister will admit that I was here during the speeches of the other ministers. I know he would want to be fair in that regard. I realize that he is quite a player. I will not say what he plays at, but he plays at politics. I know he would want to be fair.

Mr. Speaker: Order, please. The Minister of Labour (Mr. Mackasey) has only one minute left.

Mr. Mackasey: I would apologize to the hon. gentleman—

Mr. Speaker: Order, please. The hon. member for Athabasca (Mr. Yewchuk) seeks the floor on a point of order.

Mr. Yewchuk: Would the minister permit a question?

Mr. Mackasey: First I wish to correct the record, if I am wrong. If the hon. member for Calgary North (Mr. Woolliams) was here from eight to 10.30, I did not notice him because he did not say anything, either standing or sitting, in those 2½ hours.

To sum up, I have listened to the opposition, including the Leader of the Opposition (Mr. Stanfield), with my usual attentiveness. I do not believe that leaders of political parties should be heckled unduly. I think they should have a chance to make their point. They are usually non-partisan and serious in their approach. I think we can best summarize the contribution of the hon. gentleman by saying that his only criticism was that what we have done is right but that we did it too late, which is a matter of judgment. I trust the judgment of the Minister of Finance.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I believe the hon. member for Athabasca wishes to ask a question, but I should point out that the minister's time has expired, so the question could be asked and the answer given only with the unanimous consent of the House.

Some hon. Members: Agreed.

• (11:50 p.m.)

Mr. Yewchuk: Mr. Speaker, the Minister of Labour (Mr. Mackasey) put the blame for unemployment and inflation on many things. Would he consider putting the blame where it really lies, and that is on the shoulders of this incompetent government?

Mr. Mackasey: The answer to that, Mr. Speaker, is the hon. member's asinine intervention only justifies my description of him earlier at the beginning of my speech.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have had the opportunity of hearing the Minister of Labour (Mr. Mackasey) on former occasions. He has the reputation of being quite an adept debater. I think he has given some indication of that ability this evening, but I would just like to check him, notwithstanding the fact that he may think we are unwarranted in the abuse we heap on the Minister of Finance (Mr. Benson). We shall continue to do so so long as his fiscal and monetary policies mean that the vast majority of the Canadian people will have to suffer and be deprived of the bare necessities of life.

Some hon. Members: Hear, hear!

Mr. Mahoney: Vast majority?

Mr. Alexander: You know the criticism does not stem just from this party. The criticism certainly comes from business leaders and from economists. The criticism comes from the persons who are out of work, and from those who fear that they may be out of work. The criticism comes from the mother who is looking for food for her child. So, in all fairness, I think the Minister of Labour should have gone beyond the members of this House. He should have gone into the streets where, if he is not aware of it now—

Mr. Gundlock: He will be there soon.

Mr. Alexander: —he would learn that people are certainly concerned.

To say that these times are trying and disturbing, and that we are in a time of crisis, is certainly an understatement. I am distraught, I am dismayed and disgusted, not because of the programs the government has brought in this evening, since it had no other alternative, but I am dismayed, distraught and disgusted with the complete snow job that has been perpetrated on the Canadian people in the past five or six months as a result of statements that came from the Minister of Finance and the Prime Minister (Mr. Trudeau). I should like to say, as we reflect on some of those statements, that I can only properly conclude this government is a sham, a farce and a fraud.

Some hon. Members: Hear, hear!

Mr. Alexander: The statements of the Prime Minister alone would lead one to believe he was trying to bring in confidence when there was no reason to have confidence. Mr. Speaker, this is a classic example. One day in January during the question period the Minister of Finance said:

> I would feel very unhappy with my position as Minister of Finance if there was not an upturn in the economy in 1971 and if unemployment did not trend downward on a seasonally adjusted basis.

This is the sort of theme that has been running through the speeches of the Minister of Finance month after month. I think it is shameful the way he has approached this particular problem. It does not matter how you cut the cake. It does not matter what type of rhetoric comes from the other side, or what statistics come out, the only statistic that means something is the one which appears in every paper in the nation in big half inch print, if not more: "7.1 per cent of the work force is out of work."

Mr. Mahoney: Tell us what you would do.

Mr. Alexander: Mr. Speaker, I hope that the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney) will not interject this time. You know what I think of your speeches. I called your intervention asinine. I do not know whether the Minister of Labour—this is through you, Mr. Speaker—

Mr. Speaker: Order, please. It seems to me that we are not helping this debate, or ourselves or the House, by interruptions. I think that hon. members who have the floor should be given an opportunity to make their speeches.

Some hon. Members: Hear, hear!

Mr. Alexander: Thank you, Mr. Speaker. As I was saying, the newspaper headlines are important. This is what the people of Canada have been reading this evening, and hearing over television. The Ottawa *Journal* of October 14, the day of disaster, has a headline "Jobless Trend Most alarming in Ten Years." The Toronto *Star* reads "Unemployment Rate is Highest in Ten years." The Ottawa *Citizen* has "Jobless Highest in Decade." Those are the things with which I am concerned.

I listened to the Minister of Labour indicate his compassion and humanity, and I cannot quarrel with that. However, when he tried to explain away the feeling towards the Prime Minister, I felt it was pretty hard for anyone to have any confidence in a man who would, without any hesitation or reservation, say he was prepared to see this country have a 6 per cent level of unemployment as a result of the fight against inflation. I say this with the greatest amount of respect. If he was going to say anything, he should not have said that because it is hard to reconcile his compassion for humanity with the statement "I am prepared to see this country reach 6 per cent unemployment in my fight against inflation." How can you say that a person like that has compassion, has feeling? Why didn't he say, "What my government will attempt to do is reach full employment, whatever that may be"? That would have been a more acceptable statement.

Even though the Prime Minister was prepared to let unemployment rise to 6 per cent, we now have a seasonally adjusted unemployment rate of 7.1 per cent. After continuous prodding by the opposition which gave you some indication of the direction in which you should go in terms of programs, you sat on your haunches—the Minister of Finance in particular. I not only call you breakers of the law but you are also thieves, and I say that with a great deal of respect.

Mr. Speaker: Order, please. The hon. member should not be carried away like this. I suggest to him that he should not forget that all speeches in the House require that they be addressed to the Chair. I suggest that this is fundamental and hon. members should never forget it. I invite the hon. member to make his speech to the Chair. If he wants to call me names, well, I will be glad to listen to him.

Mr. Alexander: I thank you, Mr. Speaker, for putting me on the right track. Through you, Mr. Speaker, all I can say is that after listening to the announcement of the type of programs that have been brought in—

Mr. Cafik: Mr. Speaker—

Mr. Speaker: Order, please. I apologize to the hon. member for Hamilton West (Mr. Alexander), but I believe the hon. member for Ontario (Mr. Cafik) is rising on a point of order.

Mr. Cafik: Yes, Mr. Speaker. Perhaps I am too sensitive, and I know the hon. member was carried away, but really I do not think it is parliamentary for the hon. member to refer, even to a collective body, as a group of thieves. I hope you might ask him to withdraw and correct that statement.

Mr. Speaker: The hon. member for Hamilton West.

[Mr. Speaker.]

Mr. Alexander: Mr. Speaker, my remark has been made. I do not intend to withdraw it unless directed to do so by the Chair. And I will tell you why I used that phrase. When the Leader of Her Majesty's Loyal Opposition (Mr. Stanfield) was calling for tax cuts, was calling for corporate tax cuts, was calling for personal income tax cuts, the government said, "It cannot work; we cannot do that sort of thing."

Mr. Cafik: How does that make us thieves?

Mr. Alexander: Because we have been telling you month after month that you have to cut taxes, you have to bring about confidence in the economy. And now, all of a sudden, when the panic button is hit, here we have tax cuts.

• (midnight)

Mr. Speaker, I listened with some amusement to the great dissertation of the Minister of Finance (Mr. Benson) in which he said he envisaged the problems in his June budget. What a ridiculous statement that was. I heard the Minister of Labour (Mr. Mackasey) and others complain that we on the backbenches read our speeches. I am not reading anything now because I am deft enough to know what the problems are, but I would suggest that the minister's speech-writer should be fired forthwith. Any time he makes a speech it contains statements like, "I am now aware of a growing feeling about the problems of the economy".

An hon. Member: Why not fire the minister, never mind the speech-writer?

Mr. Alexander: I have heard it said that he should resign.

Mr. Woolliams: Big Ben does it again.

Mr. Alexander: The group around him have been giving him bad advice. Our human resource, Mr. Speaker, is the greatest asset we have, the greatest asset any country can have particularly in respect of democracy and freedom. We can only maintain this asset with a climate wherein the people can obtain some help, wherein they in turn can be taxed in order that we can afford to pay for some of the programs the government is bringing in.

The Minister of Labour has indicated that the vast majority of people on welfare do not want to be, and I readily admit that. But if this government continues its ad hoc approach and complacent attitude we cannot help having more people on welfare. The cities are growing. I understand that the welfare budget of the city of Ottawa is $18 million, much more than was expected. I have not heard anything about the Canada Assistance Program. I hope that it will alleviate the problem. It seems to me that if the city of Toronto is in a predicament and cities all across the country are in the same position, we will have a very bleak Christmas.

I hope members on the other side of the House will not criticize me for reading about 18 lines. The Minister of Labour was careful to point out that there were only three opposition members in the House when he was speaking. I had hoped he would put on record the fact that the member for Hamilton West was at his desk doing his duty.

I am bothered about the loss of production, Mr. Speaker, and I should like to read the following: It has been estimated that for every 1 per cent of unemployment increase in the range 4 per cent to 7 per cent, a country such as Canada loses some 3 per cent of gross national product. Taking a level of full employment, for example, of 3 per cent would mean that we are losing each year, at present levels of unemployment, some 6.9 per cent of gross national product. This may not sound a lot, but if I tell you that this represents some $5 billion worth of goods lost each year to the Canadian public—that is almost $250 lost to each Canadian man, woman and child—by the obstinacy, stupidity and arrogance of the Canadian government, you will see that there is an urgent need to change the policies and the men who lead this country. I say that with a great deal of sincerity.

Mr. Mahoney: We know what the people of Ontario are thinking.

Mr. Alexander: Is that the same overpriced Parliamentary Secretary to the Minister of Finance (Mr. Mahoney)? He is the axeman, Mr. Speaker, the one who goes around the country telling the Canadian people how well the economy is doing. If the economy is doing so well, why do we have to find this $1 billion tonight?

Mr. Benson: Because the economy is good.

Mr. Alexander: I cannot understand how it can be said the economy is booming when we have to find $1 billion. Mr. Speaker, I see my time has just about run out—

Mr. Perrault: It sure has.

Mr. Alexander: That was the Parliamentary Secretary to the Minister of Labour (Mr. Perrault), a man whom I respect. There is only one thing wrong—he has a big mouth. He should get up and make some suggestions, instead of continually sitting there nattering and making nonsensical interjections.

In conclusion, Mr. Speaker, for the life of me I cannot understand why it took this government so long to realize that the country was approaching a crisis before it had the gumption or even the brains to bring in these programs. Unfortunately, the type of program they brought in with respect to moneys going to the provincial governments and the municipalities takes time. I think they made a bad mistake in waiting until now before bringing in this program which we all hope will relieve some of the suffering and deprivation with which so many Canadians have been confronted for too long.

Mr. Steven Otto (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I want to congratulate the hon. member for Chambly (Mr. L'Heureux) who made a speech tonight.

Some hon. Members: Hear, hear!

Mr. Otto: When I made my maiden speech it was in 1962 and I sat in the opposition benches.

An hon. Member: It seems like yesterday.

Mr. Otto: I know that some of the frontbenchers on this side are still wondering which side of the House I am on. From time to time they must think I am still in the opposition benches, but believe me it is not my fault.

An hon. Member: You will have a different speech tonight.

Mr. Otto: In this Parliament especially, I think a good opposition member is required because—I hate to say this—

Mr. Woolliams: Go ahead. I can take it.

Mr. Otto: —of the lackadaisical manner of the opposition.

It was two weeks ago tonight that I spoke on the U.S. surcharge and the DISC program, and I recall that I had some tough words to say about the Minister of Finance (Mr. Benson).

An hon. Member: He is leaving now.

Mr. Otto: I think that is only fair and I do not think anyone in the House can accuse me of not telling it as it is.

Some hon. Members: Hear, hear!

Mr. Woolliams: But you always vote with them. You never put your vote where your mouth is.

Mr. Otto: In order to tell it as it is, I will say that the minister made a good speech tonight and the policy is a good one.

Some hon. Members: Hear, hear!

An hon. Member: Which one?

Mr. Woolliams: That $4,000 really changed your thinking.

An hon. Member: It really fixed you up, Steven.

Mr. Bell: You are getting more like the member for Calgary South (Mr. Mahoney) all the time.

Mr. Otto: I hear comments from the other side, but I can assure them that the position I am supposed to be elevated to is not going to change my feeling about the government. I believe that if the government is right—and it is in this case, as I am going to explain—then it should be given full credit. At the same time, I was very disappointed.

I heard every speech of the opposition. I was disappointed to hear the opposition rehashing old potatoes or rehashing yesterday's speeches, as you might say. They told us what they said one month ago or two months ago, and they could have criticized constructively. That is what they should have done, but what did we hear? In speech after speech we were told that 7.1 per cent of our people are unemployed, that unemployment could rise and that unemployment should be much less. Yet, with regard to those issues that were mentioned by the Minister of Finance (Mr. Benson), there was no constructive criticism.

• (12:10 a.m.)

Mr. Horner: Cannot the hon. member do better than that.

Mr. Otto: For the sake of hon. members opposite and for this side as well, may I relate briefly the position in which

we find ourselves. We need not go far beyond the surcharge; we do not have to go into those things that are now obvious, matters such as the depreciation credit program of tne American government. We need to consider the DISC program, which will be in effect, and the morale of Canadian business and Canadian workmen who will be affected.

However, in case hon. members accuse the government of not acting promptly enough in this crisis, may I remind the House that this morning the figures showing 7.1 per cent of our people as unemployed were released, and this evening the Minister of Finance presented what is probably the most dramatic budget in the peacetime history of Canada. The government brought forward a deficit budget; it is to spend over $1 billion. Do you know what that means? As I was counting the figures, hundred million by hundred million, I thought to myself, "My god, where are we going?" The budget means that the government has said, "We have confidence in Canada; we will go into deficit financing because we know we will survive independently. Not only will we survive; we will make good." That is an expression of confidence that does this government credit, and it deserves credit for it.

Mr. Woolliams: It is amazing what an appointment will do to a man.

An hon. Member: He has been to the pork barrel.

Mr. Otto: I expected the opposition to speak about many things sensibly and critically. For example, there are municipal projects. I know that the government's program will take care of some; nevertheless, I hoped the opposition would point out to the government that these municipal projects ought to be labour intensive. Much of the equipment and machinery that we use is American made, that is, made outside the country. We must be selective in this regard. I hope the government will be selective in the way it makes funds available for municipal projects. The same thing applies to provinces. We must make sure that much of this $160 million is not used by provinces for political purposes, such as building roads from nowhere to nowhere. The money should be used for the more efficient production of goods rather than for the creation of more efficient labour, so that when we come to the second phase of the program that was introduced tonight, the industries of this nation will be strong and efficient.

Mr. Skoberg: What second phase?

Mr. Otto: We need to spend intelligently, without leaning on our good neighbour to the south. If the money is not spent that way, we ought to make sure that it is spent on well designed projects. It should be spent efficiently and not necessarily on make-work projects.

Hon. members opposite wonder what will be the effect of this $1 billion that is to be injected into the economy. I should like to try to answer the question. I have been in business for many years and have some idea of the effect that $1 billion will have. As I say, over $1 billion is to be spent. Most manufacturers and most people know that money will be available. In the past, manufacturers have limited their inventory and laid off people. Hon. members have heard about that. Manufacturers did so because they were not sure they could sell their goods. Now that they know that $1 billion is to be available in consumers' hands, because that is where the $1 billion will go largely, manufacturers will rehire people and build more inventory so that they can meet the anticipated demand. That will be the immediate reaction of business to a budget such as this.

An hon. Member: Tell Nixon that.

Mr. Otto: I will be speaking about Mr. Nixon a little later.

An hon. Member: Which one?

Mr. Otto: Many worth-while and necessary municipal projects have been shelved. There is now almost $72 million available immediately for those projects. The assumption that municipalities will need to wait between six months and one year before using this money is not correct. It may be good that some projects arising from this program will be slightly delayed, because we will have a regular succession of projects, a regular succession of employment, a regular succession of goods on the market and people with purchasing power. That will avoid first, an upward cycle, and, then, a downward cycle in business.

I am speaking of facts which apply no matter when proposals like these are made, especially proposals as dramatic as these. These are very, very dramatic and, of course, we can expect an enormous reaction to them which will bring psychological benefits to industry and to our people.

Mr. Woolliams: There will be other budgets after this one.

Mr. Otto: May I now say something about corporation taxes vis-à-vis personal exemptions or personal income taxes? I think that $125 million less in taxes represents a relatively small amount. The NDP suggests that this matter ought to be handled on a different basis. I think that all segments of our people ought to be given incentives. After all, they are all consumers and many are producers. Sooner or later we shall have to adopt the American view that there is only one employer, the entrepreneur, businessman or corporation, if you like. I agree that some of the criticisms regarding the tax bill are valid. We should be careful in the forthcoming tax reform bill to make sure that active Canadian producers as opposed to passive investors are the ones who will really benefit in Canada. There is a division between these two classes of people and we must pay attention to this matter in order to increase productivity in this nation during the next year and a half or two years.

In conclusion, and I do not want to take too long, may I say this.

Mr. Horner: Say something, at least.

Mr. Otto: I fully endorse these proposals. I think the minister and the government ought to be complimented, because I think these measures will do much to take care of us during the next year and a half or two years. The government has not produced an over-all program. We still have to look at the long-term aspect, especially when

it is realized that the United States is determined to be isolationist in economic matters. We will need to stand independently on our own feet and we need programs which will be long lasting and involve labour, banking, incentives, exports, insurance and the CBC. All these things must be involved.

Mr. Skoberg: When?

Mr. Otto: I think, and this is my own view because I have nothing with which to back it, that this is the first phase of the government's program. I hope that the next part of this long-range program will be introduced within the next month or so. I think that then Canadians will know we intend to make our own way in this world. The very fact that this government is betting $1 billion means in all certainty that we will be able to do this on our own.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have been here all evening listening to speeches from both sides of the House. I have heard a great many reasons for this program and a great many explanations about it.

• (12:20 a.m.)

I listened to the engaging Minister of Labour (Mr. Mackasey). When everything is going so beautifully in the country, when the government has made such a beautiful job of doing things and apparently we have more employment than ever before, it is a mystery why we should have this program. The minister did not clear up the mystery. He did a wonderful job of trying to throw us off the track of thinking clearly. Although he was very engaging, for him, unfortunately, he failed to bamboozle some of us at least.

I will give my explanation for the go ernment bringing in this program at this time. I think it has been forced out of the government by sheer necessity. It has been forced out of a government which has never shown any real concern for the unemployed. The Prime Minister (Mr. Trudeau) is willing to live with 6 per cent unemployment: he said this. I do not care how many apologies are made for what he did or did not say 20 years ago; I let the facts speak for themselves. The actions of this government speak louder than their words.

I believe this program has been hastily put together. It has been put together by a government which has never shown any real concern for unemployed people. Now that the members of the government face the danger of becoming unemployed in the near future they are beginning to realize for the first time what unemployment might feel like. Consequently, the government has thrown together everything it can from its various departments and will be spending this enormous sum of money as a result.

Unemployment in Canada did not happen yesterday. It did not happen when the surcharge came into effect. For years we have had a steadily growing unemployment problem, increasingly so in recent months. The opposition has been recommending to the government the sort of things it should be doing. We have recommended that it should not be putting all its eggs in the corporation basket. When dealing with problems, this government has the habit of giving the most to big businesses to carry on. We told them that was not the thing to do.

As far back as a year ago last summer we pointed out to the government that business concerns were unable to cope with unemployment. We stated that funds should be given to the municipalities, which were in a very bad way indeed, to enable them to continue their work. The municipalities did not have the wherewithal to carry on this work. The government turned a deaf ear; it paid no attention. Suddenly, out of a hat it picked this enormous spending program. The government is bleeding all over the green carpet tonight for the unemployed.

The government has not paid one iota of attention to the problem of unemployment until now. It is only doing so now because it is losing sector after sector of the Canadian people, having shown such disregard for common, everyday men and women and their families. This government does not care about people. As long as the gross national product is increasing, and as long as some people are getting jobs, the government does not give a hoot about those on the scrap pile, the unemployed. They do not demonstrate this by their words, but by their actions.

Talking about the increase in gross national product is no consolation for those people who cannot share in it or cannot share in making it possible. Talking about the growth of employment is small comfort to those who have looked in vain for jobs for months and even years. This insensitivity to people, this throwing around of professional jargon and concern only for industry rather than people is the reason this government is losing the confidence of section after section of the Canadian people. This program will not win back the confidence of the people. That does not mean the program is a dead loss. It is better than nothing; we know that. Many people who have studied the matter have predicted that three-quarters of a million people will be unemployed next January or February. A maximum of 50,000 jobs is not going to loom very large in the picture.

People may be impressed when the huge figures are publicized tomorrow. Many people were impressed when the Benson budget came out in June, but by the fall they had a chance to see what it was doing and what it meant to the ordinary person. The Benson budget had all kinds of incentives for industry. It let the corporate people off paying their fair share of taxes. The ordinary people will have to pay more than their share of the taxes.

This program will cost a great deal of money. Who will pay for it? Once again the corporations are being let off. The ordinary people will have to pay for it, the same as they are paying for other things at the present time. The financing of this program will merely compound the evils in the tax bill which is before us. It will take years to pay for the program. The people who can least afford it will be paying and paying because of this government's foolish notion that the way to look after the ordinary people is to pay great amounts of money to large corporate businesses and hope the result will trickle down to the ordinary people. It will not. It never has.

One of the most startling figures in the whole unemployment picture published today is the number of people seeking jobs in the month of September compared with Septembers going back to 1956. These are people who have been looking for work for seven months or more. In September 1956, 8.6 per cent of the unemployed had been looking for work for seven months or more. There are

variations throughout the years—7 per cent, 18.1 per cent, 13 per cent, and so on. In 1961 it reached 20.3 per cent and decreased thereafter. In September, 1971 22.6 per cent of those unemployed had been looking for work for seven months or more. That is startling.

I want to deal with my own province of British Columbia for a few minutes. The hard fact is that unemployment has been for years eating into the vitals of that province and its people. This is because of the one-sided development that has made us essentially a raw materials province, hewers of wood and drawers of water for the American economy to a large extent, as well as for parts of the Canadian economy. This is because Liberal governments have refused to put safeguards into legislation to provide for Canadian ownership, namely, 51 per cent control of our natural resources. As a result, British Columbians have had to ship out minerals and raw materials of all kinds as well as the jobs, enterprises and growth which go with them. With what result?

• (12:30 a.m.)

I checked today, and found that every pulp mill except those of Crown Zellerback and MacMillan Bloedel, the two giants, has been shut down for at least one month this year. Rayonier has been shut down four times this year. Columbia Cellulose is closing its two mills at Castlegar and Prince Rupert for three weeks. In the metal mines, four have closed down, two silver and two copper, and at least three more are to close in the next six months. Why? Because there is no market at the present time. Talk about consumers! There are not any consumers available and this program will not be able to make them. What happens as a result? These people must crowd into towns, live on unemployment insurance and then get on social assistance.

I want to give something of the facts in Vancouver, the social assistance facts as they are today. I checked them today with the city social administration in Vancouver. The total number of social assistance cases in Vancouver today is 18,108. Remember, these are cases, not families. It means there are about 45,000 individuals in Vancouver receiving relief today at a total welfare cost of $2.1 million a month in direct assistance which does not include administrative costs. The number of employable single men and women is 6,528, at a monthly cost to all three levels of government of $533,000.

The Vancouver figures for social assistance are about 10 per cent higher than they were last year. Those of you who know Vancouver know that we have thousands of young people hanging around, young people who have never had jobs and no hope of jobs. Fifty thousand jobs for all of Canada under this program is a flea bite when it comes to the problem of employing our young people. These are problems that should be being faced, and have not been, by this government in any way, shape or form.

This is a costly program. Who is going to pay for it? As I say, the corporations are being let off their fair share with a 7 per cent reduction in taxes. Individual taxpayers are having much smaller concessions with a 3 per cent reduction. Once again the small taxpayers will get it in the neck. In my riding are many, many elderly people who have saved their homes by dint of the utmost scrimping, by cutting down on their food, trying to give up the drugs and other things they need. These are the people who will have to pay an undue proportion of this $1 billion program which is supposed to deal with our unemployment situation. In addition, I have no confidence that this program in all its vast ramifications and moneys will not result in vast empires being set up by those who are administering it, with spacious offices and all kinds of waiting rooms and people well equipped with telephones and well barricaded from the public. I fear this will take a large portion of the new funds, and the figures we have had on the manpower situation in the last five years have not been reassuring to me that this program will do any better.

Too many people have come to me, men and women alike, pointing out that they were well trained, having taken all the courses they have been allowed to take, and still have no jobs. It was perfectly foolish for the Minister of Finance to say in his speech tonight:

> The on the job program is designed to encourage employers to prepare for future economic expansion and to ensure that trainees acquire solid skills to increase their earning capacities and to help them take advantage of new employment opportunities.

What new employment opportunities? That is what these people want to know. For years they have been going round and round like squirrels in a cage, taking all the training they can get and being told there are no jobs. They have been told by administrators in Manpower that they had better go on welfare—women have been told that—because this is better than to go on looking for non-existent jobs.

For the minister to say, in his engaging manner, that the Prime Minister is after all a man with a big heart and that it is a very nasty thing to say that a government under his auspices could have a bad program, is a pretty strange way to try to draw attention from what is actually happening. The government is trying to cure the present situation with the hair of the dog that bit it approach. The dog that bit it was the policy of making the laws of this country so lax that United States companies could come in and use our resources, control our resources with their capital, take over companies without permitting any secondary development in any province such as we should have.

Now the government comes along and says, "Sure, we shall increase our manpower supplies, increase our industrial training and that sort of thing and educate you up to PhD level." But today you can see people with PhD degrees walking around Vancouver looking for jobs. Knowing these people, it will be no wonder if they take a second look at this program. I hope the program will work, but I am telling you this: this program, Mr. Minister—

An hon. Member: "Mr. Speaker," surely.

Mrs. MacInnis: —will have to do a whole lot better than previous ones in the interests of those who are unemployed. The minister made me leery when he said the program was designed to encourage employers. I think this program should be designed to encourage the unemployed. It is precisely because the government has always wanted to put carrots in front of employers, to make them, hopefully, give jobs, that we are in the mess we are today.

If you want to help the unemployed you must give money to the municipalities and help them with the least amount of frills and administrative costs to give jobs to people and get going with the least possible delay. This is what we must have. To say that we should be prepared now to take this program that has sprung full-fledged from the head of the cabinet, welcome it with loud hosannahs and say it is wonderful when, after all, the government is trying to make up for months and years of neglect, is expecting too much. We hope the program will work. We shall try to make it work but we are from Missouri; we must be shown, because we think of what the government has been doing for years.

Mr. Jerry Pringle (Fraser Valley East): Mr. Speaker, when I heard today in the House of Commons that we were to have another debate on the economy I was surprised that we would leave what we were doing, although I commend the Minister of Finance (Mr. Benson) for taking precious time out for this debate.

It is ironic, in my view, that we should be interrupting the debate on the amendments to the Income Tax Act at this time. I realize that pressure from the opposition was such that it was felt it was an advisable thing to do and so we have done it. Although his speech was excellent, resulting in a commendable program which is being well accepted and is appreciated by all of Canada, it could have been made tomorrow on motions. It is unfortunate we have had to take this previous time away from the Income Tax Act.

Tax changes, or proposed tax changes are disruptive, of course. They are disruptive to the business community at any time. After several years and the expenditure of several million dollars, the government is fulfilling its commitment to the Canadian people by presenting a comprehensive, massive bill providing urgent amendments which we know will affect the lives of most Canadians. In my opinion—it is one which is shared, by the way, by many of my acquaintances in the business world—the first priority of the House of Commons is to complete the debate on Bill C-259. Expansion programs that will now go forward as a result of the statement made by the Minister of Finance, corporate structuring, promotional and sales policies, depend to a very large extent on pro forma projections and balance sheets. Anyone who has been involved in the financing of projects that provide more jobs for Canadians must realize that tax positions are an important part.

• (12:40 a.m.)

I have witnessed the delaying tactics used by members of the opposition, and I am sure I will witness many more irresponsible tactics before Bill C-259 reaches a final vote in committee of the whole. To my knowledge, there has never been a time when the people of Canada have been given such a great opportunity to provide some genuine input in the matter of tax changes as during the preparation of this bill.

Canada's economy, especially since August 15, 1971, must of course receive a great deal of attention. As explained by the Minister of Finance tonight, statistics on unemployment having been published this morning the minister rose from his seat tonight and provided a considerable number of solutions to the problems facing us. Perhaps there are more than is absolutely essential, but they are there for the good of the Canadian people and unquestionably will do the right job. We appreciate them very much.

I submit that the number one necessity in aiding Canada's economy is to indicate through Bill C-259 what the business community's share of the cost burden must be as related to the Income Tax Act. Until this decision is made, segments of Canada's economy will continue to jostle for a little better position to enable them to improve themselves taxwise. But when the bill is passed, it will be accepted as the law of the land and Canadians in all walks of life will once again prove, as they have in the past following tax legislation, that they have the confidence not only in themselves but in Canada to continue to advance the economy to the best of their ability.

Regardless of the irresponsible, panic stricken statements of the Leader of the Opposition and the leader of the New Democratic Party—and I particularly refer to their television performances earlier this day—Canadians are enterprising people. The vast majority of the general public is enterprising. They possess initiative; they are imaginative and creative. In my opinion, these are the essential ingredients of a successful economy.

In my opinion the enemies of a successful economy are, first, uncertainty—uncertainty brought about by delay in the tax bill, second, unfair and unrealistic competition through manipulation by multinational corporations and foreign governments. I also consider that one of the enemies of government is too much unrealistic or undue government interference. Lack of confidence in the economy by the purchasing public is another enemy of the economy. All of us in this House of Commons, jointly and severally, should be working to instil confidence in the Canadian people rather than endeavouring to tear it down, as demonstrated tonight by the television appearances I witnessed and some of the speeches I heard.

Lastly, but certainly not least, I would say that the uncontrollable cost increases that are unmatched by increased productivity are probably the worst enemy of the success of any forward-looking policies. In my opinion, the opposition members of this House are guilty of attempting to destroy the confidence of Canadians in themselves. The business community acknowledges the value of guidelines provided by government. Indeed, the business community insists upon them. The government knows that every Canadian is a vital part of the economy and, given a fair opportunity, will respond.

I acknowledge that the policies of government are of considerable influence on the economy. However, in a democracy governmental policies alone, without the participation of the people involved, cannot succeed. When inflation received its promised attention and proposed guidelines were submitted by the Prime Minister in relation to prices and incomes, the business community at least partly co-operated. But those who are organized and able to demand excessive increases in their revenues not only did not respond but attacked the government in a vicious manner and practically challenged the right of the Prime Minister to suggest the only solution to the inflationary spiral.

I am not relating my remarks entirely to groups we know as labour unions or the labour movement. They are a very important segment of our society. I do not know where we would be today were it not for the work of organized labour which has done its best to bring about a proper sharing of prosperity in this country. Nevertheless we have these pendulum swings, swinging one way a little too far and swinging the other way. I am not suggesting that the labour movement, or organized salaried and wage earners, such as teachers, or landlords and other service industries, are the only contributing factors to inflation, but what we must do at the present time is control costs.

In the days ahead I am convinced it will be proven that the Prime Minister was right. Failure to use a heavy hand may be the only criticism that we will hear in the days and years to come. I have to confess that although I have been in business more years than I care to remember, I do not own a slide rule. The reason for this is that I could not find one showing the multitude of variables that daily beset the businessman. I did learn, possibly the hard way, that when the cost of anything that I purchased went up it was considered inflationary. I also have bruises to prove that when the cost of production went up I either found a way to alleviate the situation or to dodge the banker and the sheriff.

Therefore, I submit that notwithstanding the volumes written by economists, some of them not yet out of school, there are but three ways to beat rising production costs. I bring up this point at this time because we are faced with very serious problems regarding the export of products around the world. At the present time we are confronted with a 10 per cent surtax imposed by the United States, plus two or three other very serious programs recently implemented. We have two things we can do: we can sit here and twiddle our thumbs or we can do something about it.

As I say, I believe there are only three ways to beat rising production costs. The first is to increase productivity to arrest unit costs. The second is to decrease production costs at some other level, although I never really found one. The third is to increase the selling price to maintain the essential percentage above the unit cost. Now, we have inflation. I can recall being aware of the fact that there was no such thing as a static position in business. The operation proceeds forward or backward. A forward movement requires additional risk capital. I hesitate to use the word here, but risk capital, if you will pardon the expression, is derived from profit. Yet, Mr. Speaker, the word "profit" is apparently a dirty word in this place. I was never able to lure investment capital from wage or salary earners. They wanted blue chip investments, and I do not blame them. However, I now find after all these years of reasonally successful operation I was wrong. I should like to quote from the Chilliwack *Progress*.

• (12:50 a.m.)

Some hon. Members: Hear, hear!

Mr. Pringle: It is one of the greatest weekly newspapers in the country. I am quoting from a statement which was made by Mr. Tommy Douglas. He said this:

[Mr. Pringle.]

Profit does not make jobs, despite President Nixon's stand that "controls on everything except profits will create jobs". Instead, giving big business the go-ahead to create greater profits in order to stimulate the economy would only result in more automation which would mean fewer jobs.

"Redistribution of income is the key to an improved economy", he continued.

Boy, have I been doing things wrong—profit provided all my risk capital and more jobs through expansion. The question in my mind is, whose income is he talking about? This statement could have been a Freudian slip, but at least he told his followers that if the NDP had their way they would redistribute their followers income, unless of course his followers had no income and I doubt this very much. However, I would like to qualify my statement by saying that the affair was a farewell party to Tommy Douglas and I am sure that all of us in this House wish him well in his new position in the wings. At least he had the consideration to retire to the wings.

I was interested in the remarks of the new Leader of the NDP, that master of miscalculation. I heard him say that the 3 per cent reduction in tax was not based on a graduated scale. Surely, even he must realize that all personal income tax is graduated. I would suggest to the Leader of the NDP that if his salary requires a 60 per cent tax, he will now pay 57 per cent. Those who pay 17 per cent will be paying 14 per cent, and three-quarters of a million people will pay no tax when this bill is passed.

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a question?

Mr. Pringle: May I finish my speech first, and then I will be happy to attempt to answer the hon. member. There is a wide graduation between 14 per cent and 57 per cent. I have an idea what the hon. member will ask me, and I want to think of an answer.

Now that the Minister of Finance has provided the base for a terrific boost to the economy, is it not time that all those who contribute to costs—and I emphasize the word "costs";—did some serious soul-searching. I am not speaking only of the guy who sweeps the floor or the man who puts the money in the vault, but rather about every one of us in the country who contributes in any way to costs. The Americans have thrown down the gauntlet, not only to their trading partners such as we are but to those on the home front as well. A decision has been made in the USA that rising costs must be arrested, not only prices and incomes, but all costs.

I was delighted to learn that the American labour unions have decided to co-operate. I wonder why they did not persuade their Canadian subsidiary unions to do this when the Prime Minister (Mr. Trudeau) requested their co-operation for Canada. Therefore, it now appears that there is a really important job for the NDP, and I am happy that I may be the first one to announce this in the House of Commons. After all these years, I believe they could provide a service to the Canadian people. They could persuade organized labour, for whom apparently they are a type of recognized political arm, that Canadian unions should cool it, that they should avoid excessive demands for increases. Possibly they could go a little bit further by providing leadership and by setting an example for the rest of the people.

I have a great deal of respect for members of the labour unions. I have worked with them and many of them are my friends. I am convinced that members of the labour unions would respond if the proper leadership were available. If it becomes evident in the near future that the cost of products in Canada continues to rise, then surely we must act responsibly.

Mr. Lefebvre: Thank you very much.

Mr. Pringle: You are on my side.

Mr. Lefebvre: I am not sure about it.

Mr. Pringle: You are not sure if I am on your side. The ball is in the hands of those who contribute to all the costs of Canadian production. If the costs of our products continue to rise, we will simply not have a market, and that is another word that does not seem to find its way into the House. I am using words such as profits, markets, production, and secondary industries. There is nothing to stop anybody from starting a secondary industry tomorrow if they can find a market, but we do not discuss markets and we do not want to mention the word "profit". These are the two main pedestals on which the economy of any country must stand, because without profits and without markets you do not have lunch boxes. It is all right to talk about people, but people must eat. People require to be paid, and this money must be generated in some way.

In my opinion time is running out, not for my speech but with regard to what we are going to do in the near future. I do not know whether we can keep pump-priming ourselves into prosperity. I think we will have to be realistic as well. Canadians are now challenged to accept their responsibility as autonomous Canadians who place service to their country above all else and lend their hand. I do not care how many criticisms we heard from the opposition members tonight who have made desperation speeches, but regardless of the number of attempts by the government to inject money into the economy I do not think we can succeed without the co-operation of all the Canadian people. I think they are ready and willing to co-operate and I do hope that they will take note of the word "cost".

• (1:00 a.m.)

Mr. Speaker: Is the hon. member for Winnipeg North Centre rising for the purpose of asking a question?

Mr. Knowles (Winnipeg North Centre): If I may, Sir.

Mr. Speaker: I should bring to the attention of the House that the hon. member's time has expired. The question could be asked and the answer given only with the consent of the House. Is this agreed?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): In order to keep the record straight, I wonder if the hon. member is not aware that the Minister of Finance did not announce tonight a reduction in corporation tax of seven percentage points and in personal income tax of three percentage points, but rather a reduction in the tax payable by 7 per cent in one case and 3 per cent in the other? Would not the hon. member like to correct what he said, and then perhaps rethink the results?

Mr. Pringle: Yes, Mr. Speaker. I accept the hon. member's explanation. I know that he is very careful about these things, and if the percentages are as he says, I accept that. So far as I am concerned, it is an improvement to take a percentage off the amount of tax payable rather than change the rate of taxation. I hope I have not challenged the hon. member to another question.

Mr. Knowles (Winnipeg North Centre): Does the hon. member not realize that that is the most regressive way in which to make a tax change?

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I have enjoyed very much the speech of my hon. friend from Fraser Valley. I hope he will not be upset if once in a while I am critical but, like him, I believe time is running out, and perhaps I will have to depart from adulation from time to time. It has been a most interesting evening. It is not often we talk in this chamber at five after one o'clock in the morning. There are some interesting features about it. When I was called to the telephone half an hour ago I found that there were more cabinet ministers appearing on the television set in the lobby than there were in the House. I only hope the CBC is thinking carefully about what they are doing when they respond to any cabinet ministers who want to address the nation, and not give an alternative group the opportunity to do so, especially when one considers that the assembled opposition happens to represent more people than the government group does in this House.

Mr. Knowles (Winnipeg North Centre): This was CBC and CTV both.

Mr. Macquarrie: I trust this will be reflected upon by those who are the denizens of this particular part of the media.

I am a great believer in political parties. No democracy can function without them. But it is interesting, and I admire those who can do it, that on a night when a special debate is called because unemployment has reached the lowest and most disgraceful figures—they are high actually but they are low in terms of public approval, the worst figures in over a decade—those supporting the government preen themselves on with great satisfaction and stand up, one after another, saying how wonderful things are. I should think that all people of compassion and concern would be sorrowful that the economy of this great country is in such a state that we are breaking records in unemployment.

We have seen tonight a display by a government without plan, without direction, without compassion, and most certainly without humility. And after their errors, repeated errors year after year, a little humility might be a saving grace. The Minister of Finance (Mr. Benson) has indicated the acceptance of new formulae, new to him, but which have been advanced time after time by those who sit in this chamber speaking for the opposition parties, and never the suggestion, never the courtesy, of saying, "finally we will accept those suggestions which you have given us to deal with the economy."

I think it is time the people of Canada had their attention directed to the service which the Leader of the Opposition (Mr. Stanfield) in this Parliament has rendered time after time when great economic questions have faced this country. He has been the first man to sound the clarion call of truth. He was the first man to see the fallacies, the nonsensical ingredients of the white paper. He was the first man to see the errors in the estate tax legislation, and he was the first man to point out the inequities and the vacuity of the government's program in reference to unemployment.

One thing did not surprise me tonight. I have grown accustomed to a situation where each time the Minister of Finance makes a speech he presents a new budget. This is nothing new. This is becoming part of the new system of fiscal flexibility, I suppose. It has been said, and well said—

Mr. Knowles (Winnipeg North Centre): This is the first time a budget has been presented under Standing Order 26.

Mr. Macquarrie: Our expert on the rules, the venerable, learned and hon. member for Winnipeg North Centre (Mr. Knowles) points out that this is the first budget that has been presented under Standing Order 26. So. to that novelty I pay whatever tribute such a novelty deserves. But while in fairness, and one wants to be fiar, the government is rustling up some sense of urgency, its members have not ruslted up a sense of shame. They seem not really moved by the power of the terrible figures which are being visited upon the people of Canada tonight. I say that there is not really too much sensivitivy, because I have read carefully the minister's statement, and I heard it. An interesting portion was his collation of the unemployed. He said, and I quote:

> No doubt the explanation is complex. Those who are recorded as unemployed include:
>
> —men and women who have lost their regular employment;
>
> —teenagers of age 14 or older who have decided not to return to school;
>
> —college students who, for the time being at least, have dropped their courses;
>
> —women who have decided to seek work;
>
> —a large number who are seeking part-time work;
>
> —some who are drawing unemployment insurance and some who are not;
>
> —some who are drawing welfare benefits and some who are not.

My God, he has everybody there but nonagenarians, and there are not too many of those around even in these healthy times. So it is this group, the young, the old, the people who want jobs, the people who don't want jobs, just about everybody, who comprise the unemployed. The situation has become largely like regional disparity. If the whole country is depressed you don't have to single out any one particular area. But, Mr. Speaker, I happen to come from an area that no matter how far the rest of the country depresses, our area still seems to be a little worse off because of the government which is not at the head of affairs. The Atlantic area economy is one which is used to getting the short end of the stick, used to figuring prominently in all those economic indices which are bad, and at the bottom of the list of all those that are good. We are growing used to that, but this does not mean that we are getting to like it.

The other day I was impressed by APEC's statement, and I understood the Minister of Regional Economic Expansion (Mr. Marchand) had not read the report which reads as follows:

> The Atlantic Provinces Economic Council has produced a scathing indictment of the federal government's regional development efforts.
>
> In its fifth annual review, published today, APEC assesses the 30-month record—

Thirty months, not a bad length of time.

> —of the Department of Regional Economic Expansion and its predecessor agencies set up by Ottawa to reduce economic disparities in Canada.
>
> It does not call DREE a failure. But the tone of the report comes close to giving this impression—

We Maritimers are given to euphemism. We don't quite call it a failure.

> The considerable degree of ministerial discretion allowed in the allocation of federal funds makes DREE susceptible to political manipulation—

• (1:10 a.m.)

Finally—and I think this is very germane to a debate such as this—the Atlantic provinces Economic Council report goes on to say:

> The impact of DREE during its first years has also been reduced by national policies designed to dampen inflation.

You remember—a high degree of unemployment would be acceptable because we were going to fight inflation and drive it around the corner. It seems we are living in a circular city, because we never got inflation around the corner. The report continues:

> In spite of suggestions that the region has been shielded from the full extent of these policies, APEC says the federal government's record of balancing economic policies has not been good. It believes, also, that inflation has not been halted, only postponed.

I say that when today's figures show 10.3 per cent unemployment in the Atlantic provinces, this is intolerable and not the kind of thing that any government supporter could preen himself about.

Mr. Muir: It is 25 per cent in some areas.

Mr. Macquarrie: Yes. That is the average for the whole area, a figure which is much higher than it has been for months. I say to the government that its national policies are exacerbating the problems in the Atlantic region and that the things it is doing add to the raw unemployment figures. The government is going about the Atlantic provinces closing down operations and the very thing it should be doing something about, regional disparity, is closing down the DREE office in the Atlantic provinces. The figures nationally are bad enough, but the figures regionally are worse. I say it ill-behoves anyone to score political marks with the economy of this country in its present state.

I am sorry that I do not have any issues of the Chilliwack *Progress* here, but I have an issue of the Toronto *Telegram* and I naturally subscribe to all that is said in an article by Dr. Gillies, the dean of administrative studies at York University, one of the most eminent economists this country has ever produced. On October 12 he wrote:

Given the shocking performance of the Canadian economy in the past few years—in some respects the worst of all industrialized societies—it is not astonishing that increasing concern is being expressed about the way economic policy is formulated in Canada.

Amen!

The question is, therefore, not simply whether the Canadian political process works, but whether the particular government in power receives proper advice about economic alternatives. In short, is the system for providing economic information to the decision-makers a good one?

Thoughtful Canadians who have watched the Minister of Finance (Mr. Benson) come out with the most preposterous forecasts, the most far-fetched prophecies and ill-designed projections time after time, will wonder at the state of this country's economy. We would have been in a mess long ago had it not been for the fact there was a certain viability in our nation and in our people. But we have reached the stage, and every statistic is showing it, where poor government is making a poor economy and where the poor economy is injuring and weakening our nation. How long can this continue? It is a serious mess, a serious situation.

I agree profoundly with all that was said by the hon. lady from Vancouver-Kingsway (Mrs. MacInnis) who must have picked up much of her wisdom when she was married to a distinguished son of Prince Edward Island.

Some hon. Members: Hear, hear!

Mr. Macquarrie: She was correct in her appraisal of what the government is doing. However, I am not going to traverse ground which was well covered by my colleagues tonight. Another thing that fascinated me about the Minister's statement tonight was his closing paragraph:

Mr. Speaker, the economy is strong and growing. The measures I have proposed today are designed to keep it that way.

Anybody who can say that can belong to a government which says the Americans do not understand our problems. How can anyone in the United States or anywhere else believe in the credibility of the Minister of Finance? The very night, when unemployment is at its worst in over a decade, he stands up without a smile on his face, without a joke on his lips and says the economy is strong and growing. He is a glaring example of his own incredibility, and I hope that incredibility will lead to his departure from the job in which he has given an incredible performance.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, as you may well understand, I could not remain silent in the wake of the statement of the Minister of Finance (Mr. Benson) in view of the prevailing economic situation.

I had the privilege of listening closely to the statement of the Minister of Finance as well as to the succeeding speeches of the leaders of the opposition parties. I must admit very objectively that those leaders made very valid criticisms. I must also acknowledge the seriousness of the economic situation, and I think that it was urgent for the government to make those statements and also that it is our responsibility to seek solutions in order to improve the lot of the Canadian people.

I shall not dwell any longer on unemployment statistics. They have been dealt with often enough. We are all aware of the fact that unemployment plagues our economy. Our Canadian economy is in jeopardy, regardless of what the minister may say. He has insisted it is "strong", that it will continue to be so. He was perhaps verging on exaggeration.

On the other hand, I must recognize, in view of the statements of the Minister of Finance and the commitments made by the government tonight, that the government deserves praise for its efforts.

One can always say it is too little and too late. Yet, it must be recognized that large amounts of money will be spent on improving the difficult situation we are now witnessing.

I am always happy to see someone trying.

• (1:20 a.m.)

In the circumstances, I am of course gratified by the statement made by the Minister of Finance. It would be quite simple to repeat, as so many others have done, that the measure unfortunately comes too late. I must still admit that opposition party leaders, among them the leader of the Progressive Conservative party (Mr. Stanfield) and the leader of the New Democratic Party (Mr. Lewis) have brought forward excellent suggestions and well-founded criticisms.

I must also recognize that for several months party leaders have been recommending that funds be allocated to remedy the prevailing situation.

I believe party leaders were not wrong to express their criticisms and that the Minister of Finance has also shown wisdom by announcing the measures which I hope will be likely to improve the situation. Will it be enough? Only somebody with the gift of second sight can answer that.

I keep turning back to the thought that since effort is always rewarded, I should rejoice when people attempt to improve a really complex situation.

I feel that we have been looking for a long time for some instant solution which would ensure greater well-being for the whole Canadian community. Such an easy answer would be rather surprising.

I met recently with a number of my constituents in order to discuss the needs of my constituency, as well as the present economic situation. I have had occasion, in the past year or so, to suggest to the government that it consider introducing a policy designed to lower to 60 the age of eligibility for old age security pension.

I know that the remarks I have already made certainly have not been noticed by the government as much as I would have wished. Indeed I had discussions with enough constituents of mine to ascertain the merits of that idea and, after having got certain figures which proved that from 350,000 to 400,000 workers were between 60 and 65, I think the government was wrong in seeking the instant solution. Some political parties have perhaps forgotten that there is a simple solution, one which is perhaps too simple to be valid, but I remain convinced that we must consider the possibility of giving the old age security pension to people of 60 and tonight I would like to take the opportunity to submit that proposal to the government.

In my opinion it would be very easy to reduce unemployment by about 70 per cent. But several millions of dollars will be spent to try to implement the proposals made by the Minister of Finance. I fully agree that the government should make all possible efforts and have millions of dollars available, but I wonder if the problem should not be dealt with more seriously by considering the possibility of granting the old age security pension to people of 60.

When referring to a policy liable to create from 350,000 to 400,000 jobs for young people, which would enable them to earn a living and take advantage of a well-deserved retirement at 60 after 30 or 40 years of service, we must at the same time consider the possibility of increasing old age pensions.

Some hon. members may say that I have talked about this policy before. It is not an innovation, nor an invention, but I do intend, as I said a few weeks ago, to repeat it as long as the government will not give it sufficient consideration.

Since this policy could create a social climate much more acceptable than the one we are experiencing today,—I believe it is up to the government to apply it. An old age security policy to provide the first payment at 60 would help to create between 350,000 and 400,000 jobs for the young people who are waiting and costing the government so much. I am wondering if it would not be desirable to take this proposal into consideration due to the importance of this debate. As a matter of fact, this solution would not require an enormous amount of money, since the cost of the 700,000 unemployed is extremely high. Must we repeat that it would be a transfer to allow people 60 years of age to have an income of at least $100 a week?

We did not hesitate to vote for the new unemployment insurance program providing benefits of up to $100 a week. We know full well that several people receive welfare benefits of more than $100 a week and I still cannot understand why the government would not consider the possibility of giving people 60 years of age well deserved vacations, thus reducing the present unemployment by 70 per cent.

Perhaps we shall have to admit that it is not easy to put aside 350,000 to 400,000 workers? Must we ask the government to envisage, for instance, a voluntary pension, a voluntary old age security program for the next six months by making payments of $100 a week to those pensioners? We could find in less than six months 200,000 persons at least who would be interested in leaving their job, since they would be sure of getting a sufficient income. People, 60 and over, would thus continue to be an asset to society since their income would be enough to allow them to take those trips they dreamed about for so long and to live decently.

And in the next six months, let us suppose that such a pension will necessarily be granted to people of 60 thus curing in 12 months this disease called unemployment which is hurting so unfairly the Canadian economy while creating an unfavourable social climate.

I take it upon myself to repeat this request to the government but considering the efforts it has made over the last two years I am not among those who would take this opportunity simply to blame the government saying that it has not done anything. We know very well that for a year and a half now the government has, for instance, spent millions in order to improve the situation. However, one must admit that the expected success has not materialized. I wonder to what extent those responsible in this government are ready to admit that they have not succeeded in providing the better standard of living and the stability that all Canadians and both opposition and government members want.

I take this opportunity to invite the government to consider seriously the possibility of granting the old age security pension at age 60, because, in my view, that would be the least costly solution as we would be providing work for 350,000 to 400,000 persons who cost a great deal to the government. We could also raise the amount of the old age pension, as this is necessary would ensure a sufficient income to those people aged 60 and over. That would give new hope to the young who are waiting for jobs. They are disappointed, and this creates a difficult social climate in Canada.

Events that occurred last year surely demonstrate that the government should hasten to do something which would represent a true solution. Statements by the Minister of Finance tonight were in good faith, and I support them, I am pleased with them, but I wonder just how much they are seeking this cure-all solution that no one, I think, has in this Chamber. It does seem that they have not succeeded in finding a proper solution.

• (1:30 a.m.)

I would therefore restrict myself to a few comments in the hope that the government will consider suggesting a solution. I was expecting tonight that the Minister of Finance would in his speech refer to this policy which I have at heart, because of the opportunity I have had of talking with people in this age group and I know how happy they would be if they were to retire at the age of 60, provided they are assured to obtain from the government the bare necessities of life.

In addition to all the suggestions made by the minister involving several millions of dollars, I dare hope that far greater and far more serious consideration will be given to the housing problem.

I think that the statement mentioned $113 million to be divided among the ten provinces. This is more or less important, but how many hon. members would like to see the 11 per cent tax on building materials eliminated? What mattered was not so much making available millions of dollars for excessive loans to middle-income people. One must recognize that a growth in the building industry would bring about a solution to unemployment. That could be made possible with better loans, an extension of the reimbursement period, as long as the interest rates remain at the same level.

How many hon. members have suggested that the tax on building materials should be eliminated? I for one had the pleasure of making such a recommendation. All those interested in this matter should get together with the government and set up a true policy which would restart the building industry and give work to thousands of unemployed. The government should meet those people immediately.

I was happy to learn today that the Minister of Labour (Mr. Mackasey) and the Minister of Industry, Trade and Commerce (Mr. Pepin) have decided to meet with spokesmen for certain unions and a certain group of businessmen. A few weeks ago during the debate on Bill C-262, I had the opportunity of requesting a summit meeting, acknowledging that nobody had miracle solutions. I asked the government to arrange a conference with unions, management, economists, businessmen and industrialists so that they would join their efforts to find a solution which might be the best one under the circumstances, and admitting that the economy is in a bad predicament.

I would not dare saddle the government with the sole responsibility for our current economic situation. However, I must acknowledge that since we have not found that miracle solution everybody is looking for, it might be possible to find an acceptable solution by following the advice of experienced businessmen, after agreements with employee and employer unions. This would be a way of bringing home to the public, to those unions or organizations that it is important to join hands to try and find a global solution rather than being satisfied with criticizing the government and, especially, rejoicing over the difficulties that it is now experiencing.

I have listened carefully to the speech of the Minister of Finance and I was disappointed to see that some hon. members were happy to witness the problems the government is facing, whereas we know very well the price the Canadian people will have to pay to get them settled. We might do well—I must repeat it—to ask the members of the House to suggest interesting solutions that the government could keep in mind in order to provide for the well-being of people and iron out present difficulties.

I must recognize that certain opposition members and even some of their leaders, recommended the reduction in personal income tax a few months ago. Now the government does just that. As some people criticized the government for it, the delay was a costly one, but I nevertheless recognize that the government realized the situation and is making efforts to deal with it.

I also recognize that projections made a few months ago were refuted by events. I believe now the government should not be ashamed of recognizing that some projections were wrong and that they surely need better qualified economic advisers.

I should not like to deprive other members of the opportunity to speak. I will limit myself to those few comments, in the hope, in the event I did not shed any light—I am not qualified for that—of at least having made suggestions worthy of greater attention on the part of the government.

[*English*]

Mr. Kenneth Robinson (Toronto-Lakeshore): Mr. Speaker, I am indeed pleased to take part in this debate. I consider this a very important matter and one of great concern. In particular, it is of great concern to the riding that I represent. We have a great deal of unemployment in my riding. Many people who live and work there are now out of a job. We have great concern about this. It is a riding where the United States surcharge is affecting manufacturing and industry in general to a great extent. It is a riding where there is a great deal of uncertainty about the future. We have a great deal of concern for these people. It is a riding where businesses and corporations have been phasing out because of circumstances over which they have no control.

I represent these working people. I have concern for them. The party of which I am a member also has concern for them. As a matter of fact, the Liberal party of Canada has always been known as the workingman's party.

Some hon. Members: Hear, hear!

Mr. Robinson: That is true, in spite of what members of the New Democratic Party may say. They may represent the big unions but they do not represent the working people.

Some hon. Members: Hear, hear!

Mr. Robinson: This government has concern for the people. It wants to help people, reduce unemployment, provide jobs and curtail inflation. For two years we have been trying to do this through the Prices and Incomes Commission which has been successful in part with their voluntary restraints. They received support from every sector except the New Democratic Party and the big unions.

What did the members of the NDP say? They said, "No, we are not going to support Canadians in this venture—not one bit. We want everything we can get out of the economy and we are going to take it. We do not care who suffers." Even though this may be at the expense of the unorganized, the pensioners, widows and orphans, they could not care less. They want to have their cake and eat it too.

Mr. Muir: There is no cake with Trudeau.

Mr. Robinson: This is a flexible government. It is flexible to changes in the economy and changes in society. It is ready, willing and able to make tough decisions. It made a tough decision today when it in effect pumped $1 billion into the economy.

I was disappointed with the approach taken by the Leader of the Opposition (Mr. Stanfield). His whole attitude was one of "I told you so." He did not have anything constructive to say. He made no suggestions, only destructive criticism. One can have nothing but contempt for this kind of approach. What did the leader of the New Democratic Party have to say? It was the usual gloom and doom approach of too little, too late. I suggest, Mr. Speaker, that $1 billion is a great deal of money to be considered as too little.

• (1:40 a.m.)

This government realizes the time has come to prime the economic pump, and you don't do that with a thimbleful of water; you use a whole pailful if you want results. That is what the government is doing. The government means business. It prefers to take action and take it effectively.

The leader of the New Democratic Party talked about the 7 per cent corporate tax cut. He seemed to think this was a terrible thing. In effect, he said it discriminates against private individuals who receive an income tax cut of 3 per cent. I say to you, Mr. Speaker, where do the jobs come from? Who creates the jobs? The NDP cannot fool

the people into thinking they create the jobs. The people know that jobs are created by industry. They are not taken in by the hypocrisy of the NDP and its philosophy. We want to prime the economy and that is exactly what we are doing. I believe the steps taken will prove effective. We want jobs.

Mr. Alexander: For whom?

Mr. Robinson: We want to create as many as possible in the labour sector. That is exactly what we are doing. I should like to compliment the Minister of Finance (Mr. Benson) for his thoughtful in-depth approach to stimulating all sectors of the economy. I would say that $1,070 million will provide economic stimulation. It certainly is not any band-aid approach. In effect, it is a complete bandage. Added to the $80 million we approved the other day, it will certainly give confidence to the business community, stimulate the economy and create more jobs. The program outlined by the minister is far-reaching and objective. It is no death-bed repentance of Benson as has been suggested. On the contrary, it illustrates the determination of the government to resolve the fiscal and economic difficulties brought about by the United States surcharge and other factors.

The program is imaginative and diversified. It provides for immediate relief projects as well as for long-term benefits. It provides help to municipalities and provinces. It helps industry and business. It helps the untrained worker, the trained worker and the unemployed. It provides for on-the-job training, a new concept to help the worker in this changing technological age. The government takes cognizance of the fact that we live in a changing world, a changing society. We live in a society with changing values, in a complete era of change. This government is heedful of change when change is needed. It is also capable of making big decisions when big decisions are needed. I am sure the big decision made today to stimulate the economy with $1 billion will stimulate the economy to the benefit of all Canadians.

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, we have just heard a very interesting speech from the hon. member for Toronto-Lakeshore (Mr. Robinson), one which will certainly well qualify him to be No. 28 on the list of parliamentary secretaries, whatever the precise figure may be. You can always live in hope, just like the unemployed in this country.

The hon. member said the government was not taking a band-aid approach when it brought forward this program of economic stimulation tonight. I agree with him. It is not a band-aid approach. But, unfortunately for the people of Canada, they have just about bled to death before the government could find anything to put on the wound. That is the sad thing. One has to look at the situation today and compare it with the situation three and a half years ago when the government went to the people of Canada and talked about a just society, talked about the elimination of regional economic disparity, talked about streamlining Parliament, talked about doing all the things that were great and wonderful for the Canadian people. And the Canadian people bought it.

What did the government do? First of all, they came back and streamlined Parliament. They took almost all the power away that the opposition has possessed in the past, so there was no problem left for the government in passing the legislation that it is desired to pass.

The next thing we found happening was that the Prime Minister (Mr. Trudeau) was manufacturing a super bureaucracy, a bureaucracy that has now grown to the point that he has 81 people on his personal staff, according to the last answer I received on the subject, at a total cost in excess of $800,000 to the Canadian taxpayer, and that the Privy Council Office had a staff of 206 people at last count at a total cost of in excess of $2.5 million annually to the Canadian taxpayer. The technocrats were put together. The super bureaucrats were put together. They were going to produce a new and vital type of government which was going to solve all the problems faced by the Canadian people.

What do we find today? We find ourselves in a position where we have the highest unemployment rate in a decade. We find ourselves in a position where a government, which a year ago was creating unemployment, now does not know how to stop it from continuously snowballing and snowballing to a point where we can very easily have three quarter of a million to a million unemployed before the winter is over. They deliberately created it.

I was pleased to listen to the Minister of Labour (Mr. Mackasey) speaking tonight. Tonight, the minister condemned the policy that last year he said was courageous when the Prime Minister said we could live with an unemployment rate of 6 per cent. He said: Never again will the government endeavour to create unemployment to combat inflation. We knew what it was like to face a recession, because when we became the government in 1957 we inherited a recession. We knew how hard it was to stimulate the economy. We told them not to put the brakes on because if they did it they would get themselves into a situation from which they could not extricate themselves. Now, we find that the government has to pump over $1 billion into the economy in the hope of alleviating what is snowballing into probably the worst economic recession since the dirty 'thirties.

Mr. Woolliams: Depression.

Mr. Coates: Recession, depression, it does not really make any difference what you call it. For a great many people in this country it means nothing but misery and suffering. With this tremendous staff the Prime Minister has around him one would have thought that before now we could have had something original in the way of programs to stimulate the economy. When one examines what this government is proposing, one finds it is exactly what the Diefenbaker administration used between 1957 and 1961 to stimulate the economy. Dress it up any way you want, it is exactly the same thing. But the sad fact is that these proposals should have been put into effect last April, not today—certainly at the latest last June when the Minister of Finance (Mr. Benson) brought down his budget.

• (1:50 a.m.)

We have now reached a point in this Parliament where the credibility gap of the Minister of Finance is wider and deeper than the Grand Canyon. There is no way that any Canadian can put faith any longer in what the Minister

says. His usefulness as a member of the executive has been spent. As a matter of fact, it was spent a long time ago. The only way this government can hope to revive any of its credibility is to have a cabinet shuffle and remove the Minister of Finance at the earliest possible moment. I hope that when the Prime Minister holds his press conference tomorrow he will tell the Canadian people that the government of this country is going to have a new Minister of Finance. As a matter of fact, if he told us we were going to have no Minister of Finance we would be better off than keeping the present one.

Yesterday I asked the Prime Minister (Mr. Trudeau) whether he would use some of the 287 people he has on his staff to re-examine the policies under DREE, to see whether there was not a better way of implementing programs that would assist in eliminating economic disparity which has now spread across the whole nation. No longer is it unique to the maritime provinces and parts of Quebec; it is everywhere in Canada. The Prime Minister replied to me, "Well, I will speak with the President of the Treasury Board and see if I can get some more staff". No doubt the Prime Minister was trying to be sarcastic and was inferring that I was asking questions about his staff.

I think the hon. member for Malpeque (Mr. MacLean) made the best suggestion. He suggested it would be of value if the Prime Minister were willing to add at least two people to his staff—a psychologist to help him understand what is going on in the world and a psychiatrist to help him understand what his government is doing. Even if this cost the taxpayer another $40,000 it would probably be a good idea to take on this extra staff. Then, hopefully, we would get some programs and proposals that would benefit the unemployed of this nation.

Looking at some of the proposals that have been made, I note that among other things the government is providing $100 million for projects to be developed through municipal and community organizations. I wonder what type of program this is going to be. I would hate to think that this winter we are to have a repetition of the Opportunities for Youth program of this summer. I think that as much as the Canadian public wants to see unemployment alleviated and the government go to almost any length to achieve that end, it would rather see something better than the screwball schemes that were incorporated in the Opportunities for Youth program this summer which brought discredit to our young people, many of whom were enthusiastic, dedicated and objective in their ideas. I hope there will be a better type of screening apparatus set up by the government regarding the proposals that will be coming forth from community organizations as to winter works projects.

No one objects to the pump-priming the hon. member for Toronto-Lakeshore (Mr. Robinson) talked about. But we do object to the fact that these proposals are made now rather than last April, May or June at a time when provincial and municipal governments would have been able to dovetail their programs with the federal scheme, thereby allowing for a concerted effort to meet the high rate of unemployment which today is very much in evidence in every province.

We are now in the position where many of the programs that are being undertaken will not effectively come into operation until next spring. The fact is that the unemployed will be unemployed all winter whether or not the government endeavours to do anything about it. This is a pretty sad situation for many people. Many of the unemployed already have been unemployed for four months and they face another three or four months before they have any hope of there being employment opportunities.

The hon. member for Hamilton West (Mr. Alexander) displayed his knowledge of urban affairs in an excellent contribution this evening. He pointed out the great dilemma of the big cities of Canada in the field of welfare and asked where they will get the money to pay welfare to people who require it during the winter. All welfare budgets in the big cities have, in the minds of the financiers, gone beyond all comprehension. They do not know where to find the money they require. They cannot go to their taxpayers for more. I hope that some of the $1,070 million that is to be pumped into the economy will find its way into the treasuries of the municipalities of the nation to assist them to meet welfare payments which they are forced to make to people who cannot find work even if they want to work, as most of them do.

I think the best way to describe this government is that it is one that swallows itself. It said one thing yesterday, and this evening it goes off in the opposite direction. We are happy to see it go in the opposite direction because certainly its former policies were going in the wrong direction. In fact, we are not sure that the government is even competent to implement the policies and programs it is proposing.

I should like to take a moment to describe a situation that very clearly indicates just how two-faced this government has been, and compare yesterday with today. Among many of the things that are described as ways and means of combating inflation is a much broadened manpower program.

• (2:00 a.m.)

On April 30, I received a reply to a letter that I wrote to the President of the Privy Council (Mr. MacEachen) on March 19. In that letter I asked the minister to assist me in increasing the size of an upgrading school in the town of Amherst sponsored by Manpower. I wanted it doubled in size because I knew there were many people who required upgrading in my constituency, who desired it, and who would then be in a position to take vocational training and then enter the labour market. This would not do them much good now, but at least they would be qualified. I asked the minister for his assistance. He explained to me in a long letter why this could not be done. He said, in effect, that in November 1970 additional funds became available for the training of the unemployed in the winter months, and another 15 trainees were referred to training. They terminated their courses on March 26, 1971. He said:

> As this program is now terminated, the number of trainees is again based on regular allocations and presently 45 students are attending upgrading courses.

In other words, there was no way in which I was going to obtain any more money from the manpower program to assist the unemployed who wanted upgrading.

The situation in the town of Springhill was exactly the same. The member of the legislature for Cumberland Centre wrote me enclosing a letter from the Springhill Chamber of Commerce. They wanted an upgrading

course established in the town of Springhill similar to that which existed in Amherst. This is what the Minister of Manpower and Immigration (Mr. Lang) wrote to Mr. Raymond M. Smith, M.L.A., and to William B. Harroun, secretary of the Springhill Chamber of Commerce. The letter is dated May 27 and it reads:

This is further to my departmental Assistant's letter of May 7, 1971 about occupational training in the town of Springhill.

At the present time a basic training for skill development school with a capacity of 45 trainees is operating in Amherst. A large proportion of the trainees at Amherst are from Springhill. There is a backlog of clients for the basic training for skill development course in both Springhill and Amherst and they will be provided with training as quickly as possible. However, it is not possible to establish facilities to accommodate all those requiring training at the same time.

Some training is being provided at the Cumberland County Regional Vocational School in Springhill on a second-shift basis. Officials of the department will discuss with the province the possibility of increasing the training offered at this school. It is not considered desirable at this time to recommend to the province that additional training facilities be established at Springhill. It is felt that the Amherst school will be able to adequately service the area.

Maybe now at this late date the Minister of Manpower and Immigration will reconsider his decision.

I want to put this second letter on the record as well because it comes from the minister's departmental assistant. It is about one of the many people who were trying to secure this training. This is what it said:

This is further to my letter of August 10, 1971, concerning Mrs. (Geraldine) Babineau (Rushton) Springhill, Nova Scotia.

The report I have received from the Amherst Canada Manpower Centre indicates that the number of persons who wish to take basic training courses in Springhill is much greater than the number of training places made available. In such circumstances, it becomes necessary to establish a stand-by list of those persons who cannot be referred to training as soon as they register.

Mrs. Babineau's name is entered on such a list at the Springhill Canada Manpower Centre and she will be notified as soon as a training place becomes available. Regretfully it is not possible to state a specific date on which a course will be available to her.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but I do so to advise him that his time has expired.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am happy to say a few words about the economic situation, the government's projects and the conditions to their implementation.

The government has been made aware of the economic conditions. It decided to act against unemployment increase, to react to distressed requests, cost of living increase and economic imbalance. All those things made the government respond in the proper manner.

I do not want to take too long at this late hour. I shall go straight to the point. I would not like to repeat what the previous speakers said, because so many things were said. Figures were given; I shall not go over them.

The economic stagnation will get worse. We will lighten the tax burden insofar as we will let this government accumulate huge deficits and let our institutions go heavily into debt and pay exorbitant interest rates to big business.

[Mr. Coates.]

But never, in this chamber, did those responsible put the finger on the real economic ailment. The economic situation will go from bad to worse; we will have to spend billions, which will create awful deficits at all levels of government, especially for the federal government.

The Minister of Finance (Mr. Benson) says that we will accumulate in 1973 a deficit of $2.6 billion, whereas we already have one of $1 billion for this year. And in 1972, we will have one of $2,600,000,000, with all the programs and all the tax exemptions that are being granted to the people. To enable the people to breathe a little, increased deficits will be allowed. Through those conditions alone, we will succeed in balancing the economy. The economy will become more and more unbalanced and those programs, tax increases, higher debts and increased deficits will never foster a balance of the economy.

The people will never be satisfied in this wealthy country. We could profit therefrom, provided that we drive the Canadian people to the wall. When some advantages are granted to Canadians, the time comes where they must be removed, after some relaxation of the economy. It is then necessary to impose restrictions on credit and to increase taxes to again balance the budget.

• (2:10 a.m.)

I warn the government: the economic measures taken today will not last long and we will accumulate frightful debts we will be unable to pay. I must tell the Canadian people they will not enjoy for long the advantages of this policy which it is claimed will save everyone.

To hear the economists and politicians talk, and in particular the Minister of Finance, the entire Canadian society has been pulled out of stagnation, is once more on a stable footing. That is nothing but sham; that is a lie. On the contrary: the Canadian people are being plunged into appalling stagnation which will have disastrous consequence within a few months.

When a new government comes to power, it will be said logically that it will have to balance its budget. A government that has a deficit and that unbalances the taxpayers' budget to balance its own, establishes an unbalanced system, which has no reason for being, and those who accept this are totally wrong. This error will continue if those salvaging bodies, the benefits of which are acclaimed today, are maintained.

Mr. Speaker, the Canadian people, those who do not understand our economy, who do not know where we are going, who are not aware of our responsibilities and of the consequences of the actions taken, believe that this makes sense. There are even members here who in my opinion are not aware of the consequences that that will bring about. As a matter of fact, that will not settle in any way the prevailing unbalanced economic problem.

Mr. Speaker. I would urge the government to bring in real social measures, to lower the cost of living. I would ask them to reduce taxes, to decrease interest rates, to issue new credit without interest in order to cure the present economic uneasiness. That would be real social measures, real economic measures, real measures designed to balance our outmoded economic system. It is completely off balance and those measures will never balance our unbalanced economy.

Mr. Speaker, I will not go any farther tonight, because I think that I have said enough.

[*English*]

Mr. J. H. Horner (Crowfoot): Mr. Speaker, we have been listening to a lengthy dissertation about the economic problems which face Canada. Tonight, we saw the Minister of Finance (Mr. Benson) come out with a budget which cannot really be answered in a normal and formal budget debate. That is perhaps why we still find ourselves here debating the pros and cons of the economy, and the worth and strength of the measures proposed by the Minister of Finance.

Many people have said that the minister is reducing personal income tax by 3 per cent and corporation tax by 7 per cent, providing $340 million for municipal projects in something like a modern winter works program, and coupled with this, job retraining. To really understand Canada's economic plight one can quote the Minister of Labour (Mr. Mackasey) who said something to the effect that never again should any government try—I wrote down what he said—to control inflation by fiscal and monetary measures which bring about high unemployment. We all well remember the Prime Minister's famous statement that he did not care if he brought about 6 per cent unemployment, that he could live with it, and the people could either take it or lump it. He was going to cure or control inflation.

But in studying the economy one has to take a quick look at what really did happen. From 1965 to 1968, Canada had the highest rate of inflation in the western world. The Prime Minister then took over and he became obsessed with the idea of curing inflation. On several occasions, the Minister of Finance boasted that from 1968 to 1970 Canada had the lowest rate of inflation. So, we were experimenting, and I agree with the Minister of Labour that never again should a government use a cruel, blunt tool in such a fashion as to bring about unemployment.

Finally on May 30, 1970, the Minister of Finance had to float the Canadian dollar because he, too, had been obsessed with the idea of stopping inflation, and he found there was just too much pressure on the Canadian dollar. This came about partly because the white paper on tax reform frightened the economic community in Canada. Has the confidence of the economic sector been restored? That is the question we really have to ask ourselves. Up until tonight, it certainly has not been restored. We would like to think that it can be restored, but when one hears about the Gray Report, and what the government is going to do to foreign corporations and foreign investment in Canada, one wonders. We do not know whether that report is shelved or written into Bill C-259. I believe a lot of it is written into Bill C-259. That bill still has the economic community of Canada somewhat worried.

We have been through what might be called an exercise in tax reform that has lasted between eight to ten years. The country has become worried about it. The tax reform bill is 700 pages long. Yesterday, the Minister of Finance filed 100 amendments. Now today, before we have even finished study of clause 1 in committee of the whole, the minister brings in a budget of quite mammoth size, turning loose over $1 billion more in our economy. But all the while the very tax legislation that we are going to study is going to increase taxes by $850 million.

Mr. Mahoney: That is sheer nonsense, and you know it.

Mr. Horner: The hon. parliamentary secretary must have just wakened, Mr. Speaker. In any case, the business community has not got confidence in the Canadian government. It is worried and frightened. Its members look ahead, as did Mr. Filion in his speech in Quebec not so long ago. He asked what do we see? We see the American surtax, and this government trying to get into a trade war. Apparently, we are going to use all our options.

That reminds me of a former premier of Alberta who did not call an election for June. He said he was keeping all his options open. In fact, he was closing his options, and in fact that is what the government is doing with regard to the American surtax measure. Members of the government brought it on themselves, and it is too bad the Canadian economy will have to suffer because of their thoughtless action.

In January, 1970, the Prime Minister made his famous statement about 6 per cent unemployment. Tonight, he went out of the House of Commons laughing, and said to the Minister of Labour, "Bryce, you had better look after it; you won't need any help." Then, he went out laughing about 7.1 per cent unemployment and the measures which the Minister of Finance hopes will be of benefit. The 7 per cent reduction in corporation tax will not be immediately felt in the economy. In fact, it may take some time before it is ploughed back into business, into job creation, because of the loss of confidence in the Canadian government shown by the business community.

Money today is leaving Canada. It is not a question of foreign investment in Canada anymore. We are now in a position where money is leaving Canada. Canadians are looking for a place more secure than Canada in which to invest their money. In a country so rich in natural resources that, to me, is nearly a sin. It is because people have lost confidence. They are looking ahead and they see the labour code introduced by the Minister of Labour. The labour code bill introduced by the Minister of Labour is frightening business. Now the Minister of Consumer and Corporate Affairs (Mr. Basford) has introduced a competition bill, which also frightens business, a bill under which he is going to set up a seven man tribunal, appointed for ten years, answering to nobody, ruling authoritatively on both sides of a question, dealing with business amalgamations, foreign investment, and the whole role of Canadian corporations in Canada. I do not believe this will really benefit the unemployed.

The Minister of Finance can come out with all the job retraining programs he likes, and with all the municipal programs he likes. After a while people will be retrained, but there will be no use in being retrained if there are no jobs. There will be no jobs unless the country grapples with the fact that the business community has to have confidence in the government. The government has to pay attention to the country and show some concern and interest. This government has failed to do that.

• (2:20 a.m.)

Just last week we were debating whether the government should pay the $60 million to the farmers. If they

had wanted to establish an acreage payment program, the bill might have gone through. The Minister of Finance said the farmers could not have it both ways. He said, "You take the $60 million or the $100 million; we haven't got the money". All of a sudden the government has a billion dollars when last week they did not have $60 million. In order to manage a society and in order to manage an economy, you have to be sensitive to every little condition that may arise in every region. You cannot operate as insensitively as the Minister of Finance or the Prime Minister (Mr. Trudeau) with his cold, callous attitude toward many Canadians. You must be concerned.

Two years ago the government should have primed the pump. There are few people on the government side in the House of Commons who know anything about pump-priming and pumping water. Once the water stops flowing it sometimes takes a prime to get it going again. The government shut off the pump.

Mr. Mahoney: Sheer nonsense!

Mr. Horner: It is always nonsense to the hon. member for Calgary South (Mr. Mahoney) who is so knowledgeable. He has an air of arrogance, but I know deep down he really is not.

The Minister of Labour (Mr. Mackasey) said that the unemployment rate is no higher than it was in the sixties. But we had the Governor of the Bank of Canada controlling the money supply in 1960 and part of 1961. Our money supply did not increase at all, it shrank. We had high unemployment because there was no money in the economy.

The Minister of Finance admitted that the money supply is growing at a faster rate than ever before. In other words, they are creating money to cut down on the number of unemployed. But when the community into which the money is poured has no confidence in the business climate created by this government, the money is of no real use. That is why we have over 7 per cent unemployment today. The government has destroyed the confidence of the country.

In his speech the Minister of Labour said that everybody should be afraid the NDP is going to take over and things would be worse. I am not afraid of the NDP or their philosophy—how can it be worse?

Mr. Mahoney: At least they have a chance.

Mr. Horner: How can it be worse when you have a government that is not interested in the country or the people?

Mr. Mahoney: You have no alternative.

Mr. Horner: Now, we have this very nice person from Calgary South with so much knowledge expressing an opinion which again shows that he must be a very arrogant person. I know he is not, but he gives that impression and I wish he did not. My constituency borders his and I would like to think that we can be compatible some of the time.

The economy is in a poor state today because the government has deliberately destroyed confidence in the business world. Somehow or other more interest must be shown in Canada and what affects the economy. When this is done maybe some confidence will return and we will see a reduction in unemployment next summer. I noticed that the Minister of Labour and the Minister of Finance would make no predictions for this winter. The Minister of Labour suggested that savings are at an all-time high. They are, and people are not reinvesting. The white paper on taxation started this fear in the business community and the attitudes of the Minister of Finance and the Prime Minister contributed to it, as did the Competition Act and a number of other things.

Mr. John L. Skoberg (Moose Jaw): At two thirty in the morning, Mr. Speaker, I am sure everyone is wide awake—

An hon. Member: On this side anyway.

Mr. Mahoney: That is the only time you wake up.

Mr. Skoberg: I would like to suggest, Mr. Speaker, that when the hon. member for Fraser Valley East (Mr. Pringle) and the hon. member for Toronto-Lakeshore (Mr. Robinson) referred to the Prices and Incomes Commission it seemed strange that the Minister of Labour and his parliamentary secretary were not applauding. Those members blamed the labour movement for not being involved with the Prices and Incomes Commission. Anyone who has looked into the situation realizes that the labour movement was prepared to go along with the commission if it had added the third ingredient, profits, and if it had added dividends and interest rates. But the commission had only two ideas, prices and incomes. The other things did not matter.

I was very surprised that the hon. member for Fraser Valley East and the hon. member for Toronto-Lakeshore, who pretend to be supporters of the workers of this country, would attack these people as they have tonight. I believe they should look into the record when they compare the labour movement in Canada to that in the United States. They suggested that the labour movement in Canada was not prepared to co-operate in an effort to stabilize the various aspects of the economy that affect every person in this country.

I have heard considerable talk tonight, Mr. Speaker, about generating money and jobs. We have had considerable debate in this House for the last two weeks concerning the prairie agricultural economy. We heard tonight that if so many millions of dollars are put into the economy it will generate jobs and provide an uplift for the economy generally. I suggest that if the sums the government now talks of had been made available earlier, if the government had paid out $100 million under the so-called acreage payments, if it had paid out the $95 million owing to the farmers under the Temporary Wheat Reserves Act, and if it had paid out the $70 million that ought to have been available under a two-price system for wheat, $1 billion would have been put into the economy. That would have created many jobs for manufacturing industries in central Canada and would have brought untold benefits to the Canadian economy.

• (2:30 a.m.)

Somehow we are hung up with the idea that money put into the western economy does not generate many job opportunities elsewhere. I suggest that the economy of

western Canada is as important as that of central Canada and the economy of eastern Canada, in exactly the same way, is important to the economy of central Canada.

I think we have all heard of the local opportunities programs. I read about it two or three weeks ago in one of the editions of *Labour News*. It is said that local opportunities programs will be initiated and that the Minister of Manpower and Immigration (Mr. Lang) will probably have jurisdiction over them. I think the kindest thing we could do to the Minister of Manpower and Immigration is unload from his shoulders some of the jobs that he now has.

Mr. Benjamin: There we have lost opportunities.

Mr. Skoberg: I suggest that the present load the minister is carrying is big for him. We know what has happened so far as Manpower is concerned. We know that in many cases people cannot undertake more than 52 weeks training at one time. In some instances they must wait before undertaking another period of retraining. Some people do this for three years. Some people who have been able to continue training under manpower training programs for up to two years have tried to get a few extra weeks' training but have been told that no money is available. Tonight we heard that extra money is to be made available for the retraining of people. I think the minister will agree that such manpower programs are needed and that they will bring about the results we all desire.

In addition to these responsibilities the minister also answers in this House for the Canadian Wheat Board. That alone is a full-time job. It is passing strange that the Minister of Agriculture (Mr. Olson) does not have responsibility for the Canadian Wheat Board. It seems to me that the minister is on the chopping block and that they are trying to spread one minister around too far. He cannot possibly do an adequate and satisfactory job in the many areas for which he has responsibility.

Mr. Benjamin: He is expendable.

Mr. Skoberg: All members of the House know that the minister's immigration responsibilities take up much of his time. One may rest assured that he cannot therefore deal satisfactorily with all the additional programs for which he is responsible. If the programs announced tonight are to be successful, I suggest that responsibility should be shared by another minister. Perhaps his parliamentary secretary could help. I submit, again, that it is not possible for the minister who has been given responsibility for these programs to do a satisfactory job with regard to them, and his failure will dishearten the people of Canada who expect good results.

Some hon. members have said that regional committees will be established under the Department of Manpower and Immigration. We have seen such regional committees throughout Canada and have noted that some regions received tremendous benefits whereas others received practically nothing. There ought to be an equal distribution of the benefits of this whole program. It is not good enough having a job acceleration program in one part of the country if you completely forget about the rest of the country. I am sure that all hon. members are aware of this problem. Unless the government corrects what is wrong, such programs will do more to disunite this country than almost anything else.

We heard the Minister of Labour (Mr. Mackasey) speak of the various programs for which he is responsible. I give him full credit for some excellent legislation that is now before the House, or will be before us, touching labour problems. At the same time, I draw to his attention a situation involving Canadian Pacific Railway. It has been suggested that the Canadian Pacific will be cutting back on certain facilities. As of today there is to be a cut-back with regard to 25 porters and a reduction of between 20 and 25 dining cars. The company also is to reduce the size of the transcontinental "Canadian." There will be two sleeping cars operating between Vancouver and Montreal and Vancouver and Toronto.

Mr. Knowles (Winnipeg North Centre): Shame.

Mr. Skoberg: Not long ago we were under the impression that we were adopting a new transportation policy. The head of the Canadian Transport Commission is only concerned about economics and not about service to the public. We thought the commission had decided that there would be adequate main line passenger service, but we are now advised that this service will consist of about eight cars operating on the Vancouver-Toronto-Montreal runs. The commission's decision will mean a loss of job opportunities. Before making that decision it ought to have undertaken research into the matter. It is not good enough to say that we will provide money for certain fields of transportation.

We are all concerned about STOL, or short take-off and landing aircraft. Yet when you talk to Europeans about STOL aircraft service between Ottawa and Montreal they say the idea is absolutely nuts. The United States, to use an example, is pouring millions of dollars into ground transportation facilities. I hope that any amounts we spend on transport will include moneys for research and development to make use of existing facilities. Think of the operation of a STOL aircraft carrying 12 people, and compare that with a transport operation utilizing present facilities. Many additional jobs could be provided under a suitable transport program. Whether that is asking too much, I do not know.

I wish to raise another area of concern. I am sorry that the Minister of State for Urban Affairs (Mr. Andras) is not here at 2.40 in the morning to listen to me. I point out that our entire land assembly program is a complete shambles. The minister has many times suggested that Central Mortgage and Housing Corporation adequately serves the needs of the country. How can he say that in light of the many applications for student housing coming from the universities and colleges of this country? Those applicants are told that no money is available for them. This type of building program could create a tremendous number of job opportunities.

If the minister is truly concerned about urban development and wishes to provide houses for as many people as possible, why is money not made available for land assembly and why is there not legislation that will provide for the expropriation of land now in the hands of land speculators? If the minister is concerned about these areas, he should do something. He should try to bring

about co-operation that will enable citizens in the lower income brackets to avail themselves of some of our land.

• (2:40 a.m.)

We can talk all we want about creating jobs. This is one of the main purposes of the program. Some members have said that we should not criticize the 7 per cent and the 3 per cent. This is one of the areas where people who have it will get more, and those who do not have it will end up with less. The shots are being called outside this country. Makeshift policies are being developed with regard to Japan and Russia, among other countries. Makeshift policies will not work in this country unless we are able to call the shots. If the Prime Minister (Mr. Trudeau) is not prepared to indicate to the House what he intends to do in this other area, these makeshift job opportunities will not be successful. The whole thing hinges on the fact that the shots must be called in Canada. You cannot call the shot in one area and expect any real development in another.

We hope some of the provisions and suggestions made tonight by the Minister of Finance will have a rub-off effect. There must be meaningful planning on a regional basis. All the talk and rhetoric we heard tonight will do nothing to strengthen the economy of this country.

[*Translation*]

The Acting Speaker (Mr. Laniel): Order. In accordance with the special order made earlier today, the Chair is satisfied that the debate is over. I therefore declare the motion carried. The House stands adjourned until eleven o'clock this morning.

At 2:45 a.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, October 15, 1971

The House met at 11 a.m.

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS

EXPRESSION OF OPPOSITION OF HOUSE OF COMMONS TO AMCHITKA AND OTHER NUCLEAR TESTS

Hon. Mitchell Sharp (Secretary of State for External Affairs) moved:

Whereas the continued testing of nuclear warheads by the nuclear powers adds to the dangers of the nuclear arms race and may seriously pollute the human environment, and

Whereas the scheduled nuclear test at Amchitka is of particular concern to Canadians because of its proximity to Canada's west coast,

This Canadian House of Commons calls on all nuclear powers to cease all testing of nuclear devices, and particularly, calls on the President of the United States to cancel the test at Amchitka scheduled for this month.

He said: Mr. Speaker, I am sure I speak for all members of this House and for all parties when I say how happy we are that the House has set aside time to give all hon. members an opportunity to register their support for the firm stand taken by Canada in opposition to continued nuclear weapons testing, and to the Amchitka test in particular.

• (11:10 a.m.)

The world is made apprehensive by continuing nuclear arms tests; it is becoming weary of the endless delays that are postponing a complete test ban. By this resolution, Mr. Speaker, the House of Commons, freely and truly representative of all the Canadian people, adds its voice to a universal call to the governments of the nuclear powers to have done with it.

It is a tragic comment on our world, Mr. Speaker, that even as we say this we must continue to accept the balance of nuclear deterrence as the foundation of the uneasy equilibrium that protects us all from the horror of total war. Let us hope that peace will not forever rest on such an unsure base.

This objective can be achieved slowly and with great difficulty through the continuing work of the Geneva Disarmament Committee and through imaginative initiatives such as the SALT talks, upon which so many of our hopes are centred. I doubt if it can be achieved by the detonation of more efficient bombs whether designed for offensive or defensive purposes.

In the Geneva Disarmament Committee, Canada has been working with others to find a solution to the deadlock between the United States and the Soviet Union on the need for on-site inspections to monitor an underground test ban. Recent Canadian technical studies presented to the Geneva Committee indicate that there is excellent promise of being able to monitor, by seismological means, underground explosions other than the very smallest. Continuing research, investment in more effective monitoring facilities and improved international exchange of seismic data taken together have reduced the question of inspection to more manageable proportions.

The Canadian technical studies cannot eliminate all the uncertainties and ambiguities involved in the detection of violations and evasions of an underground test ban. The time has come, however, for the two major nuclear powers to make the effort needed to bridge the gap between them and to achieve reliable identification of those smaller seismic events that existing seismological monitoring facilities cannot classify effectively.

Unless the two major nuclear powers are willing to accept effective restraints on their arms race and on the competition in the improvement of their own nuclear weapons—as they are committed to do under Article VI of the Non-Proliferation Treaty—they cannot expect the two less highly developed nuclear powers, France and China, and the so-called "near-nuclear powers" to accept or respect the restraints of the non-proliferation agreement which the United States and the Soviet Union sponsored. That France and China should adhere to the Moscow Partial Test Ban Treaty is of the greatest importance, since it is the tests they are carrying out in the atmosphere that pose the major threat of radioactive contamination of the world environment.

The problem of verification is not yet completely solved, and the achievement of an underground test ban will take time. Until this can be achieved, both major powers should institute immediate mutual restraints to reduce the size and number of their underground tests, starting with high-yield tests like the Soviet explosion of September 27 and the proposed United States test on Amchitka Island this fall. Such measures should present no insurmountable problems of verification.

In my recent statements to the United Nations Conference on the Peaceful Uses of Nuclear Energy on September 6, to the Geneva Disarmament Committee on September 7, to the General Assembly of the United Nations on September 29, and in discussions with the Secretary of State of the United States and the Foreign Minister of the Soviet Union in New York on October 1 and 2, I have made Canada's position on this question abundantly clear. I have also referred specifically in the General Assembly and in my conversations with both Foreign Ministers to our specific objections to the high-yield tests, the Soviet test of September 27 and the planned United States test at Amchitka.

In the course of my meeting with Mr. Rogers, I stressed the serious concern Canadians throughout the country

and particularly in the west feel about the Amchitka test. I dealt with the serious implications of such tests—primarily the threat posed to the world by the continuation of unrestrained testing and the consequent escalation in the nuclear arms race and the danger to the environment and ecology of the whole Pacific northwest, a danger which cannot be entirely eliminated.

These repeated, reinforced and re-emphasized representations, multilateral and bilateral alike, add force to the clear and forthright formal approach the Canadian government made to the United States government as early as last February, by way of a note that I later tabled in the House on March 29 last. I am assured by Secretary Rogers that the serious concerns of the Canadian government and people are fully appreciated by the United States administration at the highest level. The final decision on whether to proceed with the Amchitka test has not yet been taken; it is in the hands of President Nixon. There is room for hope that the United States will cancel the test, demonstrating at once their respect for the clearly expressed opinion of large sectors of its own population, millions of Canadians and men of good will in many nations, and a determination on the United States' part not to contribute to further reciprocal escalation in the nuclear arms race.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, it is a pleasure to be able to speak on this important resolution. I begin by saying I support it strongly and predict its passage.

Some hon. Members: Hear, hear!

Mr. Macquarrie: I urge upon all hon. members that they support this declaration of opinion by this House. I am happy with the way in which this matter has been handled and am proud that my own party suggested that we devote time allotted to us in order that this important subject may be dealt with in this multipartisan way, if I may use that expression.

I must make it clear that while I favour this resolution I do not withdraw from my conviction that the Prime Minister of this country should convey directly to the President of the United States the view of Canadians on this very serious question. I regret that in the deterioration of Canada-United States relations we seem to be reduced to indirect discourse, and one wonders if the hot line has grown cold or atrophied from disuse.

While we are especially concerned about the Amchitka test which has such dangerous possibilities, we must not ignore the fact that other nations are also conducting explosions which make their grim contribution to a deterioration of some aspect of the environment. While there may be arguments about the degree of danger from fallout, there is unfortunately no doubt that the world is a little more polluted, the environment a little more poisoned, after each detonation. Thus we should call for the end of tests. As my old boss, Hon. Howard Green, used to put it at the United Nations, "We are against nuclear testing—period".

Some hon. Members: Hear, hear!

Mr. Macquarrie: Because the United States is a great functional democracy and divulges to its own people and the world its intentions and therefore allows for the build-up of public opinion, we should not appear to be concerned only with American tests and blissfully casual about the mighty explosions set off by the military machines of China, Russia and France. It is worth noting that we usually learn of the Chinese and Russian detonations when they register on the detection devices of Jodrell Bank or some other monitoring station.

Canada sometimes gets the reputation in the international community of being a "preachy" country. In this instance I like the sermon. But we must be careful that we are multidirectional in our uninvited exhortations and unsolicited precepts. For instance I could never see that British military supplies sold to South Africa were any more iniquitous than those sold by France.

Having said this, I do not hesitate in urging as strongly as I can upon the United States President the abandonment of the planned Amchitka test. The project has been given the name Cannikin and I appeal to our neighbours' leader to "can the Cannikin".

I make this appeal not because I desire that the United States weaken itself militarily. I cannot see how any Canadian could see any advantage for Canada in such a course. I join in this because with all its faults, all its errors and even in these strained times, I regard the United States as a great country. I would like to see it give leadership in this field as it has in so many others and make a major contribution toward the attainment of the real goal, namely, the cessation by all nations of all nuclear testing. In calling for the cancellation of this test on Amchitka Island I join not only the legislature and the people of British Columbia and other Canadians; I join a great expression of American public opinion.

Amchitka is part of Alaska, about 1,400 miles west southwest of Anchorage and therefore about the same distance from British Columbia's coast. The anxiety of the people of Alaska has been clearly expressed by the leaders of that state.

Senator Gravel said recently:

> To go ahead with this test is courting a risk of magnitude we cannot determine. The risk is not worth taking. Our national security will not be imperilled if the test is cancelled.

• (11:20 a.m.)

The possibilities of serious ill effects have been outlined. Indeed, the dangers are really frightening. There is no universal law which decrees that man could not destroy himself. There is grave danger in pushing the risk too far. I would rather stop far too soon than push to the brink of an ecolocatastrophe. But apart from that we must consider the less than fatal errors we may be committing. When will we learn that we must conserve, not pillage, the heritage we have been given?

How many more species of fish must be tabbed with mercury pollution before we wake up? How much dislocation of the habitat of birdlife will we continue to tolerate? How many times must we blast and scar the earth's surface before we learn the dangers of what we are doing?

I commend those in our society who seek to awaken us to the need of giving urgent thought and urgent attention to the conservation of our environment. The voyage of the halibut boat, *Greenpeace*, might have been a stunt or a

gimmick. It was also a splendid and valuable dramatization of a question which after generations of environmental plundering cannot be overemphasized.

I suppose it is an oversimplification to state that a civilized people must give thought to succeeding generations. In those lands like ours which have in so many ways advanced our environmental heritage was not too well preserved by those who went before. It is our challenge to make amends. The time at our disposal is not unlimited.

With all earnestness I support the resolution moved by the Secretary of State for External Affairs (Mr. Sharp). I hope we can in this special debate convey to President Nixon our genuine concern over this matter.

In this we are at one with the Congress of his own country which overwhelmingly calls for a ban on Amchitka. The President of the United States has many burdens, multitudinous problems, as is expected of a world leader. I fervently hope that he will enhance his stature and enlarge his influence for good by announcing that this test will not go forward—as the minister says, and he is more casual in his phraseology than I, that he will have done with it. I hope too that the other nations, not named but surely embraced in this resolution, will follow suit.

Mr. David Lewis (York South): Mr. Speaker, as hon. members know, I wrote the Prime Minister (Mr. Trudeau) some days ago urging that such a motion be placed before the House. On behalf of my colleagues and myself I congratulate the government for having done so.

I support every word said by the Secretary of State for External Affairs (Mr. Sharp). We are all very delighted that the House of Commons has been given this opportunity, I hope unanimously, to declare itself against both nuclear tests in general and the Amchitka test in particular.

I have watched the international situation, Mr. Speaker. I often think we are living in a world of insanity because of the nuclear problem. The super powers already have the capacity to destroy this earth and everything on it several times over. Yet we do not stop. We continue trying to develop bigger and stronger weapons to destroy ourselves, always with the excuse that it is being done for defensive and deterrent purposes. I deny that, Mr. Speaker.

I have a strong conviction that there are vested interests involved which are not sensitive to the needs of the world and to the dangers to peace and humanity as the result of this nuclear escalation. I think there are vested interests in the military who in peacetime cannot justify their existence unless they are constantly preparing for war which they say they hope will not happen but which at some point may happen if this kind of escalation continues. I think there are vested interests in the industrial sphere where large corporations have been tied up with the development of nuclear weapons from which they have derived great power and immense profits which they do not want to let go. I think there are vested interests in certain areas of the world which, on the Communist side, consider every western gesture as contemptible and, on the western side, consider every Soviet stance as dangerous and distrustful. There are vested interests on all sides to keep the world aflame with hate and distrust, and these are dangerous interests to our community.

I think it is important for our civilization to say to these big nuclear powers, the Soviet Union as well as the United States and perhaps France and China, that humanity will not last if they continue with this insanity and that we as Canadian members of this Parliament plead with the nuclear powers throughout the world to finish these nuclear tests and the nuclear escalation before it gets to the point at which deterrence becomes impossible and destruction becomes inevitable.

As Canadians we are concerned particularly with the proposed test on Amchitka Island because it is close to us. I emphasize that as far as my party is concerned we are not opposed merely to the Amchitka test. That is why I was in agreement with broadening the resolution so that it would include our opposition to all nuclear testing. We are not concerned merely with Amchitka because it is close to Canada; we are concerned with the world situation.

But it is natural we should be particulary concerned and worried about the Amchitka test because the ecological and other consequences will fall immediately on our future generations. Let it be said again that we join, with all people in Canada in pleading with the President of the United States to cancel the Amchitka test. We join in this plea with those who have already spoken, with most of the people in the United States and with millions of people across the world.

I say, if I may without presumption, to President Nixon that there are moments in the life and duties of a person carrying large responsibilities when he can rise above political considerations for a moment and show leadership and imagination of a kind which will mark him in history as a great man. I say to the President of the United States that the resolution of Congress which has placed the possibility of cancelling the Amchitka test solely in his hands gives him an opportunity to show the world a mark of greatness, a mark of appreciation of the dangers of nuclear testing. I plead with him to take advantage of the opportunity for the sake of humanity and for the sake of world peace.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, we are pleased to join the Secretary of State for External Affairs (Mr. Sharp) as well as the representatives of other parties in protesting against the nuclear tests which the United States are preparing to undertake.

When danger is threatening a nation, governments forget their differences and unite with a view to objecting against the American action. Unity is still more complete as the danger is great and this is why Canada is concerned this morning. Our country is worried. We have always been, Mr. Speaker, against nuclear weapons and have always strongly objected against all nuclear tests by the so-called great powers.

Some people imagine that because the great powers are involved they can do anything, even if they endanger the existence of mankind.

I suggest, Mr. Speaker, that we should demand of the great powers, both eastern and western, that they put an end immediately to these nuclear tests which represent a threat, as I said before, for the universe, and particularly for areas located near the testing site, such as our country.

It is useless for me to expound lengthily on the consequences of such explosions. We have had concrete examples of radioactive fall-out. Long-term effects and radioactive fall-out are a threat not only for humans but for all forms of life.

The minister said a little while ago that the United States had not as yet arrived at a final decision. I would request the minister and the cabinet to renew, if need be, representations to the President of the United States in order that such experiences be abandoned by his country once and for all. May the United States give the example, since they can claim at this time to be the most powerful country in the world. May they put an end to those most dangerous experiences, feared by all the nations of the world.

And if the United States are experimenting improvements to the continental defence, they have no right to imperil everybody's life in anticipation of an eventual nuclear attack.

Today, in North America, a struggle must be engaged against these great powers, and it is a struggle against a form of pollution. We have already undertaken, in our areas and in our country, a fight against pollution, and today, despite all threats of air and water pollution, the greatest pollution is one to be banned forever, that is atmospheric pollution arising from nuclear blasts.

That is the first step to take, and we can then keep on working together in order to further clean the air and water of this country so that we may live here more contented and healthier.

• (11:30 a.m.)

[*English*]

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, I want to say a few brief words about the possible environmental effects of the explosion of a five megaton bomb on Amchitka this fall. These effects are likely to be pollution effects. They are likely to be ecological effects. There may not be a major earthquake resulting from this explosion or a tidal wave, but there is likely to be a pollution effect extending beyond the territorial limits of the United States.

Pollution effects have resulted from previous underground blasts. More than one in four of the underground blasts in the United States have resulted in venting—in other words, in the loss of radioactive material from below ground to the atmosphere. Statistics over the past 25 years covering some 230 underground blasts in the continental United States show that 67 have vented, some to a lesser extent, some to a greater extent. So the probability is more than one in four, if we look back on history, of a venting to the atmosphere occurring at Amchitka.

There will, of course, be contamination of ground water as well. The last underground test in the United States was carried out in Nevada approximately a year ago, on December 18, 1970. There was an accidental venting. This was not forecast. Indeed, the United States Atomic Energy Commission said that no venting could occur or would occur. In fact, venting did occur. This venting resulted in a cloud of radioactive dust which was seen locally and which moved slowly in a north and then a northeasterly direction across the United States, and

finally disappeared over Canada in the vicinity of Thunder Bay where it was knocked down by a thunder storm.

We have monitoring stations in Canada, and a few days later the radioactive level over Windsor and Toronto was found to be double the level under normal circumstances. So that the likelihood that venting will occur in the proportion of one in four is proven. The effects may be felt several thousand miles away. Certainly they are likely to be detected.

The proposed explosion of the Cannikin device at Amchitka will involve a charge 250 times as powerful as that used in the last underground test, the one in Nevada I previously described. According to the authorities I have consulted, there is no possibility that seismic waves from the explosion could do damage or even be felt in Canada, and no scientific ground exists for concern about the possibility of triggering an earthquake in western Canada. So that an earthquake is really out of the question in so far as Canadians are concerned.

These same authorities have advised me, after much consideration, that the possibility of a tsunami wave or tidal wave is relatively remote, but the element of risk to Canada cannot be quantified and complete assurance cannot be given because of the inherent uncertainties. So that while earthquake effects in Canada are unlikely, there is a remote possibility of a tidal wave.

To get to the pollution aspect, there is a one in four possibility of releases to the air. There is a certainty of contamination of ground waters in the area. Water moves through underground cracks and fissures. It is more likely to move underground in that part of the world because it is an area which is generally prone to earthquakes. It follows that ground waters which are in the immediate vicinity of the explosion on Amchitka may well seep out in time and contaminate surrounding waters. Amchitka is an island. It has a three-mile territorial limit. Underground waters eventually will percolate out from the rock under the island into the territorial waters and out into the ocean beyond the territorial limits of Alaska and therefore the United States.

• (11:40 a.m.)

In my view, this becomes a matter not only of United States concern but of international concern. It is a matter which is referred to in a general way in the Nuclear Test Ban Treaty of 1963. My reading of that treaty is that no nation can contaminate the environment beyond its own territory. This raises the question in my mind of why the United States chose to move its explosions and testing from the middle of the continental United States to a remote island, like Amchitka, surrounded by international waters.

I would again urge all members of the House of Commons to oppose this explosion, this nuclear test, not only because it is one of a possible sequence of ever larger explosions but because it could have a pollution effect and an environmental effect beyond Amchitka, that is, out into international waters as well as into the waters of the United States itself.

Mr. Speaker: Is the hon. member rising for the purpose of asking a question?

Mr. Aiken: Yes, Mr. Speaker. If I may I should like to ask the minister a question. Three weeks ago I placed a starred question on the order paper concerning the number of air sampling stations which have been added to the national surveillance network following passage of the Clean Air Act and particularly pertaining to the subject which is under discussion today. There has been no answer. Can the minister give the House any assurance concerning whether there has been a stepping up of the surveillance system or whether we may soon expect an answer to this question?

Mr. Davis: The surveillance system is being expanded. Additional monitoring stations are being installed. I do not have the statistics at hand but I will try to expedite an answer to the question.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, first I wish to say I find it rather odd that the Secretary of State for External Affairs (Mr. Sharp) made the speech he did in the General Assembly a short time ago and the speech in support of this motion in the House today in view of the stated declaration of policy in the government white paper on defence issued under the name of the Minister of National Defence (Mr. Macdonald) just a few weeks ago. I would like to say more about this if our time were not limited because there would seem to be a contradiction between the policy of one government department and another.

I wish to commend to hon. members an article which appeared in the Toronto *Telegram* of October 7 under the authorship of Lubor J. Zink. This article emphasizes the very point I should like to bring out, namely, that there is a contradiction of policy. Members may laugh, but let me tell the House that a few weeks ago we received the white paper issued by the Minister of National Defence which contains the following statement:

> The only direct external military threat to Canada's national security today is that of a large-scale nuclear attack on North America—It is far from being the theoretically ideal means of maintaining peace, but the government, while continuing to participate in the arms control deliberations, remains convinced that there is nothing to replace it at present. Therefore, Canada must do what it can to ensure the continued effectiveness of the deterrent system—
>
> From a potential enemy's point of view, however, North America can only logically be seen as one set of targets. Canada's centres of population and industry logically form part of the major target plan for a strategic nuclear attack on North America—
>
> The government concluded in its defence review that co-operation with the United States in North American defence will remain essential so long as our joint security depends on stability in the strategic military balance. Canada's objective is to make, within the limits of our resources, an effective contribution to continued stability by assisting in the surveillance and warning systems and in the protection of the U.S. retaliatory capability as necessary. Co-operation between Canada and the U.S. in the joint defence of North America is vital for sovereignty and security—
>
> This over-all co-operation strengthens the U.S. retaliatory capability, and hence deterrence.

Without going further into that, I should like to say I appreciate the concern of members of the House in all parties as well as the concern of the Canadian people with regard to the Amchitka underground nuclear test. I share that concern. I believe the main reason for our concern is the potential use of nuclear power as a weapon of war. Let us examine the history of the atomic bomb. We know the bombs dropped on Hiroshima and Nagasaki ended a war. However, the lesson which mankind apparently failed to learn from this event was that these same bombs made it abundantly clear that we must not have another war, particularly between countries that possess atomic weapons. If mankind is to survive and if the governments of the world are sincere in their search for everlasting peace, then their goal must be to abolish war, not just one weapon.

Some historians have stated that total universal disarmament and abolition of war are impossible. Nevertheless, I believe that all governments have no other choice. They must strive to seek some solution to outlaw military conflict entirely. Since 1918 I believe all reasonable people have been against war. In the years between the first and second world wars we made the mistake of believing that we could abolish military conflict by refraining from preparing for it. Unfortunately this approach, as history on many occasions has proved, was not shared by Adolph Hitler, the head of the German government of that day. These facts were revealed to all the world from the testimony of the German generals at the Nuremberg trials. It was because Britain, in particular, was so weak defensively that Hitler was prompted to start his offensive against the world. In other words, it was anticipated by Hitler that because of his modern war machinery there was no power on earth strong enough to deal with an all-out offensive by his forces. He made the assessment that no country had forces that could deter him in his goal of world domination.

I often think of the lives that could have been saved and the misery that could have been avoided if the British government had not been swayed by those who believed in unilateral disarmament regardless of the consequences. Britain at that time was considered a major world leader and as such had responsibilities, one of which was assurance to the smaller countries, particularly those in the Commonwealth group, that she was capable and prepared to protect them against aggression from a hostile force. I suggest the British government of that day either ignored that commitment of protection or at least underestimated its capabilities to produce the defence it had guaranteed.

We have been told that because of the arguments put forth by pacifist groups against rearmament and the waste of public funds on defensive measures, the British government was pressured into adopting defensive policies that were totally inadequate and to a large extent responsible for the world disaster that took place during World War II. After the events that took place during that period of our history, many governments were faced with the reality that, so long as there are hostile forces on the world scene, the only way to prevent war is to maintain equal if not superior military strength.

In the interval between the end of World War II and the present, we have not reached an acceptable solution to outlaw or prevent war. I believe the existence of a deterrent force during this period has prevented a major universal nuclear conflict. So long as one major power on the other side, be it Russia or China, has nuclear bombs and the means to deliver them, then the western nations must

also have them, as a deterrent force. Surely the Cuban affair would confirm such a thought.

The American press informs us that the Amchitka test is important because it will be the only one made to test the Safeguard anti-ballistic missile system warhead. They also say cancellation would be read by the Soviet Union as a sign of weakness, possibly indicating that the United States is not serious about developing the anti-ballistic missile. The Soviet Union fired off a three-megaton device underground a few days ago and the U.S. test is a necessary response if the Americans are to bargain for a strong position when the strategic arms limitation talks resume at Helsinki in November.

• (11:50 p.m.)

What we in Canada must decide is, are we against just one tool of war, the nuclear weapon, or against war itself? Whichever way we decide, we must face the realities.

This House can pass all the pious resolutions or motions it wishes, and the government of Canada can make all the self-righteous protests it wants, but the fact remains that the world's dominant nations will not be listening. Under the present circumstances we are powerless to materially change the present battle for nuclear supremacy which is taking place between the world's major powers.

I believe it is about time this country stopped pussyfooting. It is about time we stood up and were counted. Either we want freedom enough to fight for it, or we do not. It is about time we made it perfectly clear we are either pro-Communist or pro-democracy.

Because of the actions of this government during the past several years, no nation is sure of where we stand. There is no doubt in my mind that the United States of America is the champion of those things which we as Canadians wish to preserve: individual liberty, political freedom, the rule of law, and democratic government. Surely no Canadian can equate the United States and the Communist colossus equally in terms of Canada's interests.

There is an unpleasant mean-spirited theory current today in this country that we can have our cake and eat it too, that is, that we can enjoy all the benefits of having a guardian without doing anything to help him. Some promoters of this theory go even farther; they would even hold his arm when it is raised to ward off a blow. This criticism of the United States defence plans is part and parcel of a recent and most unsavoury national stance that Canada has adopted since 1963 when the present government came to power. Those Canadians who sincerely wish to see national freedom and individual liberty preserved have no other choice but to stand or fall with the United States. If our own history means anything to us and if we are in any way grateful for the protective umbrella under which we are now and have been living, then we should desist from destructive criticism and from the petty nagging implied in this motion put forward by the government.

It may be that there are some Canadians who look to the day of a communist triumph. This may be the reason why no official protest was forwarded by our government to other nations when it was made known that these nations were preparing nuclear tests. If those of you in this Parliament are sincere and wish to impress the world with the sincerity of your opposition to nuclear testing, then I suggest you begin in a positive way by banning the production of all uranium within your borders. If, on the other hand, the government is using the sincerity of some hon. members on this topic for political gain or some external scheme, then it is more corrupt and dangerous than I would have believed.

Recent press reports inform us that our Secretary of State for External Affairs espoused in the General Assembly of the United Nations the cause of Communist China and complained about nuclear tests. They further stated that the Canadian minister called for an end to nuclear tests and became the first western spokesman to point the finger at the United States and the Soviet Union.

Many Canadians, as well as the people of other free countries, are wondering why he did not point the finger at other nations, such as France and Mainland China, who were known by him to have programs of a similar nature. Was he protecting Canadian uranium interests or were the countries he failed to mention preferred customers whose involvement he did not wish to disclose? We are entitled to an answer.

Mr. Speaker: Order, please. I apologize to the hon. member but I interrupt him to bring to the attention of the House that the hon. member's time has expired. He can complete his remarks with the unanimous consent of the House.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. McIntosh: Mr. Speaker—

Mr. Speaker: Order, please. My impression was that there was not unanimous consent. Perhaps I might inquire again whether there is unanimity to allow the hon. member to complete his remarks.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The hon. member will have heard that there is not unanimous consent, so the Chair will recognize the hon. member for Fraser Valley West.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, as one who has been interested in the issue of nuclear tests on Amchitka for a long time, in fact as the one who first raised it in the House as early as July of 1969, naturally I am very pleased to speak today in support of the motion before us. I wish to thank and congratulate the House leaders of all parties for the successful negotiations leading to the debate today in which members have an opportunity to express their views on the lunacy of further nuclear testing by those countries described in the resolution as the nuclear powers.

I can fully appreciate the position taken by some members, particularly the hon. member who has just spoken, who sincerely feel and believe that some of us are always ready to jump on the United States for its transgressions but remain silent when some other country such as Mainland China or the U.S.S.R. indulges in similar actions.

That is one reason why I am pleased to support this all-party motion, and I hope it will pass unanimously. This motion avoids pointing a self-righteous finger at the United States alone but instead condemns further nuclear testing by any country as a threat to the human existence on this planet.

But the Amchitka blast is of urgent and pressing consideration. Understandably enough, the concern is most emphatically expressed on the west coast of both the United States and Canada, notably in British Columbia and Alaska, but I might add that Japan is a good deal closer to the test sight than is Vancouver and the Japanese are equally concerned about the test, and so are many private organizations and even American government departments.

The reasons for this opposition are, of course, fairly well known. There is the threat of earthquakes and tidal waves triggered by this five-megaton blast predicted to register at least seven points on the Richter scale, a system for measuring such explosions or earthquakes. The Atomic Energy Commission in 1969 admitted the dangers of explosions of such magnitude in a pamphlet issued in that year.

It said:

> The Amchitka test area merits special attention because it is located near one of the earth's most seismically active regions. Inasmuch as earthquake mechanisms are not completely understood, no absolute statement can be made about the possibility of triggering an earthquake of large magnitude in this area.

People are also concerned about the $190 million cost of such a risky explosion to test a warhead which has already been declared by United States defence experts, or at least by some of them, as an obsolete part of the United States ABM weapon system. There is also the threat of contamination of the environment through nuclear leakage into international waters, which could poison the seabed for centuries. Finally, and most gravely, there is the contribution to the nuclear arms race that such a test will stimulate in the other nuclear countries at a time when the strategic arms limitation talks or SALT talks are progressing.

These reasons seem greatly convincing to me, and I hope they will be equally convincing to the President of the United States who is solely in charge and completely alone in deciding whether or not this horrible device is to be detonated. His is an awesome responsibility.

I have it on excellent authority that seven secret American government department reports on this topic were submitted to President Nixon of which five, including a report of the U.S. Department of the Interior, opposed the Amchitka detonation. Efforts to get copies of these reports by American elected officials such as Senator Mike Gravel of Alaska have been frustrated completely. Americans are continuing through court injuctions, appeals by elected officials and other interested people such as environmentalists and by other means to oppose the Amchitka test. I hope that this debate today will assist these Americans in persuading President Nixon to decline approval for the trigger to be pulled.

• (12 noon)

What we are discussing today is an issue so important to the future of life on this planet that our present problems of unemployment and other serious issues facing Canadians, as real as they are, shrink microscopically in proportion to the question of human survival that is before us. I am prepared, on the invitation of Senator Gravel, to go to Washington next Thursday with a few backbenchers from all parties—three have already agreed to accompany me—to support and assist in any way I can the American opposition to the proposed test.

I am pleased that we in this House have at least had an opportunity to discuss and debate this issue fairly fully with the co-operation of all parties. It is an issue that has grown in magnitude through the initiative of many Members of Parliament, again in all parties, and through public representations over the period of two years or more since we first raised this question until the point we have reached today.

I also hope that all appeals and especially the appeals of west coast school children will not go unheeded and that the President of the United States will listen and decide against the insanity of continued nuclear testing and, as the head of the world's major power, as the head of a state which is probably our best friend, best customer and best protector, decides that nuclear testing must be stopped and that Amchitka would be an excellent place at which to stop it.

Mr. Douglas A. Hogarth (Parliamentary Secretary to Solicitor General): Mr. Speaker, I think it is extremely significant that the majority of the members who hope to be able to participate in this debate today are from the west coast. The fact that the proposed Amchitka blast is to take place on the Pacific rim is of deep concern to all west coast members, indeed to all the people living in the state of Alaska, in the territory of the Yukon and in the province of British Columbia.

I know, Sir, that the short remarks I am going to make will be made on behalf of every Member of Parliament from the province of British Columbia. We have discussed the matter sufficiently over recent weeks, regardless of our party affiliations, to be assured that each of us has done something and each of us is diametrically opposed to the proposed nuclear test at Amchitka. If other hon. members from British Columbia, on either side of the House, do not speak on this issue today it is merely because duties have taken them elsewhere and because the matter has come before the House today with some suddenness.

In the last analysis, and with the greatest respect to some of the remarks made by the Secretary of State for External Affairs (Mr. Sharp), I think that to a large extent the general public is becoming weary of delays in the progress with regard to the banning of nuclear testing. I think that the failure of the major governments to agree has left the peoples of the world constantly living in an atmosphere of insecurity, regardless of how remote nuclear warfare might be.

It is now 20 years since Hiroshima and Nagasaki. All of us remember the absolute terror created by the devastation of atomic bombing. The horror of the picture of what took place at that time, is still with us despite the fact it is now 20 years since that event. It is contrary to all the instincts of manking that this type of activity should ever be contemplated again, but as long as nuclear testing continues the possibility remains.

With the greatest respect to all the diplomats in the world I think that the peoples of the world are fed up with "diplomatise", excuses, constant rationalization and constant suggestions that if they do this we might do that, and if we do that they might do this. I think this is very much brought home to us by the new generation which last week in British Columbia peacefully paraded in the streets showing their pacifism and how deeply concerned even they are about this furtherance of nuclear testing.

The news that the Amchitka blast may be set off is a drastic setback to the cause of peace. Regardless of how one looks at it, it is contrary to all common sense and it is contrary to all moral sense.

I appreciate the argument put forward by the hon. member for Swift Current-Maple Creek (Mr. McIntosh). It is the argument we have heard for so many years. It is the argument that leaves us still under a cloud of possible annihilation. The concept that this nation should stand and fall with the United States, is in my opinion, a concept conceived in nonsense and nurtured in possible destruction. We should always stand or fall with mankind, but regardless of what the Americans do we must do whatever we can to stop them when we think they are wrong, and the same with the Russians, the Chinese, and any other nations that pursue this course.

Apart from that concept, and apart from any environmental damage that might be caused by this blast, as set forth by the Minister of the Environment (Mr. Davis), or the remote possibility of earthquakes or whatever may result, apart from all that I think that if President Nixon proceeds with this program it will be disastrous for the relationships between Canada and the United States. It will certainly be disastrous for those relationships on the west coast. There will set in not necessarily a hatred, not necessarily a violent anti-American reaction, but a very deep resentment, the kind that exists when your best friend has betrayed you. The good will that has been built up for almost a century with the American people will be destroyed completely.

Economic differences between Canada and the United States can be resolved. We may be resentful of what they have done but those differences can be resolved. We can survive economically. We can see their position on Viet Nam even though we do not agree with it, and it does not build resentment up among us. But for them to be indifferent to the survival of mankind because of their own nationalistic ends will leave in the people of the province of British Columbia the deepest possible resentment. It is true that the Russians are going to do testing and have done so, and also the Chinese. But we do not expect much from them. We never have. But from the United States we expect appreciation, and we expect moral evaluation, and if this test goes ahead we will not get it.

With the greatest respect, Mr. Speaker, I do not think it can be suggested that the white paper put forward by the Minister of National Defence (Mr. Macdonald), in which he says we will co-operate with the United States, means co-operation to the extent of annihilation. Of course we will co-operate with the United States. Of course we realize our common interests and common destiny, but if they are going to go ahead with the destruction of the ecology and fiddle around with the whole destiny of the human race we are not going to stand idly by and co-operate. That is the time when co-operation ceases and resistance should begin.

In that connection I am very satisfied that the people of British Columbia, certainly the people I represent who are most concerned, are properly concerned. I think they have protested in every conceivable way that could be said to be peaceful protest, and I am beginning to wonder when peaceful protest may stop with regard to actions of this kind if the United States does not react appropriately. I am quite satisfied, too, that the Members of Parliament from British Columbia in all parties have done what they can. Certainly we have all wired President Nixon, we have all spoken to Americans on the embassy staff as and when we could. The last step which the hon. member for Fraser Valley West (Mr. Rose) has suggested is a good one, but one wonders how effective it might be.

• (12:10 p.m.)

The Secretary of State for External Affairs is to be commended for the stand he has taken. The suggestion that the Prime Minister (Mr. Trudeau) should go to Washington is somewhat futile when one considers that the government, not one member of it, speaks for this nation. We should not endow the Prime Minister with some greater power than the government because he does not have it although on occasions the opposition accuses him of having it.

This debate should terminate with the unanimous adoption of this resolution representing the views of all parties, and certainly the Secretary of State for External Affairs should see to it that the United States ambassador, as a special favour to this nation, draws it to the attention of the President of the United States immediately and personally.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I am going to take a little different tack as I start my remarks and I am sorry that the member for New Westminster (Mr. Hogarth) has left the chamber. I hope he really does not believe that sneering at what he called "diplomatise" is very relevant in this debate. It was George Ignatieff of Canada who at the Geneva Disarmament Conference was able to have the Soviet Union and the United States accept most features of a draft treaty presented as an alternative to a treaty that those two superpowers tried to foist upon the nations that make up that conference.

Some hon. Members: Hear, hear!

Mr. Fairweather: I do not think that the cause that most of us apparently espouse, the end of nuclear testing, is helped if we allow ourselves to denigrate the real and extraordinary work done in Geneva in the last couple of years.

Ten minutes is ample time in which to express a view about the proposed underground testing of a nuclear device at Amchitka and to say that I am against all nuclear weapons testing, no matter what the excuse. As a consequence I am very pleased to support this resolution. I know that in some quarters it is considered pious for Canadian Members of Parliament to express a view on a test that should not be made unilaterally when it affects

the people of so many countries beyond the borders of the United States.

It seems to me that one of the troubles of the world today is that the meaning of words has become diminished because of the way that statesmen—to use a cliché—use them. Some years ago, with the signing of the test ban treaty, we thought the treaty meant what it said until we read the fine print and found that our bravos were really quite hollow because the fine print said that underground testing could continue.

I think the extremely clear statement made by the Minister for the Environment (Mr. Davis) on the leakage, I think the word was, from the Nevada—

Mr. Macquarrie: Venting.

Mr. Fairweather: I am afraid a poor lawyer has not the capacity to keep up with the language of nuclear testing but I am told the word is venting. Venting or leaking, it is an intolerable situation that any country in the world can explode a device which affects the people of other countries. It is a well known concept of common law that if I do damage to my neighbour, my neighbour has cause for action. But unfortunately there is no device by which innocent people of the world can bring an action against nations because we are still tribal people.

Surely the business of government should be that of safeguarding and fostering human life. Unfortunately the business of government has recently been preoccupied with death, with killing and being killed. Some people shrug and ask why they should bother with an issue like this when a decision has already been made. But the decision on Amchitka has not been made and I think we would abdicate our responsibilities as a concerned country if we did not make our voice heard loudly, clearly and unequivocally in Washington.

In the September 25, 1971, issue of *Saturday Review* that great citizen of the world, Norman Cousins, had a most interesting and helpful editorial entitled "Amchitka and Tribalism". I have not time to read it all nor would the House be interested in a long review of the editorial. However, Mr. Cousins does pose two or three interesting questions. One is, where do people turn for protection? They cannot very well complain to the United States since that government proposes to do the exploding if the decision is made. They cannot go to the International Court of Justice because unfortunately at this stage in the march toward civility that court only deals with disputes between nations. An added irony is that we are helping. One of Canada's officials is in charge of the conference to be held in Stockholm next year on the environment, but citizens of the world cannot go there to get any justice.

As the Minister of the Environment said, the pollution aspect of this test is one that concerns all of us. I should like to read to the House one paragraph of this editorial:

> Here, then, is the tragic flaw in the organization of human society. The ultimate need on earth is for the protection and preservation of life. Yet no workable authority exists beyond the nation. The nation arrogates to itself the authority and the power to decide what it does not only inside but outside its borders.

This is the great dilemma which I face and the frustration I have with the United States and other countries that explode nuclear devices and do harm to innocent people because of radioactive fall-out. There is no place for the citizen of the world to turn as the world is now constituted. The editorial continues:

> What it does inside or outside its borders may constitute, as the Amchitka test illustrates, a possible danger to other people and to the world environment as a whole. But there is no legal process by which such danger can be averted. In a larger sense, there is no legal process by which human destiny can be protected and served.

Those who know Norman Cousins know that he has tested the conscience of man during this generation. I think the challenge he has put before us is exemplified in how man is able to respond. In Geneva Mr. Ignatieff and other officials are responding in a positive way.

I share the views of those hon. members who hope that President Nixon will be apprised of this debate and will take cognizance of the views of those people in the world who would be directly affected by a decision that he alone can make.

Mr. Ray Perrault (Parliamentary Secretary to Minister of Labour): Mr. Speaker, rarely in this House has there been such a degree of unanimity on an issue. Today we have heard members of all parties express their opposition and concern about the pending nuclear test at Amchitka.

What is this test at Amchitka? Canninkin is the code name for the largest underground nuclear test ever conducted by the United States. The blast would have the force of five megatons, the equivalent of 5 million tons of t.n.t. or 250 times the power of the bomb dropped at Hiroshima. It is planned, as hon. members know, for an area which is geologically unstable.

• (12:20 p.m.)

The suggestion has been made in this debate that there is a pressing American necessity for proceeding with this test. They suggest that there is virtual unanimity in the United States regarding the desirability of this test. But this view represents an utter distortion of the actual position.

There is substantial American opposition to the pending test, to the credit of many enlightened friends in the United States. The hearings which have been held in Alaska brought forth the fact that there is great opposition to the test. Indeed, only those with a special interest in defence seem to be pressing the alleged need for the test at present. Let me quote to the House the views of a spokesman for the Federation of American Scientists, the outstanding scientific group in the United States:

> Jeremy J. Stone, director of the 2,000-member Federation of American Scientists, claims Cannikin was conceived by the AEC in 1966 under President Johnson to test the Spartan missile, an anti-Chinese missile defense system. However, Mr. Stone contends, the Nixon administration in early 1969 revised the ABM program to have the defense of Minuteman ICBM's against a Soviet threat as its primary purpose, with the defense of cities from a China attack as a supplemental program. "There now is ample reason to believe that a majority of the U.S. Senate will not support an anti-Chinese ABM," he says, adding that the Spartan missile isn't necessary in the ICBM defence system.
>
> "Basically," Mr. Stone argues, "Cannikin is a bureaucratic oversight—an experiment that has been waiting to be cancelled."

The suggestion made is that the project has been tied up in military bureaucracy for a number of years and there is now no rational basis for proceeding with it.

Other testimony developed at the Alaska hearings indicated that the defence department of the United States has announced an intention to develop an improved Spartan with a warhead of much lower yield. The improved Spartan is designed to give the Safeguard system a greater ability to intercept submarine-launched missiles as well as intercontinental missiles. Many defence planners believe, according to testimony given, that in essence there is nothing important which the basic Spartan can do that the improved Spartan cannot do better.

It is really difficult to come to any conclusion except that certain military planners in the United States want to proceed with the test merely for the sake of going ahead with it. The events which may have provided justification for the test at one time have now passed. We are particularly concerned in the Canadian northwest with this United States proposal for testing at Amchitka. Our view in no way should be construed as one that would tolerate, on the other hand, nuclear testing by other nations. All testing poses a danger to man, and it is fallacy to suggest that any part of the world can remain immune from the effects of testing, be that testing atmospheric or underground.

In 1969, when I was with the Canadian delegation at the United Nations, I had an opportunity to serve on a committee which reviewed the report of the United Nations Scientific Committee set up to determine the effects of nuclear radiation. The UNSCEAR Committee was formed in 1955. It is made up of scientists of many nations. Canada, the U.S.S.R. and the United States have representatives on the committee. Despite major differences in the ideologies of the countries represented on the committee these scientists agreed, on the basis of scientific evidence which they had collected, that even underground testing poses the risk of environmental pollution. These scientists from all over the world expressed concern about the possibility of brain damage to unborn children resulting from radiation.

They warned that severe damage to the nervous system can be caused by radiation, whatever the source of that radiation may be. They pointed at the real danger of severe mental retardation in these unborn children. Exposure to radiation may result in an increase in the number of chromosomal aberrations, they say. These aberrations, we are told, are clearly of genetic importance and may in fact comprise the major component of the genetic damage resulting from radiation exposure. World scientists are engaged now in the process of checking the findings gathered thus far, findings which indicate that the very chromosomes which decide the future genetics of mankind and the ability of man to survive are affected by nuclear radiation.

According to a report recently issued by Professor Ernest Sternglass, professor of radiation physics at Pittsburgh University school of medicine, the deaths of 400,000 children in the United States and 100,000 children in Britain had resulted from nuclear tests in the mid-1960's in the United States and Britain. He estimated that 10,000 die with each megaton detonated in atmospheric testing.

In the face of this kind of counsel by world scientists, what has been the Canadian government's actions? I would remind those who are critical of the Canadian government's position that no nation has spoken out more vigorously against all nuclear testing than this nation and no government has spoken out more vigorously than the Canadian government. On many occasions the Secretary of State for External Affairs (Mr. Sharp) has made representations at the Geneva Disarmament Conference, at the United Nations and at the intergovernmental level. He has expressed the continuing Canadian concern and opposition to nuclear testing on the part of any nation in the world. This opposition has not been restricted to testing by the United States; it has been extended to and includes other nations.

Some critics suggest that the Prime Minister of this country has remained silent and has been unwilling to make any representations in this field.

Mr. Brewin: Who has suggested that?

Mr. Perrault: They either do not know or neglect to observe that on October 17, 1970 the Prime Minister said:

—the whole problem of nuclear testing is being discussed and Canadians are saying things and the government and its representative in Geneva are talking very much about this. We have advanced certain means—if we can agree to the prohibition, for instance, of underground testing. We have advanced certain Canadian devices which will permit to police this prohibition. Therefore we are very much concerned with it—

Then he commented about the Amchitka Aleutian test and said that we object, using these words:

—some people rightly or wrongly think that there would be a direct menace to the lives on the west coast.

The Prime Minister then went on to say:

We have taken the position that we want a moratorium on testing; we want the countries of the world to stop their testing. We have added support to the strategic arms limitation talks. We have encouraged both the U.S.S.R. and the U.S.A. to get on with them. We have participated actively in all the discussions on nuclear bans in Geneva. We are a member of the 18-nation disarmament conference. We are as active as we can be in them, but we cannot yet dictate policy to the countries which are proceeding with these tests. But we are a signatory, as you know, to the non-proliferation treaty and we are trying to get other countries to sign it—

That shows just some of the efforts made by the Canadian government in recent months and years. Clearly, this government is opposed to testing in any form on the part of any nation in the world. We have provided this kind of leadership because we are convinced that the future of mankind is threatened not only by underground tests at Amchitka but by tests conducted by other nations including the Soviet Union, the People's Republic of China as well as by the atmospheric testing carried out by France.

We are all concerned about the possible effects of nuclear radiation. No one can feel complacent about nuclear testing, and it does not matter who does the testing and what form the testing takes. The pending Amchitka test is just as deplorable as the Soviet tests which were undertaken a few days ago. The sooner the people of the world make known their absolute opposition to testing by any country, the better will be the chance that battered mankind will be able to survive. It is gratifying to see the unanimity in the House at this time on this question.

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, there are two particular reasons why I wish to add a few words to the discussion today on the resolution before us calling for the halting of nuclear tests in general and the

cancellation of the Amchitka underground nuclear test in particular. My first reason stems from the fact that I have recently returned, along with other hon. members of the House, from Washington. We went to one of the national parks of the United States and spent a whole week in an intensive appraisal of the operation of the United States national parks system. During the course of that week we had the opportunity to participate in discussions with the top people in their national parks service. These people are dedicated to the preservation in perpetuity of natural beauty in an unpolluted state in some of the choicest areas that lie within the boundaries of our neighbouring country. We also had an opportunity of meeting with members of the National Advisory Council on Parks, a very interesting and important body of citizens in the United States. We had discussions with the heads of all the great voluntary national conservation organizations in the United States, organizations comprised of thousands of citizens.

• (12:30 p.m.)

As a result of that experience I am much more aware than I might otherwise have been of the fact that literally millions of President Nixon's fellow citizens are today hoping and praying that he will see fit to cancel the Amchitka test. They will be encouraged and happy because of the fact that a motion in the terms now before us is being discussed in the Canadian House of Commons. This is one reason why it is most fortunate and opportune that the Secretary of State for External Affairs (Mr. Sharp) has today brought forward this motion for discussion and, hopefully, unanimous endorsation, by the Canadian House of Commons.

I am not going to attempt to cover the ground that some of the previous speakers have covered with regard to the broad issues involved in nuclear testing, underground or otherwise. In speaking as they have in this chamber today they have spoken not only on behalf of all Canadians, not only on behalf of citizens in other places throughout the world, but have also voiced the sentiments that I know are held by many millions of citizens in the country to the south, our closest neighbour, upon whose executive head has been placed the responsibility of deciding whether this test will be carried out.

My second reason for wanting to say a few words is that, if there are immediate disastrous results from this test should it take place, it is my constituents who will be in the first line of fire. I have a very vivid recollection of the events on a certain Easter weekend not many years ago. As a result of a natural earthquake in Alaska and the tidal wave resulting therefrom, many citizens and many communities in Comox-Alberni suffered disastrous effects. The present Minister of Public Works (Mr. Laing), who visited the area shortly afterwards as a member of the Canadian government, can confirm what I am saying. The memory of that situation is still very fresh in the minds of the residents of Comox-Alberni who suffered from the effects of that tidal wave.

Many reputable scientists have said there is a possibility that the effect of this underground nuclear explosion in the proportions which are contemplated could directly or indirectly trigger another earthquake or tidal wave. When the Minister of the Environment (Mr. Davis) spoke earlier he suggested that the possibility of direct earthquake effects is remote. The advice he has received may very well indicate that this is the case. I certainly hope this is so. He did indicate there is a possibility that there might be a resulting tidal wave. This is one of the reasons why my constituents in particular are gravely concerned about the possible results that may flow from this underground nuclear explosion if President Nixon does not cancel it. My constituents in particular are hoping and praying that they will not be subjected to an avoidable tidal wave. We recognize the fact that we live in one of the more unstable geological regions of the world and that there is always the possibility of a major earthquake and tidal wave which may affect us. However, we feel it is complete insanity for man to accelerate or increase the possibility of that kind of event taking place.

We also recognize that the other pollutant effects to which the Minister of the Environment referred briefly, if they affect Canadians, will affect us as quickly and probably with more impact than any other part of the country. This is further reason for our opposition to this event taking place. It is further reason why the residents of Comox-Alberni, almost to the last individual, are completely in support of the resolution introduced today by the Secretary of State for External Affairs.

We all recognize the fact that the decision is not ours. We realize that this motion is only an expression of opinion. However, I hope the remarks that have been made by the members who preceded me and who have gone into various aspects of the matter will be an indication that we have seriously assessed this question from many sides. I hope that through the appropriate channels the discussion we are having today in the Canadian House of Commons will be brought to the attention of the President of the United States and that he will give it proper weight in his consideration leading to the decision which he has been asked to make by the Congress of the United States.

I hope this resolution will be passed unanimously and that shortly there will be an announcement which will enable us all to breathe a little more freely.

Mr. Paul St. Pierre (Parliamentary Secretary to the Secretary of State for External Affairs): Mr. Speaker, I wonder whether we have not seen today how much virtue there can be in short speeches. We are nearing the end of two hours of debate but even so we have heard almost every aspect of this question canvassed and canvassed very thoroughly. Ten minute speeches have been the rule and I believe that as a result those who have taken part have concentrated their thoughts more closely than usual and have, frankly, made better speeches than they would have made had they used 20 or 30 minutes. I intend to attempt to use less than ten minutes, possibly only five.

• (12:40 p.m.)

It is not my purpose to attempt to cover ground which has been so ably covered by speakers on both sides of the House. I wish to deal only with one small aspect of this matter which I have not yet heard raised during the debate. I believe it strengthens the decision which this chamber is, hopefully, about to take unanimously. I should like to raise the question whether the proposed blast at Amchitka would not constitute a violation by the United States of the nuclear test ban treaty. I want to read

a section of this treaty, paragraph (b) of article I. For the sake of clarity I will have to read paragraph (a) first. It states:

1. Each of the Parties to this Treaty undertakes to prohibit, to prevent and not to carry out any nuclear weapon test explosion, at any place under its jurisdiction or control.

(a) in the atmosphere; beyond its limits, including outer space; or underwater, including territorial waters or high seas; or—

This is the significant section for my purposes:

—(b) in any other environment if such explosion causes radioactive debris to be present outside the territorial limits of the State under whose jurisdiction or control such explosion is conducted.

The section continues, but the foregoing is the significant point, Mr. Speaker.

The blast at Amchitka will in all probability cause pollution of ground water at the very least and it is almost inconceivable that this contaminated water will not extend beyond the three-mile territorial limit of United States waters. It is inconceivable upon the evidence—and I refer now to the figures given earlier by the Minister of the Environment (Mr. Davis)—if there is leakage into the atmosphere as occurred in 67 out of 230 tests in Nevada, one out of every four, that this contamination would not be carried in the atmosphere into Canada.

The United States is not, of course, the country most grievously at fault in this matter. The Chinese and the French have been detonating in the atmosphere itself and we know from our pollution readings that when they do radioactivity increases in the Canadian skies. But those countries are not signatories to the test ban treaty. The United States is. I suggest there is a serious question to be raised as to whether the United States, if it proceeds with the Amchitka test, would not be in violation of the treaty it has signed.

There are others, Mr. Speaker, who wish to be heard in this debate. I shall take my seat in a moment. I hope Parliament will express itself unanimously in favour of this resolution. Perhaps parliamentarians of other nations will also speak up as this Parliament is doing and speak for the people of the world. I trust that our voices will be heard and heeded. I thank hon. members for their attention.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I do not think I need say anything on the substance of the debate. I believe the views which have been expressed have all been directed toward one end, namely, to confirming that this motion is one which deserves support generally throughout the House. And I presume the motion will shortly be passed. I am hopeful that this matter might well be disposed of before one o'clock in order that when we return at two o'clock we shall be able to carry on with Routine Proceedings.

I wish to bring only one other point to the attention of the House. I do not think the Secretary of State for External Affairs (Mr. Sharp) was deliberately in error, but I think some credit should be given to the Official Opposition for their co-operation on this occasion, something of an impasse having been reached on finding ways and means of bringing this motion before the House in a form which would provide an opportunity for the expression of opinions. Our party did agree to forgo one opposition day, a day which would normally be ours, in order that this time could be so spent. If I may say so without partisanship, that is something of a sacrifice when one considers there are so many opportunities of usefully spending opposition days.

The House has initiated a debate on this matter. We hope it will be concluded and that the motion will secure the support of hon. members.

Mr. Sharp: On a point of order, Mr. Speaker, in connection with the matter raised by the House leader for the Progressive Conservative party, I know the hon. member shares my view that it is desirable to have evidence of the very strong support which is being given on both sides of the House to this motion. I would suggest that the vote might be taken as soon as we reassemble at two o'clock. This would not be more than the two hours which had originally been allotted. I should like, for example, to have the Prime Minister here and I am sure he would wish to have leading members of this party present in the House when the question is decided.

Mr. Knowles (Winnipeg North Centre): We would agree to this. Perhaps if there are no more speakers at this point we could call it one o'clock and take the vote when we come back at two o'clock.

Mr. Baldwin: I wonder how the question can be put. Is it the intention that there should be a recorded vote? None of us knows that. Maybe the question might be put, and then we could reassemble at two o'clock.

Mr. Speaker: The suggestion now made is that the question be put at this time and, if there is to be a formal vote, hon. members would reconvene at two o'clock for the afternoon session and the bells would be allowed to ring and members would be called in for the vote. Is this the way in which we should proceed?

Mr. Deachman: On the point of order, Mr. Speaker, at this moment there are a number of people who are not in the chamber but who are within the grounds of Parliament and who will be here for the question period. I believe we would be better advised to leave the matter of the vote until after the lunch hour when we shall have a fuller House and a more expressive idea of the will of Parliament on this issue.

Mr. Speaker: There would have to be agreement then since, normally, as soon as a debate is ended the question has to be put. But if this is the desire of hon. members we shall call it one o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Speaker: Order. Pursuant to the agreement made prior to one o'clock today the Chair will now put the question on the motion which was under debate this morning. All those in favour of the said motion will be please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Mr. McIntosh: Nay.

Mr. Speaker: I declare the motion carried on division. Motion agreed to.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNITED STATES IMPORT SURCHARGE—REPRESENTATIONS FOR REMOVAL

Mr. G. W. Baldwin (Peace River): Mr. Speaker, in view of the fact that the United States has granted an exemption from the 10 per cent surcharge to various nations that are exporters of textiles in return for certain concessions, is the government confident that the Canadian case with respect to exemptions has been put forcefully and eloquently enough by the Canadian government?

Mr. Speaker: Order, please. I realize that this is the first question of the question period and that I should not be too difficult procedurally, but it does seem to me that the question might be rephrased and put in another way. The hon. member is asking whether the government is confident that a position has been put in a satisfactory way. A question asked in those terms invites the expression of an opinion, and I am wondering whether it should be accepted. As I said, I do not want to be difficult so perhaps the Prime Minister might be allowed to reply.

Mr. Baldwin: The Chair said you might be allowed to reply.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member says I can try to answer. I think there is a bit of confusion in this question. There is no indication that the United States has made any concessions to the Japanese beyond those they made to Canada a long while ago. The lifting of the surcharge is conditional upon these textiles and other items going on quota. As hon. members know, though perhaps not the hon. member, there is no surcharge on our goods going to the United States on quota.

UNITED STATES IMPORT SURCHARGE—POSSIBILITY OF BILATERAL DISCUSSIONS FOR REMOVAL—MORE FORCEFUL REPRESENTATIONS BY CANADA

Mr. G. W. Baldwin (Peace River): Mr. Speaker, apparently the Prime Minister and I are not ad idem; as usual, he is a little distance behind. May I ask him a very simple question. It now having been established that the United States will conduct bilateral discussions with other countries regarding removal of the surcharge, will the Canadian government not step up its efforts and, in the language of Mr. Speaker, rephrase its request to the United States and make it more forceful and eloquent?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, we will continue to make our representations to

the United States. Once again so far as the premise of the question is concerned, the hon. member should realize that from the very outset there was toward Canada this kind of bilateral exemption of many Canadian goods from the United States surcharge. The Japanese have not been as forceful and persuasive as we because they have taken several months to reach the stage that we reached in a week.

UNITED STATES IMPORT SURCHARGE—FAILURE OF PRIME MINISTER TO NEGOTIATE DIRECTLY WITH PRESIDENT NIXON

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I have a question that has been put in different ways to the Prime Minister, but in view of what happened last night he might like to answer it. Since the Prime Minister has neither telephoned nor written personally to the President of the United States, would he advise the House and the country why he will not seek direct contact with the President and, as Prime Minister of this country, try to negotiate with the President a better deal for Canada, as has been done in the past?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am really overwhelmed by the confidence that is repeatedly expressed in me by members on the opposite side. I am certain that this will lay to rest forever the charge that it is I, rather than they, who is working toward a presidential system. They should know that under the parliamentary system when relations between countries are normal, exchanges and representations are made at the highest level between ministers responsible for foreign affairs. Therefore, we have made representation to the United States at the very highest level in contacts between the two countries. If the opposition want me to embark on types of personal diplomacy toward the United States, once again I can only thank them for approving of the type of personal diplomacy which I thought was valid in relation to other countries, but which did not seem to have their wholehearted endorsement.

* * *

• (2:10 p.m.)

EXTERNAL AFFAIRS

POSSIBILITY OF VISIT TO CANADA OF PRESIDENT OF THE UNITED STATES

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I wonder whether the Prime Minister would share the diplomacy and tell us whether there is any merit in the suggestion that Canada urge upon the President of the United States that that gentleman make a visit to this country before visiting the USSR and mainland China or would he tell us when it is expected that the President will visit Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we have no firm dates yet, but the United States government let it be known to us they would seek a visit sometime in the first half of next year, I understand sometime in the spring. The dates have not been firmly set up, and I

do not think anyone knows yet whether it will be before or after Mr. Nixon visits Peking and Moscow.

Mr. Woolliams: Mr. Speaker, may I ask one more supplementary.

Mr. Speaker: Perhaps the Chair will recognize the hon. member for Calgary North on a supplementary, and then the hon. member for Winnipeg North Centre.

ALLEGED FAILURE OF PRIME MINISTER TO TALK DIRECTLY TO PRESIDENT NIXON

Mr. Eldon M. Woolliams (Calgary North): Thank you, Mr. Speaker. I hope you do not take this as argumentative, but in view of the answer could the Prime Minister now explain to the House and the country why he contacts directly heads of state of other countries but not the United States, such as the USSR and others.

Right Hon. P. E. Trudeau (Prime Minister): The hon. member should really recall that the first head of state, so far as I can recall, I did contact by a personal visit after my election was the President of the United States of America. Now, the fact I have also visited the Premier of the USSR a couple of years after that, is surely vindicated by the fact that the President of the United States is now saying he is going to do the same thing.

* * *

THE CANADIAN ECONOMY

UNEMPLOYMENT—ALLEGED STATEMENT BY PRIME MINISTER THAT AN AMOUNT IS NECESSARY FOR HEALTHY ECONOMY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Was the Prime Minister stating government policy at his noon hour press conference when he indicated that a certain amount of unemployment is necessary for a healthy and growing economy, and can he say what level of unemployment he thinks would achieve this purpose.

An hon. Member: He did not say that.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if I understood what I think I understood the question is based on a false premise.

ENTRY OF WOMEN INTO LABOUR MARKET—REQUEST THAT PRIME MINISTER EXPLAIN REASON

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to direct a supplementary to the Prime Minister in respect of his noon hour speech. He expressed concern that women who, up to this point, apparently have been satisfied to play bridge and carry on works of benevolence have suddenly got it into their heads to join the labour market. Would he be willing to make an early statement concerning the reason for this sudden change, whether it is economic or merely the result of whim or the effect of the media upon women.

Mr. Jamieson: They can't stand their husbands.

[Mr. Trudeau.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am afraid the Minister of Transport really got in ahead of me. I was going to say that I do not object to making a statement but, in this particular case, I am at a loss to be able to explain why the women want to get away from their husbands at any particular time of life. I have no particular explanation for it but I am embarked on a case study now which might bring some light to it.

UNEMPLOYMENT—REQUEST FOR EXPLANATION OF ALLEGED STATEMENT BY PRIME MINISTER CONCERNING REASONS PEOPLE SEEK WORK

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a further supplementary for the Prime Minister as a result of his press conference at noon. Would the Prime Minister care to clarify his statement to the effect that people are saying, when surveyed they are looking for work, for religious, philosophical and ethical reasons. Did the Prime Minister mean that they are not really looking for work.

Mr. Speaker: Order. I have some doubt whether questions of this nature, in respect of a press conference which took place outside the House, which go from sentence to sentence and which could be commented on for 40 minutes, are in order. However, the Prime Minister may wish to reply to this question. It seems to me there might be other questions other hon. members might like to ask.

Right Hon. P. E. Trudeau (Prime Minister): The question itself surely translates a very curious misconception. When I say people are doing things for philosophical or religious reasons, obviously I do not mean they are not really doing things. I am surprised at the hon. member's suggested philosophy that when people do things for religious purposes they really do not mean it.

POSSIBILITY OF FURTHER SELECTIVE TAX CUTS TO ASSIST LABOUR INTENSIVE MANUFACTURING INDUSTRIES

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I have a question for the Prime Minister. In light of the fact that the corporate tax cuts announced yesterday were across the board, are further selective cuts to be introduced to assist labour intensive manufacturing industries.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I knew this would happen, but not on the first day. No matter how many tax cuts we announce, I am sure there will always be on the next day representations from the opposition that we should do more somewhere else. The answer is no, not today, Mr. Speaker.

Mr. Baldwin: On a point of order, Mr. Speaker, the Prime Minister has been commenting on opposition tactics. In light of the fact that the government has now adopted the oppsition's proposals, I would think he might be a little more careful in his statements.

POSSIBLE TAX INCENTIVES TO STIMULATE PURCHASE OF CANADIAN EQUIPMENT AND MACHINERY

Mr. S. Perry Ryan (Spadina): Mr. Speaker, of course we are trying to focus in upon the point at which there is need in this country at this rather sad moment. I should like to ask the Prime Minister whether the government intends to introduce special investment tax incentives to stimulate purchases of Canadian equipment and machinery.

Right Hon. P. E. Trudeau (Prime Minister): The hon. member suggests we have overlooked an important area while his House Leader says we have adopted their own measures, so perhaps they should get together.

CORPORATE TAXES—CONTRADICTION BETWEEN GOVERNMENT PROGRAM AND BILL C-259—POSSIBLE WITHDRAWAL OF BILL

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, perhaps I might be able to help the Prime Minister. In view of the fact that the statement made last night and Bill C-259, which is still before the House, are contradictory in that one would cut the taxes of corporations and the other would increase them, is the government going to withdraw Bill C-259?

* * *

INDIAN AFFAIRS

POSSIBLE INCLUSION OF INDIAN COMMUNITIES IN ECONOMIC INCENTIVES PROGRAM—DEPARTMENTAL RESPONSIBILITY

Mr. Len Marchand (Kamloops-Cariboo): Mr. Speaker, I should like to direct a question to the Minister of Indian Affairs and Northern Development. Is any special attention being paid by his department or by other government departments to the inclusion of Indian communities in the benefits under the economic incentives program announced last night.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the Indian reserves have been included in the government program in the same way as other municipalities of Canada.

[*English*]

Mr. Marchand (Kamloops-Cariboo): Mr. Speaker, I wonder whether the minister could advise the House if these efforts are being made through his department or through other departments or both.

[*Translation*]

Mr. Chrétien: Yes, Mr. Speaker.

Inquiries of the Ministry

[*English*]

THE CANADIAN ECONOMY

REQUEST FOR ESTIMATE OF NUMBER OF JOBS PROVIDED BY NEW GOVERNMENT PROGRAM

Mr. David Orlikow (Winnipeg North): Mr. Speaker, may I direct a question to the Prime Minister. How many jobs does the government estimate will be provided by the program that was announced by the Finance Minister last night involving $1 billion.

• (2:20 p.m.)

Right Hon. P. E. Trudeau (Prime Minister): I suppose it would be possible to make some rough calculations of the number of jobs affected by these measures, but how many jobs will be created and how many people will change their jobs to take new ones I cannot say and I do not think I can obtain the figure.

NUMBER OF JOBS PROVIDED BY NEW PROGRAM—REQUEST FOR TABLING OF ESTIMATE BY DEPARTMENT OF FINANCE

Mr. David Orlikow (Winnipeg North): Would the Prime Minister consider tabling the estimates for employment which would have been provided this winter in the absence of the program announced last night by the finance minister which would be prepared by the economists working for the Department of Finance?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

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PUBLIC WORKS

NEWFOUNDLAND—INQUIRY AS TO WHEN ANNOUNCEMENT OF PROJECTS WILL BE MADE AND BY WHOM

Mr. Thomas M. Bell (Saint John-Lancaster): My question is for the Minister of Public Works and it is in connection with the announcement made last night regarding public works programs. May I ask the minister whether he expects that the Newfoundland portion will be announced before, say, October 28.

In view of the fact that the minister is not replying, may I ask a supplementary question, Mr. Speaker?

Mr. Speaker: Order, please. Perhaps the hon. member might try asking another question. I doubt that he should ask a supplementary question to the first one.

Mr. Bell: May I ask, then, whether these announcements of the Newfoundland public works will be made by the minister's colleague, the Minister of Transport, or will they be made in the usual way by the premier of Newfoundland?

Mr. Speaker: Order, please.

Hon. Donald C. Jamieson (Minister of Transport): May I rise on a question of privilege, Mr. Speaker. I do not have any resentment with regard to the matter; I am only sorry

that since there is not a Newfoundland member on the other side of the House they have to fall back on the New Brunswickers.

Mr. Bell: May I say on the point of order, Mr. Speaker, that there was to be one Newfoundlander here every day, but unfortunately that gentleman is sick today.

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EXTERNAL AFFAIRS

REPRESENTATIONS TO PREMIER KOSYGIN REGARDING POLITICAL PRISONERS IN UKRAINE—REQUEST FOR STATEMENT BY PRIME MINISTER

Mr. Steven E. Paproski (Edmonton Centre): My question is for the right hon. Prime Minister. In Winnipeg the Prime Minister stated that certain representations will be made to Premier Kosygin regarding the treatment of political prisoners in the Ukraine. Before the premier's visit, will the Prime Minister inform the House what those representations will be?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. I told the group which I was meeting that if they made certain representations on which we agreed verbally, then I would transmit them to Premier Kosygin. If they do transmit these representations to me, I will have no objection to making them public, but for the time being I have not received them and therefore I cannot speak of them.

ALASKA HIGHWAY—MEETING IN WASHINGTON TO DISCUSS UPGRADING

Mr. Robert Borrie (Prince George-Peace River): I should like to direct my question to the Minister of Public Works. Can the minister advise the House when we may expect the second meeting of the American and Canadian officials to deal with the upgrading of the Alaska Highway?

Hon. Arthur Laing (Minister of Public Works): The second meeting took place in Washington on Thursday of last week. The results were not as optimistic as I had hoped.

* * *

HEALTH

CIGARETTE ADVERTISING—DISCUSSIONS WITH INDUSTRY REGARDING TERMINATION DATE

Mr. Barry Mather (Surrey-White Rock): I have a question for the Minister of National Health and Welfare. In his absence I was going to put it to his parliamentary secretary, but I do not see him here either at the moment. Perhaps someone opposite might take notice of the question. Actually, it is a question which I tried to ask yesterday as a supplementary question to one asked of the Minister of Consumer and Corporate Affairs about misleading advertising. This is the question I want to ask of the Minister of National Health and Welfare: can the minister indicate what is the status or progress of the talks which I understand are going on between representatives of his department and the cigarette industry with regard to the termination date of cigarette advertising. I hope someone will take notice of the question.

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NATIONAL DEFENCE

SALARY INCREASES FOR MEMBERS OF ARMED FORCES—REQUEST FOR DATE OF ANNOUNCEMENT

Mr. Robert C. Coates (Cumberland-Colchester North): I have a question for either the Minister of National Defence or the President of the Treasury Board. Is it the intention of the government to increase the salaries of members of the armed services, and does the government intend to increase them by 18 per cent retroactive to October 1970?

Hon. Donald S. Macdonald (Minister of National Defence): The question of the pay and allowances for the armed forces is now being considered, and I hope to make an announcement within a month.

Mr. Coates: Could the minister indicate when the announcement will be made?

Mr. Macdonald (Rosedale): I hope to be able to make an announcement within a month.

* * *

[*Translation*]

FAMILY INCOME SECURITY

FAMILY ALLOWANCES—DIFFERENCES BETWEEN FEDERAL AND QUEBEC PLANS—SUGGESTED MEETING BETWEEN PRIME MINISTER AND MR. BOURASSA

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Prime Minister.

Recognizing the difficulties between the Quebec and Ottawa governments with regard to family allowances, and as the Quebec premier indicated yesterday that he was willing to discuss the matter personally with the Prime Minister, can the latter tell us whether he is ready to take it up with the Quebec premier, and when could he do so?

Right Hon. P. E. Trudeau (Prime Minister): I have absolutely no objection to personal negotiations, Mr. Speaker, but we felt negotiations were making good progress between the officials and the ministers; as I trust them implicitly, I should prefer the talks to continue at that level. But if the Quebec premier wants to deal with me personally, I am quite agreeable to that.

* * *

[*English*]

THE CANADIAN MINT

POSSIBLE RELOCATION IN WINNIPEG

Mr. Craig Stewart (Marquette): My question is for the Minister of Supply and Services. In view of the minister's

statements in Manitoba, can he tell the House if and when the new Canadian Mint will be located in Winnipeg?

Hon. James Richardson (Minister of Supply and Services): I have advised the House before that no decision has been reached concerning the location of the new facilities for the Mint.

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INQUIRY OF THE MINISTRY

Mr. E. B. Osler (Winnipeg South Centre): My question is for the Minister of Supply and Services apropos the $50 million that was allocated last night to municipal bodies for works in the immediate future. Since the federal government has direct control over this, would the Minister of Supply and Services use his good offices to see that Saskatchewan gets perhaps more than its share because there was another situation over which we had no control—

Mr. Speaker: Order, please; that is a representation, not a question.

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[*Translation*]

INDUSTRY

TEXTILES—REPORT OF COMMISSION ON SKIRT MANUFACTURING

Mr. Arthur Portelance (Gamelin): Mr. Speaker, I wish to direct a question to the Minister of Industry, Trade and Commerce.

We have now reached the middle of October and, some two weeks ago, the minister told us that a policy would be announced or at least that a report from the Textile and Clothing Board would be presented at this time. Can the minister give us any information on that?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I must confess, with regret, that I shall be two or three days late.

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[*English*]

CANADIAN PACIFIC RAILWAY

THE "CANADIAN"—ALLEGED REDUCTION OF CONSISTS—ADEQUACY OF ACCOMMODATION

Mr. Les Benjamin (Regina-Lake Centre): I should like to direct a question to the Minister of Transport and ask him whether he has looked into the matter of the reduction of consists of the CPR train "The Canadian" taking effect today, and would he report to the House as to what the situation is?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, I understand that at this time of year it is normal to change the consist of a number of trains. I would draw to the attention of the House that the requirement is that the number of cars be adequate to the traffic operation, but I will obtain more details and inform the hon. member.

Mr. Benjamin: May I ask the minister whether, in view of the fact that the consist will now be made up of one sleeper from Montreal to Vancouver and one from Toronto to Vancouver, which is not adequate in the opinion of many, the minister would take a mean pill and make representations to the CPR on behalf of the government requesting a larger consist of this train for the rest of this year.

Mr. Jamieson: Yes, Mr. Speaker. It may not be adequate but it will be cosy, and I will be glad to make these representations.

Mr. Knowles (Winnipeg North Centre): You took the wrong kind of pill.

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CAPE BRETON DEVELOPMENT CORPORATION

IMMEDIATE NEED FOR FUNDS—UNDESIRABILITY OF WAITING FOR INTRODUCTION OF ESTIMATES

Mr. Robert Muir (Cape Breton-The Sydneys): My question is for the Prime Minister. In view of the fact that moneys allocated to the Cape Breton Development Corporation are almost depleted, and this was confirmed by the Minister of Regional Economic Expansion in the House two days ago, and in the light of the statement of the Minister of Finance, will more funds be made available to Devco immediately for their work in providing and stimulating employment in Cape Breton rather than having to wait until estimates are brought in, as was suggested by the Minister of Regional Economic Expansion?

Right Hon. P. E. Trudeau (Prime Minister): I have to say that the suggestion of the minister is the one which I would want to repeat today.

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• (2:30 p.m.)

POWER

PROPOSED JAMES BAY HYDROELECTRIC PROJECT—REQUEST FOR STATEMENT OF FEDERAL GOVERNMENT POSITION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, would the Minister of the Environment take the first opportunity to make a full statement to the House in connection with the federal government's position on the James Bay project, the extent to which the federal government will be observing the needs for environmental protection, whether or not the government of Quebec has made application under the Navigable Waters Protection Act, the federal government's position with respect to that act and what has to be done in this regard?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, I would be glad to take the hon. member's suggestion into consideration.

Inquiries of the Ministry

PROPOSED JAMES BAY HYDROELECTRIC PROJECT—PROTECTION OF RIGHTS OF INDIANS

Mr. David Orlikow (Winnipeg North): As a supplementary question, Mr. Speaker, would the Minister of Indian Affairs and Northern Development at the same time give consideration to making a statement on what the government is doing to protect the traditional rights of the Indians now residing in the James Bay area to make a living?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I said before that we have a committee of federal and provincial officials, and representatives of the Indians Association working on this problem. I understand the Indians met with the Quebec premier a few weeks ago in that regard, and we keep a close watch on the way things develop.

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[*English*]

CROWN CORPORATIONS

POSSIBLE AMENDMENT TO BRING UNDER NAVIGABLE WATERS PROTECTION ACT

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I wish to direct a supplementary question to the Minister of the Environment. Will the minister press his colleague, the Minister of Transport, to introduce an amendment to the Navigable Waters Protection Act which would bring all Crown corporations under its provisions?

Hon. Jack Davis (Minister of the Environment): That sounds like a good idea, Mr. Speaker.

[*Later:*]

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Transport arising from the answer just given to my colleague, the hon. member for Kootenay West, by the Minister of the Environment. Would the Minister of Transport be willing to accept, as a precedent, my bill which is on the order paper and which would accomplish the purpose of amending the Navigable Waters Protection Act—

Mr. Speaker: Order, please.

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THE CANADIAN ECONOMY

WINTER WORKS PROGRAM—PRIOR CONSULTATION WITH PROVINCES AND MUNICIPALITIES

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I wish to direct a question to the Prime Minister. Were the winter works programs announced last night developed after first having had consultation with the provinces and/or the municipalities?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, consultation will take place and indeed has taken place. When the minister was speaking yesterday evening I believe he indicated—but perhaps he did not—that his officials already that afternoon had contacted the departments of the treasury of all provinces and had told them we wanted to meet with their officials as early as possible next week to explain the details of the program to them as they affect the provinces and municipalities. I believe that now they are trying to arrange such a meeting for the middle of this coming week, to be followed some time afterward by a meeting of ministers of finance.

Mr. Ryan: A supplementary question, Mr. Speaker. It was part of the minister's announcement that there would be this meeting, but my question is concerned with what happened before that. Were there consultations with the provinces and/or the municipalities before this announcement was made, and did they approve of the federal government's initiative?

Mr. Trudeau: No, Mr. Speaker. The House knows that we have too much respect for the parliamentary system to consult with provinces on a budgetary measure of this kind before making it known to this House.

[*Later:*]

WINTER WORKS PROGRAM—METHOD OF ALLOCATING FUNDS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I wish to direct a supplementary question to the right hon. Prime Minister. Will any limits be placed on the amount granted to a province for assistance to municipalities, or will this be done on a first come, first served basis until the funds are used up?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this fund will be apportioned according to a rather complicated formula involving many factors, one of which, of course, will be the rate of unemployment in various parts of Canada, the need—and especially the possibility—of getting ahead with the work as soon as possible.

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ENVIRONMENTAL AFFAIRS

ESTABLISHMENT OF COMMITTEE TO ADVISE ON UN CONFERENCE—LACK OF FARM REPRESENTATION

Mr. John Burton (Regina East): Mr. Speaker, I wish to direct a question to the Minister of the Environment. In view of the fact that the minister's announcement indicated that there is no representation from farm organizations on the committee established to advise the government on preparations for the UN environmental conference in Stockholm next year, could he indicate whether he has taken any action to remove or correct this oversight, or is he considering taking such action?

Hon. Jack Davis (Minister of the Environment): We have already taken steps in that connection, Mr. Speaker.

POLLUTION

SPRINGHILL MINE-DUMP FIRE—INQUIRY AS TO ACTION BY FEDERAL GOVERNMENT

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, I have a question for the Minister of the Environment. Is he in a position to inform the House of the actions his department has taken since its formation to eliminate the mine-dump fire that is still in existence at the town of Springhill?

Mr. Speaker: I hope the minister can reply briefly to the question. The hon. member has invited the minister to say what action has been taken by his department over a period of time. That question should normally be answered by a statement on motions. As I say, I hope the minister can reply briefly.

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, this matter has been under investigation jointly with the province of Nova Scotia. I cannot report further at this moment.

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ENVIRONMENTAL AFFAIRS

DOLLARS FOR WETLANDS PROGRAM—POSSIBLE REINSTATEMENT FOR PROTECTION OF WILDLIFE

Mr. Craig Stewart (Marquette): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development. In view of the reports last week that the government plans laws to save endangered wildlife, will the government be reinstating its "dollars for wetlands" program which encouraged and compensated farmers to leave sloughs and potholes in their present state?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I think this question should be addressed instead to the Minister of Environment, who is now responsible for the Canadian Wildlife Service.

[*English*]

Mr. Stewart (Marquette): I will redirect my question to the Minister of the Environment. In view of reports last week that the government plans laws to save endangered wildlife, will the government be reinstating its "dollars for wetlands" program which encouraged and compensated farmers to leave sloughs and potholes in their present state?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, we have had discussions with the Prairie provinces and we are considering a new program to cover crop depredation.

Mr. Speaker: Orders of the day.

Inquiries of the Ministry

INQUIRY OF THE MINISTRY

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, in order to plan our weekend, I ask the Prime Minister if there will be any more hour-long broadcasts on national television by any member of the cabinet to try to explain this latest, crazy budget?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker.

Mr. Speaker: Order, The hon. member will appreciate that the question as asked is not in order.

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THE CANADIAN COASTGUARD

INQUIRY AS TO LOCATION OF COLLEGE AND TYPES OF TRAINING

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I wish to direct a question to the Minister of Transport. Is he in a position to advise whether a decision has been reached with regard to the future of the Canadian Coastguard College, with particular reference to location, possible expansion and other types of training?

Hon. Donald C. Jamieson (Minister of Transport): No decision, but a progress report, Mr. Speaker. The group has certainly narrowed down the number of options and, as I mentioned the other day, I am sure this will be a joint school now, which will mean a larger one. The hon. member's location of Sydney is still very much in the running.

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NATIONAL PARKS

KLUANE GAME SANCTUARY—POSSIBLE SITE OF NEW PARK

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development. Can the minister inform the House if the entire Kluane game sanctuary in the Yukon is actively being considered as a site for a national park?

Mr. Speaker: Order. This question should be placed on the order paper.

Mr. Harding: As a supplementary—

Mr. Speaker: Order. I advised the hon. member that the question should be placed on the order paper, so he cannot ask a supplementary. He can also put his supplementary question on the order paper.

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SHIPPING

SAFETY MANNING REGULATIONS—COMMUNICATION FROM CANADIAN MERCHANT SERVICE GUILD CONCERNING REPRESENTATIONS

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I wish to direct a question to the Minister of Transport. Can the

Minister say whether he has received a communication from the Canadian Merchant Service Guild in regard to the safety manning regulations—

Mr. Speaker: Order. The hon. member knows he cannot ask a question in those terms. He can ask whether action is being taken, but for a member simply to ask whether a communication has been received by a minister is not sufficient.

Mr. Skoberg: Thank you, Mr. Speaker. In view of the communication having been received by the Minister of Transport, can he say whether he is going to allow ample time for the Canadian Merchant Service Guild to make representations to his department?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, since I suspect the hon. member had a hand in writing the question, perhaps he can also lend me a hand in writing the answer.

[*Later:*]

Mr. Jamieson: While I am on my feet, Mr. Speaker, I might say I will be able to give the delay the hon. member for Moose Jaw was asking about.

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VETERANS AFFAIRS

CANADIAN PENSION COMMISSION—POSSIBLE APPOINTMENT OF EXTRA BODIES TO CLEAR BACKLOG OF CASES

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, may I try something on for size with the Parliamentary Secretary to the Minister of Veterans Affairs? Because of the backlog and sheer volume of veterans' cases to be decided by the Canadian Pension Commission, is any thought being given to appointing extra bodies to deal with this problem over the next year?

Mr. Lloyd Francis (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I will take this question as notice.

* * *

• (2:40 p.m.)

EXHIBITIONS

SASKATOON—POSSIBLE GRANT FOR ERECTION OF HORSE BARN

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I have a question for the Minister of Public Works. In view of the money being made available for class A and B fairs, is the government considering a grant for the Saskatoon exhibition to erect a horse barn as a memorial to the minister—

Mr. Speaker: Order, please. I would suggest to hon. members that they consider allowing the Chair to call orders of the day. I think a number of questions asked might have been deferred. I would suggest to hon. members that there is no necessity to repeat, for the sole purpose of filling the 40 minutes allotted, questions which have been asked on a number of occasions. I would invite hon. members to give this matter some thought. The hon. member for Mackenzie.

* * *

TRANSPORT

POSSIBILITY OF INSTALLING FLASHERS ON LOCOMOTIVES

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Transport. In view of the representation made several years ago to instal flashers on train engines because of the numerous accidents that happen at crossings, can the minister inform the House whether we are any closer to the date that this will be done?

Hon. Donald C. Jamieson (Minister of Transport): I would hope so, Mr. Speaker, but I really could not say. I recall having passed this information on to the CTC, and I know it is one of the matters being investigated.

* * *

ST. LAWRENCE SEAWAY

POSSIBLE INCREASE IN TOLLS—FURTHER SUBMISSIONS—GOVERNMENT POSITION

Mr. Les Benjamin (Regina-Lake Centre): I have a question for the Minister of Transport. In light of his inability several weeks ago to give a definite answer, and in view of the 49 submissions in opposition to St. Lawrence Seaway tolls, could the minister now tell the House that the government will not approve an increase in these tolls?

Mr. Speaker: Again, it seems to me that the hon. member has reiterated a question which has been asked on a number of occasions. However, I shall allow the minister to reply.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, the only answer could be that this matter is still under consideration and more submissions are coming in, though I think they are all in the negative.

* * *

AIR TRANSPORT

NATIONAL POLICY—POSSIBILITY OF CANADIAN PACIFIC AIRLINES BECOMING SECOND TRANS-CANADA CARRIER

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I have a question for the Minister of Transport arising out of an exchange he had earlier this week with the member for Central Nova. Will the government give new direction to the Canadian Transport Commission so that in effect Canadian Pacific Airlines may become the second national coast-to-coast carrier in Canada?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I do not want to argue with the hon. gentleman,

but unfortunately when he talks about coast-to-coast he is usually referring to Halifax and Vancouver—

Mr. McCleave: I was thinking of it in terms of Bonavista to Vancouver Island.

Mr. Jamieson: That matter is under consideration, Mr. Speaker.

* * *

THE CANADIAN ECONOMY

UNITED STATES IMPORT SURCHARGE—POSSIBLE CANADIAN REQUEST FOR SPECIFIC ARRANGEMENT RATHER THAN GENERAL EXEMPTION

Mr. John Burton (Regina East): Mr. Speaker, my question is directed to the Prime Minister. Can the right hon. gentleman inform the House whether Canada asked for any specific arrangements, as opposed to a general exemption, arising out of the imposition of the U.S. import surcharge and, if so, could he indicate what the response of the United States has been to such proposals?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as I think I said in answer to an earlier question today, our representations to the Americans cover a very wide area. I told the House leader of the Conservative party that in some cases the Americans indicated to us very quickly that we would see exemptions of the 10 per cent surcharge applied to large sectors of our economy, but I cannot give a more detailed answer unless the question is put in some other way.

* * *

POST OFFICE

REQUEST FOR INVESTIGATION OF DELAYS IN DELIVERY OF MAIL

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question for either the Minister of Communications or the Postmaster General. However, I do not think either minister is in the House at the moment so perhaps somebody else will take notice of the question. Would the ministers concerned look into the many complaints which, in common with other members, I am receiving about the delays in delivery of mail? I should like an early report on this matter.

* * *

EXTERNAL AFFAIRS

REPRESENTATIONS TO PREMIER KOSYGIN REGARDING ALLEGED PERSECUTION OF CHRISTIANS IN LITHUANIA

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I have a question for the right hon. Prime Minister. When in the near future he meets with Premier Kosygin here in Canada, would he ask Premier Kosygin to intercede with the U.S.S.R. government on behalf of Lithuania so that the persecution of those of the Christian faith which has continued in that country since 1947 may be terminated?

Inquiries of the Ministry

Right Hon. P. E. Trudeau (Prime Minister): I shall take that into consideration, Mr. Speaker.

* * *

AGRICULTURE

REQUEST FOR PROCLAMATION OF FARMERS' CREDITORS ARRANGEMENT ACT AND ACREAGE PAYMENTS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, would the Parliamentary Secretary to the Minister of Agriculture discuss with his minister the question of proclaiming the Farmers' Creditors Arrangement Act which is in full force but does not apply to current conditions in light of the very difficult cash position of farmers?

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I shall bring that question to the attention of my minister on Monday morning.

Mr. Baldwin: A supplementary question. Would the parliamentary secretary also bring to the attention of the minister the possibility of making an acreage payment to farmers, as was done by previous governments with very effective results?

Mr. Drury: It was offered and you turned it down.

* * *

TRANSPORT

RAIL LINE RELOCATION PROJECTS—REQUEST FOR STATEMENT OF GOVERNMENT POLICY

Mr. John Burton (Regina East): I have a question for the Minister of Transport. Is the minister in a position to indicate when the government will announce its policy with respect to the many rail line relocation projects which have been under study for some time in respect of a number of Canadian cities such as Regina?

Hon. Donald C. Jamieson (Minister of Transport): Not an actual date, Mr. Speaker, although I am pleased to advise the House—and I seem to recall having made reference to it a few days ago—that a substantial contract has been awarded for a study in Winnipeg which is now under way with the agreement of all parties concerned and is designed to arrive at a national program for all such projects. I would think this project would be completed during the current year.

An hon. Member: You said that about a year ago.

Mr. Speaker: Orders of the day.

NORTHERN CANADA POWER COMMISSION ACT

AMENDMENTS RESPECTING MEMBERS FUNDS FOR INVESTIGATION OF PROJECTS, ADVANCES FOR CAPITAL EXPENDITURES

The House proceeded to the consideration of Bill C-193, to amend the Northern Canada Power Commission Act, as reported (with an amendment) from the Standing Committee on Indian Affairs and Northern Development.

Mr. Speaker: The hon. member for Yukon (Mr. Nielsen) moves motion No. 1 as follows:

That Bill C-193, an act to amend the Northern Canada Power Commission Act, be amended by deleting line 9 on page 1 thereof and substituting therefor the words "five members".

Mr. Erik Nielsen (Yukon): Mr. Speaker, before discussing this amendment I have what is probably a question of privilege in connection with the obligations of the government to file the annual financial statements of Northern Canada Power Commission. The financial statements of the commission are prepared to the end of March each year, and by the laws of the country the government is required to table these financial statements each year. This year, the current financial statement of the commission was tabled on October 8.

In addition to the tabling requirement there is a requirement that the report receive certification by the Auditor General. Quick reference to the document tabled in this House on October 8 will reveal that because of the highly unsatisfactory state of the commission, the Auditor General withheld his approval of the financial statement.

• (2:50 p.m.)

The financial report that should have been filed normally consists of a breakdown, by plant, of the operating expenses of the plant and of the income received as a result of its operation. In the document that was filed on October 8 that statement is missing. During the last three years I have had to write to and call officials in the department and in the commission. I wanted them to produce that independent station-by-station breakdown which they are required to keep under the provisions of the Northern Canada Power Commission Act. I submit that the station-by-station, or plant-by-plant breakdown is part and parcel of the financial statement of the commission. Since it was not available, the Auditor General withheld certification of the document that was tabled on October 8. That was one of his reasons.

My question of privilege resolves itself to this: the commission, or the Minister of Indian Affairs and Northern Development (Mr. Chrétien) through whom the commission reports to Parliament, has not complied with the law as set out in the Northern Canada Power Commission Act and has not tabled the financial statement that the law requires to be tabled.

We cannot debate intelligently requirements under the Northern Canada Power Commission Act, the legislation which the government is trying to amend, unless the existing law is complied with. One provision of the act, as I have said, requires each plant in the system to be self-sustaining. We have no way of knowing whether plants within the system are self-sustaining unless an individual, plant-by-plant breakdown is tabled as part and parcel of the accounts of the commission.

Information required by law to be tabled in Parliament has been withheld from Parliament. That omission, in my submission, ought to be rectified immediately before we continue this debate. The withholding from the House of information which is required by law to be tabled by the minister, any government official or government agency, constitutes a breach of the privileges of this House. That information has not been made available.

[Mr. Speaker.]

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I think the report was duly tabled in the House. I must add that the reports brought in by departments and Crown corporations are still dealt with by the Public Accounts Committee, and each year the committee's report is submitted and may be considered. I do not know exactly what the hon. member is talking about. Furthermore, he has not given me notice to the effect that the question would be raised. I think that within the committee we could give the necessary explanations, but this question is not at all relevant to the consideration of the bill at this stage, the report stage.

I do not think that this question of privilege is in order.

[*English*]

Mr. Speaker: I have listened to the hon. member's presentation, and although he may have a grievance I do not think the matter can be brought under the umbrella of breach of parliamentary privilege. The hon. member submits that the minister or someone on behalf of the government is in breach of the law in that there has been a failure to file a document.

Although I appreciate that any such omission may complicate the consideration of a piece of legislation before the House, I do not think it can be considered to be a breach of parliamentary privilege which can give rise to a motion and the referral of the matter to a committee. Even if that were the case, I suggest to the hon. member that the matter which is before the House would still be before us and we would have to consider the amendment standing in the name of the hon. member for Yukon (Mr. Nielsen). I do not think I can be of much assistance to the hon. member with regard to his suggestion that the matter be considered by way of breach of parliamentary privilege.

Mr. Nielsen: With great respect, perhaps Your Honour's lack of knowledge of the Northern Canada Power Commission Act, the government's amendments now before us and my amendment has prevented the Chair from appreciating the full import and seriousness of the omission in this case. Each year so far the provisions of the Northern Canada Power Commission Act have been complied with. A full and complete financial disclosure has been made and the commission's financial statement has been tabled. This is the first year in which the commission and the government have departed from that course.

There is no way for us to debate this bill intelligently, in light of amendments before the House, unless we are given the type of information that I hold in my hand. This

information was tabled last year; it is part of the financial statement. It is entitled "Northern Canada Power Commission statement of income and expenses for the year ended March 31, 1970". This is a three-sheet breakdown of income and expenses, by plant. We cannot intelligently consider the amendments before the House unless the current information is placed before us and the minister is prepared to table it immediately. Only if that is done can I and others wishing to participate in this debate compare the information on an annual basis. If the information is not made available immediately, I am prepared to move the adjournment of the House until such time as the minister brings it foward, as he is required to do by law.

[*Translation*]

Mr. Chrétien: Mr. Speaker, there is to my knowledge no provision in the law for the chairman of the Commission to produce a statement of those expenditures—

[*English*]

Mr. Speaker: Order, please. I suggest to the hon. member and to the minister that the point has been made clearly. I am not saying that the hon. member for Yukon does not have a point and I did not wish to disagree with the hon. member when he suggests that the Chair does not understand the situation. Such a suggestion has been made before and I do not deny the hon. member's right to repeat it.

The hon. member has the right to certain recourse if he thinks a matter cannot be proceeded with intelligently and logically. I have in mind that there is perhaps only one logical recourse of which he and other hon. members may avail themselves when a matter is difficult to proceed with. When such difficulties arise, very often an understanding is reached among representatives of the parties as to the possibility of postponing consideration of the bill. If no such arrangement can be reached among the parties, I see nothing wrong with the course of action contemplated by the hon. member for Yukon.

[*Translation*]

Mr. Chrétien: Mr. Speaker, that question of privilege should be addressed to the House without notice. I am told that I should table that report. I do not object, but I am not the chairman of that corporation. Also perhaps the hon. member should have had the courtesy to tell the House that he had asked the chairman of the Commission for the information he wanted to have, and that he received it yesterday.

[*English*]

Mr. Nielsen: Mr. Speaker, only 20 minutes or half an hour ago the government deigned to inform the House that the bill before us would be the first item of government business. As for the minister's arguing that he is not the president of the corporation, that argument bears little weight. We know that. Nevertheless, he is the minister responsible for the commission.

Mr. Chrétien: We have nothing to hide.

Mr. Nielsen: He is the minister responsible for the actions of the commission and he is the minister through whom the commission reports to Parliament. I have an alternative suggestion to make to the minister, because neither I nor anybody else on this side of the House has any wish to impede the progress of the business of this House. Since the information must be readily available in order to have an intelligent debate on this subject, since it has always been made available in the past—the law requiring it to be made available—and since the Auditor General has refused to certify certain documents because the information has not been made available, I am prepared to suggest to the minister that he should adjourn the debate until such time as this information is brought to him by his officials.

Mr. Chrétien: Mr. Speaker, this bill is before the House and I am ready to proceed with it. We have nothing to hide. The hon. member has certain information. If he wants to use it, he may do so.

Mr. Speaker: Order, please. The hon. member for Yukon has the floor.

Mr. Nielsen: Mr. Speaker, in face of the truculence of the Minister of Indian Affairs and Northern Development (Mr. Chrétien) I see no alternative. He says he has nothing to hide. Then why was this information not tabled, as the law requires? Why did the Auditor General not certify the accounts of the commission? Something is wrong. We will not know what is wrong until we get the plant-by-plant breakdown. And when we get it, I know what we will find wrong. We will find that the commission has been in breach of the very law by virtue of which it exists. One provision of the act requires that eery plant be self-sufficient. The commission will be wrong, because the only plant in the system that is making huge profits—and we know that reductions are being applied as is required—is the one that exists—

• (3:00 p.m.)

Mr. Speaker: Order, please. I suggest to the hon. member that he should either deal with his motion which is before the House or take some other action. I would indicate, in all kindness to the hon. member, that in view of the fact that he already has a motion before the House he cannot move a second motion. If it is his intention to suggest there should be an adjournment of the debate, he should yield the floor to another hon. member who will have the opportunity to make such a motion. As the hon. member well knows, no member can have two motions before the House at the same time.

Mr. Nielsen: I intended to say that the only plant making a huge profit is at Whitehorse. It is the consumers there who are suffering because of this breach of the law. I move, seconded by the hon. member for Peace River (Mr. Baldwin):

That the debate be adjourned.

Mr. Speaker: The hon. member failed to hear me. I said he cannot move another motion because he already has a motion before the House. It is not competent for him, procedurally, to move such a motion. If the hon. member has completed his remarks the Chair will recognize another member who will be given an opportunity to move the motion.

Mr. Chrétien: I rise on a question of privilege, Mr. Speaker. I wish to inform the House of the facts. There is no requirement by law—

Mr. Speaker: Order, please.

Mr. Chretien: The hon. member has received a copy—

Mr. Speaker: Order, please.

Mr. Chrétien: He can table it if he wants.

Mr. Speaker: Order. There is obviously a dispute between the hon. member and the minister as to the circumstances of this matter. That is not what is before the House at the present time. The hon. member for Yukon feels the matter is one which should be dealt with by way of a question of privilege. After consideration I indicated that is not the way in which it should be considered by the House. The importance of the matter, from the point of view of the hon. member, was brought to the attention of the House by a motion in the form suggested by the hon. member for Yukon. We should not have a debate on the aspect of the matter which is now being brought to our attention by the minister.

Mr. Nielsen: I rise on a question of privilege which is quite separate from the other. I want to make it clear that my remarks thus far have not been on my amendment but only on the question of privilege and to deny categorically that I have received the 1971 statement, as has been asserted by the minister. I wrote for it some time ago but have not yet received it.

Mr. Deachman: Mr. Speaker, I rise on the question of privilege which the hon. member has raised. If every member of this House who wanted to debate a bill did not like what was going on and moved the adjournment of the House, how could we make progress?

Mr. Speaker: Order, please.

Mr. Baldwin: Mr. Speaker, in light of the discussion, which I will not repeat, I move, seconded by the hon. member for Calgary North (Mr. Woolliams):

That this debate be adjourned.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

[Mr. Speaker.]

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. Baldwin) which was negatived on the following division:

YEAS

Messrs:

Baldwin
Bell
Bigg
Cadieu
Coates
Dinsdale
Fairweather
Gundlock
Harkness
Horner
Howe
Korchinski
MacRae
McCleave
Muir
Nielsen
Noble
Paproski
Ryan
Stewart (Marquette)
Thomas (Moncton)
Thompson (Red Deer)
Woolliams—23.

NAYS

Messrs:

Allmand
Andras
Barnett
Barrett
Basford
Béchard
Benjamin
Benson
Blair
Blouin
Borrie
Boulanger
Buchanan
Burton
Caccia
Chrétien
Clermont
Cobbe
Comtois
Côté (Richelieu)
Cyr
Danson
Davis
Deachman
De Bané
Drury
Dupras
Duquet
Forget
Francis
Gauthier
Gleave
Goode
Goyer
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Harding
Hogarth
Howard (Okanagan Boundary)
Jamieson
Knowles (Winnipeg North Centre)
Lachance
Laing (Vancouver South)
La Salle
Latulippe
Leblanc (Laurier)
LeBlanc (Rimounski)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
L'Heureux
Loiselle
Macdonald (Rosedale)
MacEachen
MacInnis (Mrs.)
McBride
McIlraith
McNulty
Marchand (Kamloops-Cariboo)
Mather
Munro
Noël
Nystrom
O'Connell
Orange
Osler
Pepin
Perrault
Portelance
Pringle
Richard
Richardson
Rochon
Rodrigue
Roy (Laval)
Serré
Sharp
Skoberg
Smith (Saint-Jean)
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Thomas (Maisonneuve-Rosemont)
Trudel
Turner (London East)
Wahn
Walker
Watson
Weatherhead—92.

• (3:30 p.m.)

The Acting Speaker (Mr. Laniel): I declare the motion lost.

Mr. Baldwin: Four o'clock.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. Because of the fact that we worked the staff rather late last night—

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): —and in view of the fact that there have already been discussions regarding the possibility of suspending the private members' hour, and since we are not now making very good progress and since we did something worth-while earlier today, I suggest we call it five o'clock.

• (3:40 p.m.)

Mr. MacEachen: Mr. Speaker, on the understanding that fatigue has gripped the opposition, I would be happy to call it five o'clock.

Mr. Baldwin: That is correct, Mr. Speaker; we are nauseated by what we heard last night.

Some hon. Members: Oh, oh!

Mr. Muir: I did not see you here this morning at 2.30, Allan.

Mr. Dinsdale: I rise on a point order, Mr. Speaker. In view of the fact that the House leader has called it five o'clock, I should like to extend an invitation to all hon. members to hear some good music in front of the Peace Tower. It will commence almost immediately. The staff band of the Salvation Army is playing there.

Some hon. Members: Hear, hear!

Mr. Dinsdale: "Music hath charms to soothe the savage breast". It will pave the way for a good weekend.

The Acting Speaker (Mr. Laniel): According to the agreement just made, this House stands adjourned until Monday next at 2 p.m.

At 3.43 p.m. the House adjourned, without queston put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, October 18, 1971

The House met at 2 p.m.

HOUSE OF COMMONS

WELCOME TO RIGHT HON. MEMBER FOR PRINCE ALBERT ON RETURN

Mr. Speaker: May I at the outset say how pleased all hon. members are to see the right hon. member for Prince Albert (Mr. Diefenbaker)—

Some hon. Members: Hear, hear!

Mr. Speaker: —back with us and looking so dangerously well.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

NORTHERN CANADA POWER COMMISSION

ALLEGED MISREPRESENTATIONS IN TABLING OF REPORT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I rise to request the unanimous consent of the House to propose a motion on a matter of urgent and pressing necessity.

In the *Votes and Proceedings* of the House for October 8, 1971, No. 187, at page 864, under the heading "Returns and Reports Deposited with the Clerk of the House" appears the following purported record of a proceeding in this House:

By Mr. Chrétien, a member of the Queen's Privy Council,—Report of the Northern Canada Power Commission for the year ended March 31, 1971, pursuant to section 24 of the Northern Canada Power Commission Act, chapter N-21, R.S.C., 1970, together with the accounts and financial statement certified by the Auditor General, pursuant to section 75(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.—Sessional Paper No. 283-1-196.

Mr. Speaker, this entry contains two allegations intended to mislead this House.

The first allegation is a misrepresentation of the law. The report purports to be made pursuant to section 24 of the Northern Canada Power Commission Act. The report was not tabled pursuant to section 24: the Minister of Indian Affairs and Northern Development and the officers of the commission violated the law by failing to file a return as required by that section.

The second wrongful allegation is a misstatement of fact. The Auditor General, an officer of this House, did not certify the accounts and financial statement of the commission pursuant to section 75(3) of the Financial Administration Act. On the contrary, he advised the minister:

Due to the continuing unsatisfactory condition of the records, I am unable to express an opinion as required by section 77 of the Financial Administration Act on the validity of either the accounts or the financial statements for the year ended March 31, 1971.

There also appear to be other violations of the law by the Minister of Indian Affairs and Northern Development and by the officers—

Mr. Speaker: Order, please. As the hon. member knows, the purpose of this Standing Order is that all members may have the opportunity to move a motion in very special circumstances without the 48-hour notice normally required under the Standing Orders. The interpretation of this section is that hon. members have to indicate briefly why there is urgency and what the motion is. I suggest to hon. members and to the hon. member for the Yukon that the Standing Order does not make it possible for hon. members to make lengthy statements in support of a motion. I am sure the hon. member will want to take that into account and indicate as soon as possible what the motion is that he proposes for the unanimous consent of the House.

Mr. Nielsen: Mr. Speaker, the only reason I felt that it should be a little more detailed than usual under Standing Order 43 was that two officers of this House were involved, namely, the Clerk of this House and the Auditor General. In any event, I had almost completed the sentence, the rest of it being—of the commission as detailed by the Auditor General in paragraph 131 of his report for the fiscal year ended March 31, 1970. I therefore propose to move, seconded by the hon. member for Peace River (Mr. Baldwin):

• (2:10 p.m.)

That the report of the Northern Canada Power Commission for the year ended March 31, 1971, deposited in this House on the 8th October 1971, as Sessional Paper No. 283-1-196, be referred to the Standing Committee on Justice and Legal Affairs to inquire into violations of law by the Minister of Indian Affairs and Northern Development and the responsible past and present officers of the commission in their conduct and management of the affairs of the Commission; and, as well, to inquire into violations of the rules, practices and conventions of this House with respect to the depositing of the said report in this House; and to report to this House, as quickly as possible, its findings and recommendations.

And that it be an order of this House that, pending the report of the committee and further order by this House thereon, the Minister of Indian Affairs and Northern Development be suspended from the service of this House; and that this House urge the government to suspend the officers of the Northern Canada Power Commission from their duties in the Public Service and place the conduct and management of the commission under the Auditor General of Canada.

Mr. Speaker: Hon. members have heard the motion. Is there unanimous consent?

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the motion cannot be put.

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INDIAN AFFAIRS

INDIAN EDUCATION IN NORTHEASTERN ALBERTA—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43 I ask the unanimous consent of the House to propose a motion for the purpose of discussing a matter of urgent and pressing necessity, namely, the escalation of the school boycott by Indian students in northeastern Alberta. The issue has been aggravated this past weekend by the supportive action of another reserve, bringing the total number of students now being withheld to 1,600. This action, if allowed to continue, may very well escalate into a province-wide walk out, since today the chiefs of 43 Alberta bands are meeting to discuss further courses of action.

In view of the minister's continued refusal to visit the reserves affected, and his failure to respond with any positive commitment to overcome the problems and difficulties which are being experienced, I propose to move—

Mr. Speaker: Order, please. The hon. member says that he is now going to move the motion. I have to bring to the attention of hon. members again, and to the attention of the hon. member for Vegreville in particular, that Standing Order 43 does not make it possible and does not entitle hon. members to make speeches, accusations and charges. The hon. member must realize that under the Standing Order there is no possibility for any member on behalf of another party or on behalf of the government to reply to the statement made under the terms of the Standing Order. I suggest to all hon. members that the Standing Order can be used only for the purposes of indicating the urgency of the matter, not to argue in support of the motion and that the motion must be put as briefly and succinctly as possible.

Mr. Mazankowski: Mr. Speaker, I was merely trying to outline the gravity of the situation and was about to put the motion. I propose to move, seconded by the hon. member for Peace River (Mr. Baldwin):

That the government take immediate action to appoint a mediator to investigate and examine all aspects of the situation with a view to recommending a satisfactory solution as quickly as possible.

Mr. Speaker: Hon. members have heard the motion proposed under the terms of Standing Order 43. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not and the motion cannot be put.

[Mr. Nielsen.]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

MACKENZIE VALLEY PIPELINES—GUIDELINES

Question No. 1,304—**Mr. Barnett:**

1. Within the guidelines laid down by the Department of Indian Affairs and Northern Development for a MacKenzie pipeline system (a) how many residents does the Minister estimate will be employed in the building of oil and gas pipelines (b) how many residents would be employed in continuing operations?

2. (a) What is the estimated cost of (i) a gas pipeline (ii) an oil pipeline through the MacKenzie Valley (b) will the government require that a percentage of the equity be raised in Canada and, if so, what amount in each case?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Estimates of potential northern resident employment of a gas and oil pipeline through the MacKenzie Valley are: (a) on construction, 800 to 1,000; (b) on operations, 150 to 170. Depending on the outcome of the studies there are possibilities of additional employment but until these studies are concluded, it is not possible to give an estimated number.

2. (a) It is estimated that northern pipelines may cost around one million dollars per mile; however, no firm estimate of total cost can be prepared until final design criteria have been prepared based on operating requirements, ground conditions, and environmental protection stipulations. (b) The Government guidelines on northern pipelines issued in August, 1970, indicated that the extent to which it is proposed by the applicants, Canadians should have an opportunity of participating in the financing and ownership of the pipelines, will be of particular interest to the Government.

ASSOCIATION OF CANADIAN AUTHORS AND COMPOSERS

Question No. 1,623—**Mr. Lambert (Bellechasse):**

1. Is the Association of Canadian Authors and Composers officially recognized by the government?

2. Is this Association subsidized by the government and, if so, by what departments?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): 1. There is no association known as Association of Canadian Authors and Composers. In the question, reference was probably intended to be made to the Composers, Authors and Publishers Association of Canada Limited, commonly referred to as CAPAC. The Composers, Authors and Publishers Association of Canada Limited is a performing rights society within the provisions of section 48 of the Copyright Act, R.S.C. 1970, chap. C-30.

2. The Composers, Authors and Publishers Association of Canada Limited is a private company with share capital, incorporated under the Canada Corporations Act and is not subsidized by the government.

Questions

ENERGY, MINES AND RESOURCES—INCENTIVE PROGRAMS

Question No. 1,650—**Mr. Broadbent:**

1. What programs of the Department of Energy, Mines and Resources provide grants, subsidies and other cash incentives to private industry?

2. What amount was provided to industry through each program in each of the past five years?

3. What amount, by program, has gone to each of the five major regions of Canada in the same years?

Hon. Otto E. Lang (Acting Minister of Energy, Mines and Resources): 1. (a) Subsidies to the coal mining industry; (b) subsidies to the coking industry; (c) assistance to gold mining operators.

2. (a) Subsidies — coal industries: 1966-67, $37,698,975; 1967-68, $33,332,465; 1968-69, $6,510,792; 1969-70, $8,595,733; 1970-71, $5,939,251. (b) Subsidies — coking industry: 1966-67, $82,260; 1967-68, $71,550. (c) Assistance to gold mine operators: 1966-67, $14,839,822; 1967-68, $15,336,403; 1968-69, $14,932,575; 1969-70, $13,858,941; 1970-71, $13,440,130.

3. (a) Subsidies—coal industries:

Region	1966–67	1967–68	1968–69	1969–70	1970–71
	$	$	$	$	$
Atlantic	33,649,720	29,678,342	2,839,614	5,129,009	4,050,000
Quebec	—	—	—	—	—
Ontario	—	—	—	—	—
Prairie	2,321,312	2,356,309	2,404,097	2,229,305	1,889,251
British Columbia	1,727,943	1,297,814	1,267,081	1,167,419	—

(b) Subsidies—coking industry:

Region	1966–67	1967–68	1968–69	1969–70	1970–71
	$	$	$	$	$
Atlantic	60,903	52,254	—	—	—
Quebec	—	—	—	—	—
Ontario	—	—	—	—	—
Prairie	—	—	—	—	—
British Columbia	21,357	19,296	—	—	—

(c) Assistance to gold mine operators:

Region	1966–67[1]	1967–68	1968–69	1969–70	1970–71
	$	$	$	$	$
Atlantic	—	1,085	—	—	—
Quebec	3,742,291	3,951,125	4,277,932	4,155,986	3,143,080
Ontario	9,986,697	9,983,633	9,244,107	8,571,394	8,053,722
Prairie	222,253	146,085	73,477	21,926	—
British Columbia[2]	655,059	619,215	544,837	429,368	474,602

NOTES: [1]Totals shown are for calendar year 1966 as fiscal year totals are not available. [2]Yukon and Northwest Territories not included.

DEPARTMENT OF AGRICULTURE INCENTIVE PROGRAMS

Question No. 1,656—**Mr. Broadbent:**

1. What programs of the Department of Agriculture provide grants, subsidies and other cash incentives to private industry?

2. What amount was provided to industry through each program in each of the past five years?

3. What amount, by program, has gone to each of the five major regions of Canada in the same years?

Questions

Hon. H. A. Olson (Minister of Agriculture):

Program	FISCAL YEARS (000's) 1966–67	1967–68	1968–69	1969–70	1970–71
(i) Assistance in construction of potato warehouses	67	—	—	—	—
(ii) Subsidies for cold storage warehouses	26	—	—	—	—
(iii) Grants and other assistance in accordance with the Cheese and Cheese Factory Improvement Act	1,601	1,610	137	—	—
(iv) Grants to Ontario Flue Cured Tobacco Growers	—	142	—	—	—
TOTAL	1,694	1,752	137	—	—

Program	Region	FISCAL YEARS (000's) 1966–67	1967–68	1968–69	1969–70	1970–71
(i)	Eastern	26	—	—	—	—
(ii)	Quebec	67	—	—	—	—
(iii)	Eastern	23	15	13	—	—
	Quebec	713	766	77	—	—
	Ontario	845	788	35	—	—
	Prairie	13	27	11	—	—
	Western	7	14	1	—	—
(iv)	Ontario	—	142	—	—	—
	TOTAL	1,694	1,752	137	—	—

RIDING MOUNTAIN NATIONAL PARK

Question No. 1,705—**Mr. Stewart (Marquette):**

For the last twelve years what amount has been spent each year at Riding Mountain National Park in the following categories (a) maintenance and upkeep (b) improvements (c) administration?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development):

	1968–69	1969–70	1970–71
	$	$	$
1. (a) Maintenance and Upkeep	861,386	771,441	805,289
(b) Improvements	251,046	124,425	393,219
(c) Administration	125,741	157,083	155,871

NOTE. The information requested prior to 1968–69 is not readily available and would have necessitated extensive research at prohibitive costs to the taxpayers.

JOB VACANCY SURVEY

Question No. 1,719—**Mr. Blackburn:**

1. What was the total expenditure associated with the development and the operation of the Job Vacancy Survey, in each of the fiscal years since 1966-67?

[Mr. Olson.]

2. How many full-time employees associated with the Job Vacancy Survey were on the payroll of Statistics Canada and the Department of Manpower and Immigration at the end of the fiscal years 1966-67, 1967-68, 1968-69, 1969-70, 1970-71?

3. What is the operational definition of a vacancy in the survey?

4. What is the first month in which results from the Survey were prepared?

5. How many vacancies were found in Canada and in the five regions in this first month and in subsequent months to date?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Manpower and Immigration and Statistics Canada as follows:

1. Fiscal Years	Statistics Canada	Department Manpower and Immigration	Total
		Dollars	
1966–67	—	—	—
1967–68	289,254	—	289,254
1968–69	661,894	22,702	684,596
1969–70	1,010,501	54,036	1,064,537
1970–71	1,043,733	77,669	1,121,402

2. Fiscal Years	Statistics Canada	Department Manpower and Immigration	Total
		No. of Employees	
1966–67	1	—	1
1967–68	66	—	66
1968–69	88	2	90
1969–70	100	5	105
1970–71	99	7	106

3. The definition of job vacancies used in the present Canadian Job Vacancy Survey is a job: (1) That was vacant for the full reference day. (2) For which some specific recruiting action was undertaken during a specified time period. (3) That was open to workers from outside the establishment and (4) Was either immediately available or available at a specified future starting date.

4. June, 1970.

5. The data from the Job Vacancy Survey are being evaluated and prepared for publication. In the initial publication, monthly data for the period commencing June 1970 forward will be reported. Thereafter, the data will be reported monthly. Publication is scheduled to begin before the end of 1971.

SUPREME COURT OF CANADA ACT

Question No. 1,747—**Mr. Fairweather:**

1. Is the government considering an amendment to the Supreme Court of Canada Act to solve the backlog of cases waiting to be argued?

2. Will such amendment require all civil appeals, regardless of the amount of money involved, to come before the Court first in the form of a motion seeking leave to appeal?

Hon. John N. Turner (Minister of Justice): Consideration is being given to the best method of reducing the workload of appeals that is presently coming before the court and it is the intention to consult the Canadian Bar Association and other interested groups in this regard.

*CLEAN AIR ACT—ESTABLISHMENT OF AIR SAMPLING STATIONS

Question No. 1,750—**Mr. Aiken:**

1. Following passage of the Clean Air Act, have any new sampling stations been added to the national surveillance network and, if so, how many?

2. Are additional funds being allocated for the work of the air sampling program?

Mr. Eymard Corbin (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, new stations are being added continuously to our National Air Pollution Surveillance Network. This program has been accelerating since January, 1970. This past summer, for example, we have added stations in both Prince Edward Island and Newfoundland as well as the province of Quebec. Our coverage as of this date is 237 sampling instruments in 36 cities across all ten provinces. This reflects a substantial improvement over the situation on January, 1970 when the coverage consisted of 128 instruments, 20 cities, and seven provinces.

The answer to the second part of the question is yes. Additional funds are being allocated to the air sampling program as well as to the whole of the air pollution control program as a result of passage of the Clean Air Act. These additional funds will be reflected in supplementary estimates for next year and in the main estimates for next year as part of my department's environmental quality program.

ACADIAN CABLE T.V. LIMITED

Question No. 1,751—**Mr. Fairweather:**

1. Has Acadian Cable T.V. Limited a licence to operate a cablevision system in St. Stephen, Milltown or any other location in New Brunswick?

2. Was the company's application denied by CRTC and, if so (a) on what date (b) what steps does CRTC intend to take to compel Acadian Cable T.V. Limited to cease operations?

3. Is Acadian Cable T.V. Limited operating a cable undertaking without a licence contrary to the Broadcasting Act and Regulations?

4. Has A. Clayton Weatherby a licence to operate a cable undertaking in St. Stephen and Milltown, or any other location in New Brunswick and, if so, when was this licence issued?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I am informed by the Canadian Radio-Television Commission as follows: 1. No.

2. Yes. (a) Public Announcement dated March 5, 1971. (b) The CRTC is still investigating the matter.

3. The CRTC is still investigating the matter.

4. The CRTC issued a licence to Alexander Clayton Weatherby to carry on a broadcasting receiving undertaking to serve St. Stephen and Milltown, New Brunswick, on November 2, 1970.

[*English*]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—GRIEVANCES FILED BY PUBLIC SERVANTS

Question No. 1,754—**Mr. McQuaid:**

By province how many grievances were filed by public servants employed by the Department of Indian Affairs and Northern Development in the past two years?

Inquiries of the Ministry

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development):

Newfoundland	3
Prince Edward Island	1
Nova Scotia	19
New Brunswick	18
Quebec	1
Ontario	74
Manitoba	4
Saskatchewan	12
Alberta	45
British Columbia	41
Sub-total	218
Yukon Territories	51
Northwest Territories	6
Total	275

NOVA SCOTIA—FORESTRY RESEARCH

Question No. 1,779—**Mr. MacKay:**

Has the Department of the Environment participated in silviculture projects in the Province of Nova Scotia and, if so (a) to what extent in the last fiscal year (b) what amount of financial assistance has been given that Province for forestry research and development?

[*Translation*]

Mr. Eymard Corbin (Parliamentary Secretary to Minister of Environment): Yes, (a) The Department of the Environment has conducted or collaborated in fifteen active silviculture projects throughout Nova Scotia in 1970-71. This work involved the full or part-time employment of eleven professional and eleven technical staff of the Maritimes Forest Research Centre. (b) No direct financial assistance for forestry research and development has been made in 1970-71 to that province.

[*English*]

COMPENSATION TO SWORDFISH INDUSTRY OF CANADA

Question No. 1,805—**Mr. McCleave:**

Has a formula been agreed to with regard to the compensation to the swordfish industry of Canada and, if so (a) what is the formula (b) what consideration does the formula give to the plight of crew members?

Mr. Eymard Corbin (Parliamentary Secretary to Minister of Fisheries): Yes. (a) Vessels which gained substantial portions of their 1970 fishing incomes from swordfishing are being compensated on a 50-50 basis by the Governments of Canada and Nova Scotia in accordance with the following formulae: two-thirds of the new cost of overboard fishing gear which is exclusive to the swordfishing industry, and one-half of the new cost of on-deck equipment which is exclusive to the swordfishing industry. The Government of Canada is purchasing, at cost, stocks of Canadian-caught swordfish held by Canadian firms. (b) The compensation afforded to vessel owners, together with technical assistance provided by the two governments, will assist materially in re-equipping such vessels for participation in other fisheries, and thereby provide employment opportunities for crew members. The Canadian Government has also offered retraining assistance for crew members on request.

[Mr. McQuaid.]

ORAL QUESTION PERIOD

EXTERNAL AFFAIRS

ASSAULT ON PREMIER KOSYGIN WHILE VISITING PARLIAMENT HILL

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to ask the Prime Minister whether he has any statement to make with regard to the reported assault on Premier Kosygin on Parliament Hill and any report to make with regard to security arrangements or any explanation as to how this could have happened to a guest of the government of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am afraid I cannot report on the latter part of the question. I have asked for a clarification of what happened in terms of the security arrangements. I was present at the incident. I can only say it was a most regrettable one and certainly a very humiliating event for Canadians to have suffered. It makes one ashamed at the way some Canadians or people in Canada seem to be more interested in problems elsewhere than in exercising Canadian democratic rights and respecting the basic laws of our country.

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THE CANADIAN ECONOMY

LOCAL INITIATIVES PROGRAM—REQUEST FOR DETAILS ON ALLOCATION OF FUNDS AND CRITERIA TO BE USED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): My question is for the Minister of Manpower and Immigration. It is with regard to the local initiative program which will probably come to be known as LIP. I ask the minister whether the government is able now to announce the distribution of the $100 million which has been allocated for this program. In view of the fact that its primary purpose is to provide jobs for the unemployed, will the government use the same formula which it is using for the special loan development program or are other criteria to be used and can the minister tell the House what those criteria are?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I do not have the exact figures with me, but certainly the intention is to use basically similar criteria to those used in allocating the special development loan funds.

Mr. Douglas: Can the minister now or very soon give to the House the exact amounts which will be allocated to each province and can he tell the House whether there will be any allocation within the provinces on the basis of unemployment in specific regions?

Mr. Lang: I shall certainly look into the question of doing this. In the case of the local initiatives program there may be something in the nature of a preliminary administrative allocation. There may well be some flexibility depending on the type of applications which in fact come foward.

BASIS OF ALLOCATION OF FUNDS FOR SEWAGE TREATMENT PLANTS AND LAND ASSEMBLY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): In the absence of the Minister of State for Urban Affairs, may I ask the Minister of Finance whether he can tell us the basis upon which the government proposes to allocate the princely sums of $4 million for sewage treatment plants and $1.7 million for land assembly?

Mr. Speaker: Order, please. Perhaps the minister might be allowed to reply, but the hon. member will appreciate that the Chair has some reservations about the form of the question.

Hon. E. J. Benson (Minister of Finance): These amounts are part of the total amount of $113 million which is an advancement of commitments that would normally have been made in the subsequent period.

LOCAL INITIATIVES PROGRAM—INCLUSION OF YUKON AND NORTHWEST TERRITORIES—AMOUNTS TO BE ALLOCATED

Mr. Erik Nielsen (Yukon): I have a supplementary question for the Minister of Manpower and Immigration with respect to the press release on this subject which came from his department listing the approximate allocations to be made to each of the ten provinces but omitting the Yukon and the Northwest Territories. Can the minister tell us whether the Yukon and the Northwest Territories will be included in the program and, if so, will he indicate the amounts to be allotted to them in the same way as he has done for the provinces?

Hon. Otto E. Lang (Minister of Manpower and Immigration): The Yukon and the Northwest Territories are included in the program.

Mr. Nielsen: Would the minister answer the second part of the question as to the amounts to be allotted to the two territories?

Mr. Lang: I will certainly do that, if and when I do the other.

• (2:20 p.m.)

GOVERNMENT PROGRAM TO PROVIDE EMPLOYMENT—NUMBER OF JOBS TO BE CREATED

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Finance whether the government is yet in a position to give an indication of the total number of new jobs to be created by the program announced last Thursday night?

Hon. E. J. Benson (Minister of Finance): No, Mr. Speaker. It is very difficult to measure. A large number of jobs will be created as a result of the program, but I do not think one can tie it down to specific figures at this time. It would just be a matter of guessing.

Mr. Knowles (Winnipeg North Centre): Could the minister at least tell us what the government's target is?

Mr. Benson: The government's target is to reduce unemployment in Canada as much as possible.

[*Translation*]

OLD AGE SECURITY—LOWERING OF PENSIONABLE AGE TO PROMOTE EMPLOYMENT

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the Prime Minister.

Since the government is interested in creating new jobs in Canada, does it consider granting the old age security pension to 60-year old citizens as well as to their spouse even if they have not yet reached 60, in order to create new job opportunities for young people?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member knows that we have announced a $1 billion program. I would like to say that such a scheme is not included in the $1 billion program and that at the present time, we have no intention of doing so.

Mr. Caouette: Mr. Speaker, would the right hon. Prime Minister be willing to add another quarter of a billion dollars, so that those elderly people might get the pension as soon as they reach 60?

Mr. Trudeau: Why should the leader of the Créditiste party be so stingy, Mr. Speaker. Why not another billion and a half?

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

IMPROVEMENT OF DEPARTMENTAL OPERATIONS IN LIGHT OF CRITICISMS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of Regional Economic Expansion. In view of the reports of the Atlantic Development Council, the Rural Development Council and, more recently, the Atlantic Provinces Economic Council, which all agree that the minister's department is overly centralized, inefficient and aimless, can the minister tell the House whether some over-all action is now to

be taken to reform his department's structures, goals and priorities, and whether a statement will be made soon?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, at least 50 per cent of the moneys allotted to my department were used in the Maritime provinces to create jobs, set up companies, develop the economy and help Devco. However, I wonder whether the hon. member wants to start a debate; I see no objections to it, but he certainly will not get a yes or a no for an answer.

[*English*]

Mr. McGrath: I wonder whether the minister is now prepared to answer the question I asked instead of throwing a red herring across the House. I asked specifically whether he is now prepared to respond to the recommendations of the Atlantic Provinces Economic Council which charge that his department is aimlessly going about the business of regional development and that it is overly centralized.

[*Translation*]

Mr. Marchand (Langelier): My reply was as narrow-minded and mean as the question of the hon. member.

[*English*]

Mr. McGrath: A further supplementary question, Mr. Speaker, I am prepared to hand the minister a copy of the APEC fifth annual review, since obviously the minister has not read it.

Mr. Speaker: Order, please. The hon. member was recognized for the purpose of asking a supplementary.

Mr. McGrath: More specifically, may I ask the minister whether he is prepared to assure the House that expenditures under his department will not be used to bolster the sagging Smallwood administration in Newfoundland during the next week and a half?

Mr. Speaker: Order please. The hon. member for Dartmouth-Halifax East.

INQUIRY AS TO SIGNING OF AGREEMENTS WITH NOVA SCOTIA

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is also for the Minister of Regional Economic Expansion. Is the minister now in a position to advise the House whether or not there are any agreements between the federal authority and the province of Nova Scotia which are ready for formalization by signature?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I will inquire and answer the hon. member on Wednesday, Mr. Speaker.

Mr. Forrestall: You said you would do that last week.

[Mr. McGrath.]

CANADA LABOUR CODE

RETENTION IN BILL AND STRENGTHENING OF MEASURES CONCERNING TECHNOLOGICAL CHANGE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. In view of certain reports may I ask the minister whether he has any intention of withdrawing from his bill relating to industrial relations the measures having to do with technological change, or is he, rather, planning to strengthen those sections and make them more along the lines of the Freedman report?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, it would be inconceivable that any legislation brought in after 28 years would not deal with technological change and I have no intention of withdrawing those parts of the bill. When I tabled the bill in June I did, however, invite representations from labour and management, the purpose of which is to improve the bill. It is quite possible that some amendments may be introduced to that part of the bill, the basic objective being not to nullify the sections but to improve them.

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ADMINISTRATION OF JUSTICE

LEGALITY OF GOVERNMENT FINANCED EXPERIMENT RESPECTING MARIJUANA—MORATORIUM ON PROSECUTIONS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask a question of the Minister of Justice. On October 14 I asked him whether his legal officers had looked into the question whether it was legal under the law of Canada for the government to offer $100,000 for students to use marijuana, hashish and other drugs for experimental purposes, and whether the minister had consulted his legal advisers in this respect.

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I have taken the matter up with them, but whether or not I would be free under the rules of the House to give a direct reply is another question.

Mr. Woolliams: With the greatest respect to the Minister of Justice—I know he is hedging—I am not asking the minister for a legal answer. I am asking him whether he has taken the matter up with his legal advisers and is putting a moratorium on all prosecutions in view of the fact that it is illegal to carry on such experiments?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, the part of the question I should like to answer is that there is no moratorium.

Mr. Woolliams: Mr. Speaker, has the Minister of Justice given his personal endorsation to the spending of $100,000 on the use of marijuana and hashish by students and other young people?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I do not think that is a question that I would be expected to

answer since it concerns the administration of another department.

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I ask a supplementary question of the Minister of Justice. Have any arrests been made among personnel at the Experimental Farm for growing and possessing this illegal drug? If such arrests have not been made under the provisions of the Criminal Code, then under what law are they being exempted?

Mr. Turner (Ottawa-Carleton): There have been no such arrests, Mr. Speaker.

Mr. Speaker: The hon. member for Prince Albert.

Mr. Woolliams: I rise on a question of privilege, Mr. Speaker. I asked the Attorney General of Canada an ordinary, straightforward question whether the government is permitting certain people in society to break the law and is endorsing the breaking of the law, while at the same time prosecuting other people for similar offences. Surely that is a question of privilege affecting every member of the House and every Canadian. We have seen lawbreakers on that side of the House before and they are breaking the law again.

• (2:30 p.m.)

Mr. Speaker: Order, please. The right hon. member for Prince Albert.

Some hon. Members: Hear, hear!

* * *

LABOUR RELATIONS

POSITION OF ELDORADO STRIKE—GOVERNMENT ACTION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I might preface my question, Sir, by saying that I was so touched by the reception by all hon. members that, having regard to my Welsh blood, if it had not been for the rules of the House of Commons I might well have burst into a paean of praise. My question today, therefore, will be unprovocative, as always.

I should like to ask the Minister of Labour a question concerning the situation in Uranium City and the strike there at Eldorado Nuclear Corporation. What is the present position, has the strike been settled, and what is the government doing in this regard?

Hon. Bryce Mackasey (Minister of Labour): In light of the fact that I have had the honour of having the first question by the right hon. gentleman since his return directed to me, my answer will be as non-partisan as possible. Last Friday, on the initiative of a member of the opposition, the hon. member for Meadow Lake, a meeting was held in Ottawa chaired by an official of the Department of Labour and attended by people from management and labour as well as the mayor of that community and the president of the Chamber of Commerce. As a result of that meeting I have been informed by my department that both management and labour now welcome mediation services of the Department of Labour. A mediator has been appointed and I imagine that negotiatons will resume as early as tomorrow.

Mr. Diefenbaker: That is all to the good, Mr. Speaker. Will the minister do everything he can to secure a settlement through the mediator because what has happened there is strangling business and destroying that very enterprising town?

Mr. Mackasey: Yes, Mr. Speaker. I have already appointed one of our top mediators, Mr. Tysoe, from Vancouver, and if that is not sufficient then other means will be placed at the disposal of management and labour if it is found necessary. My instinct tells me that if both sides have the same consideration for the community as expressed by the right hon. gentleman a settlement could be arrived at very shortly.

Mr. Diefenbaker: A Crown corporation should give of its best.

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REGIONAL ECONOMIC EXPANSION

IMPERIAL OIL CONSOLIDATION OF PRAIRIE OPERATIONS IN EDMONTON—CONSULTATION WITH MINISTER ON IMPLICATIONS

Mr. Doug Rowland (Selkirk): Mr. Speaker, on Thursday I asked a question concerning the consolidation of the Imperial Oil refinery plants in the Prairie provinces at Edmonton. I wonder whether the Minister of Manpower and Immigration is now prepared to answer?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I presume that when the hon. member refers to the Minister of Manpower and Immigration he means me. I have inquired into that case. There was no consultation with the department by Imperial Oil regarding the consolidation of the operations of the company at Edmonton. Four months ago an official of the company was in touch with the department in order to find out what kind of assistance could be given to the company in connection with its consolidation process. He was told that there was no incentive at all because Edmonton is not a designated region and, as the hon. member knows, refineries are not covered by the Regional Development Incentives Act. This is the only information we have.

The day previous to the announcement there was a meeting between my officials and officials of the department of the government of Saskatchewan. I do not know whether the government of Saskatchewan knew about the decision of Imperial Oil but the question was not raised.

Mr. Rowland: In light of the fact the minister has already pointed out that Edmonton is considered to be an area of rapid economic growth and Winnipeg and Regina are not, would the minister undertake to hold consultations with Imperial Oil with a view to seeing whether or not the consolidated plant could be located in an area of slower economic growth?

Mr. Marchand (Langelier): The only bargaining power I have as minister is to offer a grant when a plant is located in a designated region. I have no other power unless the hon. member wishes me only to intervene in order to discuss the company's decision to consolidate outside Saskatchewan, and this is an entirely different problem.

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GOVERNMENT ORGANIZATION

SUGGESTED TRANSFER OF SOME GOVERNMENT DEPARTMENTS TO NORTHERN TOWNS TO PROVIDE MORE VIABLE ECONOMY

Mr. Robert Simpson (Churchill): I have a question for the Prime Minister. In view of the recent announcement that a considerable number of federal civil servants and departmental officers are being transferred to Hull and in view of the report that the Minister of Supply and Services is endeavouring to have the Canadian Mint transferred to Winnipeg, would the Prime Minister give consideration in any further planning of decentralization to the transfer of some government departments to northern towns or cities in Canada which are one-industry towns in order to provide a more viable economy for those towns and also avoid the problems of urban sprawl?

Right Hon. P. E. Trudeau (Prime Minister): My first comment on the question is that certainly the first two postulates are disjointed and although the first one may be right the second, I believe, is apocryphal. Beyond saying that, I think that every party in the House has done its best to decentralize Ottawa's main industry, which is politics. I am sure that many of us are preoccupied with decentralizing Ottawa in that sense and perhaps creating urban blight across the country. But I cannot see how the solution proposed by the hon. member will solve the problem of centralized and decentralized administration. I could go on, but I think that is enough.

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EXTERNAL AFFAIRS

ACHIEVING OF AGREEMENTS WITH U.S.S.R. DURING PREMIER KOSYGIN'S VISIT TO CANADA

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the right hon. Prime Minister whether it is the intention of his government that an agreement should be reached between Canada and the U.S.S.R. with regard to trade relations during Premier Kosygin's visit and, if so, when the House will be informed as to contents of such agreement?

An hon. Member: Have you any suggestions?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, obviously we will be discussing trade between the two countries but so far as I know there is no intention to sign a trade agreement, if that is the hon. member's question.

Mr. Stanfield: Is it the intention of the right hon. gentleman that his government should reach any agreement with regard to scientific, technological or cultural matters with the U.S.S.R. during Premier Kosygin's visit and, if so, when will the House be informed as to the contents of any such agreement?

Mr. Trudeau: These subjects also are under discussion. It is conceivable that we might sign some general agreement along these lines, but the discussions have not proceeded far enough for us to make a report, even a progress report, to the House at this time.

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TRADE

INCREASE IN IMPORTS FROM JAPAN—POSSIBILITY OF DUMPING BECAUSE OF UNITED STATES IMPORT SURTAX

Mr. S. Perry Ryan (Spadina): My question is for the Prime Minister. Statistics Canada has reported that imports from Japan rose by 26.8 per cent in the month of September. Is the government satisfied that Japan is not dumping goods in Canada because of the United States surcharge situation and, if not, is the government going to make a statement in connection with this matter?

Right Hon. P. E. Trudeau (Prime Minister): We are watching this situation very closely and if there is any evidence of dumping we will act under our laws to prevent it.

Mr. Ryan: As recommended by the Canadian Manufacturer's Association, is the government speeding up investigation of suspected dumping activities of Japan and other countries as a result of the U.S. surcharge?

Mr. Trudeau: I believe the Minister of Industry, Trade and Commerce the other day or the other week indicated that he has these problems under review and that if necessary he would take action, as I said in my previous answer would be done.

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MANPOWER

TRAINING—REMOVAL OF REQUIREMENT OF THREE YEARS IN WORK FORCE TO ASSIST WOMEN AND YOUNG PEOPLE

Mrs. Grace MacInnis (Vancouver-Kingsway): I have a question for the Minister of Manpower and Immigration. In order to assist the large number of women and young people now seeking employment, is it his intention to introduce legislation which will amend the occupational training act so that living allowances can be extended to people who have not been in the labour force for three years?

Hon. Otto E. Lang (Minister of Manpower and Immigration): The first and immediate intention is to shape the on the job training programs which have most recently been announced in such a way that they will be available for people who are prevented from enjoying the benefits of the other program.

• (2:40 p.m.)

Mrs. MacInnis: Would this mean that women or young people, without having been in the labour force, could avail themselves of manpower training with allowances?

Mr. Lang: Mr. Speaker, it would be misleading to simply answer yes because the matter of allowances may be the wrong emphasis since persons in on the job training may be receiving salaries at going rates within the area, with compensation to the employer for a large portion of that salary. The answer, in conclusion, is yes. Without the qualifications for the current training program the person can be put into an on the job training program and receive the benefit of it.

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VETERANS AFFAIRS

CANADIAN PENSION COMMISSION—POSSIBLE APPOINTMENT OF EXTRA BODIES TO CLEAR BACKLOG OF CASES

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question to the Minister of Veterans Affairs arises out of a suggestion made on Friday as recorded on page 8754 of *Hansard*. Will extra bodies be appointed on a temporary basis to the Canadian Pension Commission to deal with the several thousand cases of veterans which are backlogged behind the very good and non-partisan veterans legislation of this House?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Mr. Speaker, as a result of the very generous amendments to the Pension Act of last spring it is true there is a much greater number of applications for pensions than before and it will take some time before this backlog can be processed completely. However, I wish to assure the hon. member that the full contingent of commissioners that can be appointed under the act have been appointed. They are very much aware of this backlog and are working with all possible diligence.

* * *

GRAIN

RATE OF INTEREST TO BE PAID TO FARMERS ON MONEYS OWING UNDER TEMPORARY WHEAT RESERVES ACT

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the minister responsible for the Canadian Wheat Board. Can the minister advise the House what will be the rate of interest to be paid western farmers on moneys long overdue and owing them under the provisions of the Temporary Wheat Reserves Act?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, I would expect to be able to make an announcement very shortly about the exact amount which will be going to the Prairie farmers in the very near future, an amount which will include the interest referred to by the hon. member and also some adjustments in view of the time at which the Wheat Board has been able to make its final calculation with regard to the 1969-70 pool.

Mr. Southam: Can the minister assure the House that the rate of interest paid will be commensurate with that which the farmers themselves have to pay when they borrow money?

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[*Translation*]

REGIONAL ECONOMIC EXPANSION

REQUEST FOR GRANT TO ESTABLISH CARDBOARD MANUFACTURING PLANT AT CABANO

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is for the Minister of Regional Economic Expansion.

In view of the importance, for the population of eastern Quebec, of the establishment of a cardboard plant at Cabano, can the minister tell the House if the Société populaire des pâtes et papiers du Québec has applied for a grant to establish such a plant at Cabano?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I think the hon. member asked the same question about a month ago and I answered at that time that we had not received any application. I will check if we have since received one and I will be in a position to answer the hon. member within a few days.

Mr. Speaker: Does the hon. member have a supplementary?

Mr. Lambert (Bellechasse): Yes, Mr. Speaker. I assume the request has been made.

May I ask the hon. minister whether he would, after perusal, be prepared to recommend that his officials give the matter special attention, so that a reply may be sent as promptly as possible?

Mr. Speaker: This, of course, is a representation the hon. member is making to the hon. minister, and he must assume the minister will take it into consideration.

* * *

[*English*]

FINANCE

POLICY RESPECTING EXCHANGE LEVEL OF CANADIAN DOLLAR

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Finance. Yesterday on the program "Cross Country Checkup" the minister indicated that the economy today is much stronger than it was in 1961 because there is no danger of the dollar being devalued. Was the minister stating government policy? Is it his intention to maintain the Canadian dollar at par with the United States dollar?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the Canadian dollar is floating freely.

Mr. Baldwin: So is the government.

Mr. Dinsdale: Would the minister use his customary capacity in respect of these matters to change the situation in view of the fact that there has been a drastic reduction in exports with resulting unemployment among Canadians?

Mr. Benson: First of all, there has not been a reduction in exports. Exports have been climbing. Second, we have not intervened in the value of the dollar since it was floated except to keep changes on a regular basis without having wide fluctuations.

Mr. Dinsdale: In view of the fact that the increase in exports is in the resource field, which is Canada's heritage, rather than in manufactured articles, would the minister take the necessary action?

Mr. Speaker: The hon. member for Winnipeg North.

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CANADIAN CULTURE

MULTICULTURALISM POLICY—AMOUNT OF FUNDS TO BE AVAILABLE AND CRITERIA FOR ALLOCATION—CONSULTATION WITH ETHNIC GROUPS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, this question is addressed to either the Secretary of State or the Minister of State in charge of the citizenship branch, whichever minister is responsible. Would the minister consider making an early statement on motions spelling out the amounts of money that will be made available by the government to help develop the cultures of the minority ethnic groups, as announced by the Prime Minister about a week ago, the criteria that will be used in allocating the funds and whether meetings will be held with organizations representing the various ethnic groups to discuss the types of programs which will be undertaken by such groups?

Hon. Martin P. O'Connell (Minister of State): Mr. Speaker, all these subjects are under active consideration. There certainly will be consultations with the various cultural and ethnic groups across Canada and there will be significant funds available to develop the program.

Mr. Orlikow: In view of the great expectations among the various groups because of the Prime Minister's statement, will there be an early announcement concerning the type of programs and amounts of money available so that these groups and organizations can begin planning the kind of work they want to do?

Mr. O'Connell: Yes, this information will be available in due course.

* * *

EDUCATION

DISPOSITION OF GRANTS TO PROVINCES FOR FRENCH LANGUAGE INSTRUCTION

Mr. Walter Deakon (High Park): Mr. Speaker, this question is addressed to the Secretary of State. Has the minister or his department taken steps to ascertain the disposition of the moneys granted by the federal government to the provinces for the purpose of French language education, especially in the province of Ontario, to ensure that these funds are used for the purpose for which they were designated and intended?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): The answer is as follows. When it was agreed to refund provinces for the teaching of a second language or the official language of the parents' choice, provincial governments accepted to pursue some objectives. However, it was understood that after a full year, and when six or seven more months would have allowed us to get complete results of operations undertaken under the program, we would engage in a collective and detailed revision of measures taken and we would try to determine if grants really helped reach the objectives approved by the provinces at the beginning. We shall soon make this revision which, besides, was announced the moment the program was initiated.

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[*English*]

CROWN CORPORATIONS

POLYMER—LAY-OFF OF EMPLOYEES WITH ONE DAY'S NOTICE

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Prime Minister. Perhaps he may wish to refer it to one of his ministers. Was the government aware that 250 employees of Polymer Corporation in Sarnia were given only 24 hours notice when they were laid off?

An hon. Member: You weren't here last week when we talked about it.

Right Hon. P. E. Trudeau (Prime Minister): I will take the question as notice. I know it was discussed in the House last week and I must say the facts as stated by the hon. member are surprising to me. I will verify them and see if he can be given an answer.

* * *

• (2:50 p.m.)

RESEARCH

PROGRESS IN DEVELOPMENT OF FUR FARM CENTRE

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I would like to direct a question to the Minister of Agriculture. What progress is being made respecting the development of the fur farm research centre as a component of the national research centre?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, the plan that the hon. member is aware of is still in place, but so far as the details of what progress is being or has been made, since the last time that he raised the question, I have sent an inquiry for that information.

Mr. Noble: In view of the fact that the government is looking for make-work programs, does the minister not

think this would be a logical time to use his good offices and have something done with respect to its development?

Mr. Speaker: Order, please.

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AGRICULTURE

ASSISTANCE TO PRODUCERS IN LIGHT OF UNITED STATES IMPORT SURTAX

Mr. Robert C. Coates (Cumberland-Colchester North): I also have a question for the Minister of Agriculture, Mr. Speaker. Would the minister indicate to the house the progress within his department on the effects of the 10 per cent United States import surcharge on Canadian agricultural products and if it is his intention to make a statement in this regard to indicate what assistance will be made available?

Hon. H. A. Olson (Minister of Agriculture): Yes, Mr. Speaker. I think the hon. member will find it very useful to read the statement I made in the House on September 7 and then another one about three weeks later.

Mr. Coates: In view of the fact that this is not September—it is October—and I believe that there must be in-depth information available to the minister now that was not available to him then, I would like to know when we might hear about what action his department is going to take to assist agriculture?

Mr. Olson: Yes, Mr. Speaker. The House has heard about specific action that has been taken with respect to some products, and there are other cases such as the assistance for potatoes. In that case a series of meetings was held last week attended by the Premier of Prince Edward Island and the Premier of New Brunswick, and as soon as a consensus is reached on what would be the most useful kind of program that too will be announced.

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MANPOWER

INCLUSION OF MANAGERIAL AND PROFESSIONAL PEOPLE IN IN-INDUSTRY TRAINING AND RETRAINING PROGRAMS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration, prompted by the report that job opportunities for executives, accountants, engineers and professionals were 15 per cent lower at September 30 this year compared with a year ago. In light of that dreary statistic can he advise whether managerial, executive and professional persons and programs will be included in the in-industry training and retraining programs announced last week?

Hon. Otto E. Lang (Minister of Manpower and Immigration): Mr. Speaker, at this stage I would have in a basic way, to take that question as notice rather than comment on it specifically.

Mr. Macquarrie: In light of declining job opportunities for professionals and other highly educated and skilled people, is the government preparing a national industrial development strategy as urged by the Science Council and others and, if so, will action be taken this fall?

Mr. Lang: Mr. Speaker, the government has very significant industrial policies and many of the programs of my colleague, the Minister of Industry, Trade and Commerce, are directed to developments of a high technological nature in Canada, which are useful in assuring jobs for the most highly skilled.

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POLLUTION

GREAT LAKES—POSSIBLE DELAY IN SIGNING AGREEMENT WITH UNITED STATES

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the recent report that there will be a delay in the signing of the Canada-U.S. agreement for a clean-up of the Great Lakes, I would like to ask the minister if any delay is anticipated in signing the agreement and, if so, what is the reason?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I cannot confirm that there will be any delay. When I met Secretary Rodgers in New York a few weeks ago I asked him to look into the question because I was concerned about the implications of the recent decision concerning the use of detergents in the United States upon the progress of the program that they and we had agreed upon, and I have not yet had a reply from the United States government as to whether there will be any resultant delay. I hope there will not be any delay.

Mr. Harding: Are some terms of the agreement still to be negotiated and will the meeting of the water quality standards, set for 1975, be changed?

Mr. Sharp: Mr. Speaker, it is our hope that the objective will not be changed. Of course this involves agreement with the United States, and I have not had any information yet that the objective has been changed by the United States. We continue to adhere to this as a feasible and, we hope, acceptable objective.

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COMPETITION BILL

SUGGESTED RECONSIDERATION IN LIGHT OF DEVELOPMENTS

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I wish to direct a question to the Minister of Consumer and Corporate Affairs. In light of recent developments, is the minister having another look at Bill C-256, commonly called the competition act and, if not, why not?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, it is not a case of having another

look. I indicated in late June, when the bill was introduced for first reading, that it was not the intention of the government to proceed with passage of the legislation this session but to invite suggestions on it. That is what I have done and we are now receiving suggestions. In so far as the suggestions are constructive and useful, they will be given very careful attention.

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THE CANADIAN ECONOMY

DESIGNATION OF DEPARTMENT TO IMPLEMENT WINTER WORKS PROGRAM

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I wish to direct a question to the Prime Minister. I would like to know if the government has designated or intends to designate one department to implement that portion of the Benson bundle announced last Thursday referring to the winter works program?

Mr. Speaker: Order, please. I am not sure whether the terminology of the hon. member is quite within the rules, but I suppose the intent of the question is understood by the minister to whom it was directed. Perhaps we should allow the question to be answered.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the program is to be co-ordinated by the Minister of Manpower and Immigration. That is the way it will be unbundled.

RESPONSIBILITY OF MINISTER OF REGIONAL ECONOMIC EXPANSION IN RESPECT OF WORKS PROGRAM

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a supplementary question to the Minister of Regional Economic Expansion. I wonder whether he will be responsible for any part of the program dealing with works, the creation of jobs and, if so, will the minister assure the House that he will consult with the Atlantic Development Council, other agencies in his department and APEC, and perhaps he might even consider consulting the Holy Ghost, who seems to be on the side of these agencies—

Mr. Speaker: Order, please.

Mr. McGrath: Perhaps I might rephrase my question and again direct it to the minister who does not seem to be plugged into the Holy Ghost or anybody else. Would he tell the House whether or not he has any responsibility for any part of the programs announced by the Minister of Finance, especially with respect to the works program and, if so, will he consult with the provinces?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, some programs will surely come under my department. They will undoubtedly be the subject of consultations with the provinces, which for that matter is what I do on a regular and systematic basis for all the other programs administered by my department.

[Mr. Basford.]

Inquiries of the Ministry

[*English*]

LOCAL INITIATIVES PROGRAM—REQUEST FOR DETAILS ON NATURE OF PROJECTS, AMOUNTS OF MONEY AVAILABLE AND FINAL DECISION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I wish to direct a supplementary question to the Minister of Manpower and Immigration. Since the municipalities and private organizations will want to start work on employement-creating projects as early as possible, may I ask the minister whether he will be making an announcement to the House and the public regarding the nature of projects that will be approved, the amounts of money that will be available to each province, and where the final decision will lie, whether it will be with the local manpower offices to which applications will be made or will the applications be made to, checked and vetted in Ottawa?

Mr. McIlraith: You can expect an answer soon.

Hon. Otto E. Lang (Minister of Manpower and Immigration): Yes, very soon.

Mr. Speaker: Orders of the day.

• (3:00 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Wednesday, October 13, consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Boulanger in the chair.

Mr. Korchinski: Mr. Speaker, in rising to participate at this stage of the debate on the proposals for tax reform, I want to raise certain objections for the consideration of the Minister of Finance and his officials, I hope there is still time to correct what I believe to be an inequitable situation as it affects various aspects of community life within the constituency that I represent. My time is limited and I may have more comments to make later, but at the moment I wish to deal with one or two items in the hope that they may be elaborated upon when other members rise to speak.

There are many objectionable areas in the present proposal. In rural areas where farm incomes are low, not many farmers in the past have had to use chartered accountants to prepare their income tax returns. Over the years they had become accustomed to completing the forms themselves and were able to do so at a minimum cost. The present proposals with regard to evaluation day for property make things so complicated that farmers may find it necessary to turn to professionals for help. I can easily realize why the Minister of Finance would want to establish such a system. As an accountant himself, he has to do something for his friends and this is one way of giving them a little bit of the windfall he would have liked

to have when he was in business. Of course, after this reform it may happen that he will be back in the accounting business himself.

I, personally, have strong objections to the concept of a capital gains tax. I realize that my party has come out for it to a limited degree. But many parts of my constituency are only 25 or 30 years old, and I do not believe this type of area will be best served by the introduction of a capital gains tax. Indeed, I think it will be a deterrent, a mistake, but I will not dwell too long on that aspect. I know that members of the NDP feel the capital gains tax does not go far enough. Of course, you cannot convince them that anyone who is in business is not a millionaire or a multimillionaire, that there are many people in business who do not make vast fortunes. For some reason the NDP feels that you must go after anybody who calls himself a company or a corporation.

In the end, I believe the people to be hurt are those who the government is professing to help. Let me examine one aspect which is very discriminatory as far as the farmer is concerned. The new proposals provide that a home on one acre of ground shall be exempt. This is fine for people living in cities and towns but when we compare a city home with a farm home is there any equity in this form of taxation? Certainly, there is not. Anyone who has ever looked at the real estate section of a newspaper realizes that city homes have appreciated in value, in fact, have skyrocketed. Many homes in Toronto and Vancouver are worth $50,000 or $60,000 but how many in the rural areas are worth that much? In the magazine section of the Ottawa *Citizen* last weekend, there was an article which pointed out that lots in the Vancouver area are valued at $15,000 to $20,000. But the Minister of Finance should consider that a home on a quarter section of land in the west might be comparable to a lot which is usually less than an acre. An acre of land within city limits could be worth as much as a million dollars but there is not much farmland that would sell for a million dollars an acre.

I know that the minister is comparing like with like, home with home or acre with acre but he is certainly not comparing value with value. I concede that it is always going to be difficult to have equity. In the west where land is divided by quarter section or section or in acres, any deed you hold is to land which has not been subdivided. A lot has been subdivided. In cities many homes of 50 years of age have and will appreciate because of the shortage of housing. In the country a home can cost $20,000 but because of a reduction in family size and the changing pattern of education as well as the deterioration of community life, large homes are no longer being built. The value of the home on the farm may go down, whereas the value of the city home goes up. That distinction must be drawn and the minister ought to consider it. After all, what can a man do with an acre of land? Is he to incur the legal costs of subdividing an acre?

• (3:10 p.m.)

It could be that a farmer has built at $15,000 home on a $10,000 parcel of land to which he has title. That is quite possible. In any event, consideration must be given to that parcel of land on which the farm home is built. In some cases, land values have gone up and homes have appreciated. It may be that land values will continue climbing. At the same time, I think that the suggestion I am making is a fairer and more equitable way of looking at this question. I realize that the minister is to allow annual depreciation of $1,000 against the home. At the same time, it must be realized that in many cases the farmer has to trade-off some of his land simply to stay in business. If the minister wishes to be fair, he will leave open to farmers the option with respect to that $1,000 annual depreciation in home value. In any event, the amount of revenue the government will lose in these cases will not be great.

In the few minutes remaining, I wish to touch on several other areas, including co-operatives. I have received representations in that regard. In also wish to touch on lumbering, which affects my area, and mining. There is one other aspect applying to farmers that I shall touch on. I wish to talk about the accrual system of depreciation. I believe the minister should allow either the accrual system or the straight-line system of depreciation. If he maintains that the accrual system should be used, he ought to realize that only in the first two years will the accrual system be of advantage to a farmer, and only if the farmer buys a new machine. That is, the system will bring advantages in the calculation of income tax. Yet I ask, how many farmers are in a position to trade their machinery every two years? Not very many, I suggest. Usually, if a farmer trades within two years, he has bought a lemon and wishes to get rid of it. In that case he will take a loss, anyway. If that farmer wants to remain efficient, and that is the aspect to which the government has failed to give consideration, he must trade his machinery when necessary. I submit that under the accrual system the farmer will simply delay trading his machinery. He will try to get as much out of it as possible in write-off benefits. Yet, if he holds on to his machinery for too long, his efficiency will suffer.

Look at it another way, Mr. Chairman. If a farmer has great sales in one year, he will certainly not trade his machinery in that year if he has at his disposal unused accumulated depreciation benefits, because that unused depreciation will be charged against his income tax if he trades. So, he must wait for a year in which his sales are low. That year, when he ought to tighten his belt, will be the only time he can write off the accumulated depreciation against income tax. Because of his low return in that year, he can use the unused portion of his accrued depreciation and write it off in that year. That is to say, he will have to add the unused portion of his depreciation to his income tax. That is what will happen under the accrual system. So, the farmer will not trade in the good year but must wait for a bad year. This approach defies all logic. Would any banker grant you a loan if you told him you have had a bad year? Would he not say to you, "What's the matter with you, man; get with it and tighten your belt. You should not take out a loan this year because you may have another bad year next year." Yet that is precisely the position the farmer will be in if the minister adopts the accrual system as against the straight-line system, as proposed.

Page 6 of the brief of the Canadian Federation of Agriculture reads:

The fact is that in farming income is typically low in relation to investment, obsolescence is rapid, inflation of farmers costs con-

tinues year after year, and more expensive and sophisticated machinery, equipment and structures have to be constantly introduced into the business.

The Federation suggests that the farmers should be allowed to retain the option of depreciating assets on a straightline basis. They go on to say, as recorded on page 7, that they believe farmers must:

Be able to maintain a separate bookkeeping on assets acquired up to December 13-71 on the present straightline basis, with assets subsequently purchased separately set up on a diminishing balance basis. . . . That capital gains if any, be calculated on the difference between disposition price and original cost or Valuation Day value, whichever is the higher.

I will go even farther than the Canadian Federation of Agriculture and suggest that either system ought to be allowed. One must realize that farmers have constantly struggled to maintain efficiency, and we should not deprive them of any leeway in that regard. Farmers, I think, have been fairly good businessmen over the years and have tried, whenever possible, to remain in business. I do not think that hemming them in under an accrual system will work to their advantage or to the advantage of the industry, as a whole.

Another aspect that I wish to cover, if I have time, relates to the basic herd concept. Mr. Chairman, it takes years and years to build up a basic herd. Yet you can dispose of that herd in one easy sale. All you must do is order a truck to pick up the herd and take it to market, and that is the end of your herd which has taken years and years to establish. The Federation of Agriculture deals with this. They believe that a herd should be treated as capital. I think there would be an advantage to farmers if the minister were to treat the herd as capital. As I have already pointed out, it takes years to establish a herd. Also, you can dispose of the herd in one easy sale. I realize that the averaging concept may come into play. Yet averaging could be useful for only four or five years if you have had a series of setbacks after a period of good years.

One must also consider the case of the farmer who, for reasons of health, must dispose of his cattle or capital. Possibly the farmer and his son have been working together, and perhaps the son has been doing most of the manual work. Perhaps the son finds that they cannot carry on the business, and they must therefore dispose of the herd. I think the minister ought to look at this matter on the basis of previously calculated income tax or on the basis of future income tax that may be calculated. I think he ought to consider the 20 or 25 years it may have taken to build up a herd of this type. The minister ought to take all this into consideration.

I now wish to touch briefly on co-operatives. Many people in my riding have had experience with co-operatives or credit unions.

The Deputy Chairman: Order, please. I regret to interrupt the hon. member, but his time has expired.

Some hon. Members: Continue.

The Deputy Chairman: The hon. member may continue only with the unanimous consent of the committee. Is there such unanimous consent?

[Mr. Korchinski.]

Some hon. Members: Agreed.

• (3:20 p.m.)

Mr. Korchinski: I thank the committee, Mr. Chairman. I will be very brief. I only want to deal briefly with the "co-op" aspect of the proposal. Many co-operatives have been established to service a local need. I agree with this concept. I have done my share of work in this field. I think the objection which is made by members of the co-operative movement with regard to double taxation is valid. Although the minister has introduced some amendments, the Co-operative Union of Canada does not think they go far enough to meet their requirements. Perhaps the minister may wish at this time or some time in the future to exempt the local co-operatives, since they serve a local need.

Some co-operatives have become large monopolies. They were established in earlier days to cut down on the unfairness and unethical practices of some individuals. They have served a need. Once they become large corporations, they are somewhat of a nightmare to many small businessmen in the communities. In some instances they speed up the day when small communities become depleted. Once communities are depleted, it is only through the co-operatives that any type of service can be maintained or sustained. At that time no enterpriser will go into the community because he fears he will lose money on the venture. Many co-operatives are established as a result.

In the interest of maintaining some form of service in the small communities, the minister should look upon co-operatives as small enterprises. They should be kept separate from the large enterprises. In so doing, the minister will meet some of the objections which the small businessmen have to the co-operative idea. At the same time, the minister must realize that we have to maintain the small credit unions in communities where the banks have failed to help the local businessmen and farmers. In cases where the banks simply refuse to make loans on the basis of past experience, the credit unions have often done so. The interest rate may be higher for that reason.

I will not take up any more of the time of the committee. I again thank the committee for having allowed me a few extra minutes. I may elaborate on these points at a later time.

Mr. Barnett: Mr. Chairman, I make no claim to having read every word of the 707 page bill which the minister has placed before us for consideration. I make no apology for that at this point because it seems that this mammoth bill is largely the result of the inconsistency of the government's approach to fair taxation. Had the government seen fit to put before this House the basic principles of the royal commission report, commonly referred to as the Carter report, we could have had a much less extensive and more readily understandable bill than the one we are considering today.

Mr. Mahoney: Would you have read it?

Mr. Barnett: However, the choice has been that of the government and this is the bill we have to consider. I rise this afternoon to deal with one aspect of the bill. The hon. member who preceded me touched on this aspect in his

closing remarks. I will not attempt to take quite the same line of attack as he did.

I suppose other hon. members received, as I did, a letter from the Co-operative Union of Canada dated October 15, 1971. I wish to put the contents of this letter on record. The letter, addressed to Members of the House of Commons, reads as follows:

> Since we wrote to you on September 20th, the government has introduced amendments to Section 135 of Bill C-259 relating to the taxation of co-operatives.
>
> Co-operatives wish to advise you these amendments do not meet the objections of co-operatives.
>
> Co-operatives insist that the fundamental distinction in their nature be respected by the taxation statute. These distinctions are:
>
> (*a*) the co-operative provides primarily a self-help service required by its members.
>
> (*b*) the co-operative distributes its earnings to its members in proportion to member business.
>
> (*c*) the co-operative raises and "services" its equity capital by revolving the same in relation to the use of the co-operative by its members.
>
> (*d*) the capital contributed by a member of the co-operative is to provide himself with services and not to produce a return on investment.
>
> Co-operatives request that they be permitted to distribute the income from member business to their members as a patronage refund as is intended by their charters, bylaws and nature with no limitation. These distributions, of course, will be dealt with by the members in their personal taxable income in a manner similar to the distributions of the earning of a partnership to its members.
>
> Yours sincerely,
>
> W. B. Melvin, President, on behalf of Co-operative Union of Canada and Le Conseil canadien de la Coopération

As a member of this House, I say at once that I stand four-square behind the statement submitted by the president of the Co-operative Union of Canada. It is little short of disgraceful that a government which calls itself Liberal and sometimes expresses a desire for a free society in this country, should, by a taxation law, seek to twist and distort the basic freedom of co-operatives to operate as co-operatives. This is the issue that has to be joined at this point.

There is a lot of talk from time to time by various political spokesmen in this country about what is referred to as free enterprise. If we are going to have freedom of enterprise, there should be freedom of enterprise. The citizens of Canada who decide they wish to band together as a non-profit organization to operate as a co-operative should be allowed to do so. The Minister of Finance has no moral right to place a tax bill before this House which negates the basic principles of co-operatives. This is what he is obviously doing, as one can see by referring to the letter from the president of the Co-operative Union of Canada.

An hon. Member: What would Carter have done?

Mr. Barnett: That is a very good question. If the principles of the Carter commission report had been followed, this sort of nonsense about co-operatives would not be before us. The Carter commission recommended, in effect, that we move toward doing away with the complicated system of taxing income in the hands of corporations and again in the hands of individuals. As far as the corporation tax is concerned, the government has rejected that principle. It is trying to suck the co-operatives into the basket, and that is why I say that was a very good question.

At the outset of my remarks, I said that if the government had brought in a tax bill based upon the principles of the Carter commission report, we would not be indulging in this silly nonsense of trying to twist, squirm and appease the multitudinous members of co-operatives. I want to make it clear that I, as an individual, and the party to which I belong, as a matter of policy accept the principle that co-operatives should be encouraged to develop freely along the lines on which they were organized. We should not seek to twist and distort the basic principles of the co-operative movement with income tax laws like the one presently before us, even with the so-called concessions the minister has put before the House. I have been a member of consumer co-operatives for many years.

I, and other members, recognize the fact that the credit unions are essentially co-operatives in the business of lending money. They operate on the same basis. The credit unions have placed their position before us along much the same lines as have the co-operative unions. One of the briefs which has been received has come from the Ontario Credit Union movement. I have a copy here of a letter which was addressed to me under date of October 4, 1971 by the Ontario Credit Union League. They raise this question of what constitutes fair taxation. They point out that there is held an inaccurate opinion that there are tax concessions made to credit unions. I have received for a number of years, now, a lot of drivel from this so-called Equitable Tax Foundation which has been trying to argue that co-operatives and credit unions are receiving special tax concessions. I have looked at it, and then done what I thought was appropriate—I put it in the waste basket. Apparently the Minister of Finance (Mr. Benson) has been sucked in by this sort of drivel and propaganda. I suppose one should not be too surprised at that. It is a symptom of the type of hodge-podge Liberal policies so often wind up as being.

• (3:30 p.m.)

Let us not be fooled by the amendments the minister has suggested should be made to the bill. The president of the co-operative union has placed the issue squarely before us and I, as one member of this House, am prepared to stand behind that position with the support, I believe, of every member of my party. We do not want any of this weaseling and squirming, this effort to appease the credit unions and the co-operatives on the one hand and the private corporations on the other hand. Members of our party have admitted from time to time in various debates there is a place in what is sometimes called a mixed economy for the private profit making type of enterprise. We have never said we intend to abolish it or discriminate against it. But we have also said we believe there is a place for the co-operative type of enterprise, that it should be allowed to operate freely and be available to those who wish to use it in its varying forms and manifestations. So I wish to register my strong protest against the bill we have before us, even with the suggested amendments which are apparently to be foisted upon the co-operative movements unless somehow we can per-

suade the majority of members of this House to reject the proposals of the government in this field as they stand.

Mr. Orlikow: Mr. Chairman, I have spoken several times on the general principles embodied in the legislation with which we are now dealing. I have expressed the opinion that what we have before us is not by any stretch of the imagination tax reform but simply tax change; that the tinkering the government proposes is mere tinkering and that the inequities of our tax system as outlined by the Carter Commission, which made it very clear that the people in the lower income brackets are paying substantially more in tax than they ought to pay, and that the people in the middle and upper income brackets are paying substantially less, will continue after this proposed revision of our tax system.

I wish to deal specifically today with one matter which has been raised with some success, but not enough, by the co-operatives and credit union movement. Unfortunately, after the government tabled its white paper in response to the Carter Commission Report, and after the minister brought in his bill, unfortunately, but not too surprisingly, the vast bulk of the representations which were made to the minister and to the parliamentary committee which dealt with the white paper and the bill on taxation came from those who had the ability, the knowledge and the money to hire experts to make the representations outlining the complaints which they felt should be made, namely, the business community, the self-employed people who felt that the minor changes which the minister first proposed in his white paper and the even smaller changes which he proposed in his tax bill, went too far. The vast bulk of the people, the ordinary people, the wage and salary-earners who pay every penny of income tax which the law requires them to pay, who have no way of making deductions for expenses or trips or anything else, were not able to make representations.

Mr. Osler: They did it in Winnipeg last week, did they not?

Mr. Orlikow: It is an interesting development we see in regard to the hon. member for Winnipeg South Centre (Mr. Osler). When he was running as a candidate he was careful to try to create the impression that he was just an ordinary citizen like everybody else. But since he has come down here, increasingly we find in his interjections and in his speeches—and I do not mind them, because he usually puts his foot into his mouth—that the real person comes out. He is from one of the few top families in Winnipeg. They've got it made, and he is going to keep on seeing that they are protected. That is the kind of interjections we get from him.

Mr. Osler: I asked you whether it was only rich people who gave you the gears in Winnipeg last week.

The Deputy Chairman: Order. The Chair feels that the committee should not proceed in this direction through conversation or interjections from one side or the other. Speeches should be relevant to the bill before us without referring to private members and their capacity or their personality.

[Mr. Barnett.]

Mr. Orlikow: I shall be happy to discuss the principle of this bill. If the hon. member will stop interjecting he will not get the kind of replies which his interjections deserve.

The one group which made representations, and very strong representations, to the minister, to other cabinet ministers and to every Member of Parliament, was the co-operative and credit unions. They made their views known strongly. Let me quote from a press release put out some time ago by the United Co-operatives of Ontario with regard to the proposals contained in this bill:

• (3:40 p.m.)

Upon careful study of the proposed tax legislation presented to the ways and means committee, the Co-operative Union of Canada finds that compliance with these proposals will create extreme difficulties for co-operatives. The net result will be to force co-operatives to abandon their basic nature—

The Co-operative Union of Canada feels it is not the prerogative of a taxation body to interfere with the relationship between an organization and its members. The taxation imposed should be in keeping with the nature of the taxpayer. The proposed legislation totally disregards objections raised in the Co-operative Union's submission to Mr. Benson and to the taxation committee of the House of Commons and of the Senate.

The proposals failed to take into consideration the basic nature and method of operation of a co-operative, which is to distribute surplus earnings to members in proportion to the business they have done with their co-op rather than in relation to capital investment.

Co-operative philosophy, regulations, etc. make it impractical for most co-ops to distribute their surplus earnings as proposed. Further the proposals failed to recognize the difference between the nature of equity capital employed by co-operatives and by other corporations.

If there is one group that has done a great deal to protect the ordinary citizen, it is the credit union. This is the one organization that protects not the Member of Parliament, the businessman, the doctor or lawyer, who can usually go the bank and arrange a loan if they get into financial difficulty, but the ordinary citizens who do not have much income or any collateral to offer as security for a loan from the bank and who in increasing numbers are being forced to go to the loan companies.

I am not going to criticize the loan companies. They are not breaking any law in this country; they are fulfilling a function that no other organization with the exception of the credit union has been fulfilling. But the loan companies have been doing so at exorbitant cost, to say the least. They have been acting legally but, in my view, unconscionably, lending money to citizens in this country at interest rates of 18, 24, 30 per cent per annum. Anyone who doubts this needs only look at the interest rates charged by finance companies on the purchase of automobiles. No one can argue today that an automobile is any longer a luxury; it has become a necessity in this country. The one organization that has stood between the loan companies—the "loan sharks"—and the ordinary citizens is the credit union. If any government brought in any legislation that would destory the credit unions, it was the original bill brought in by the Minister of Finance.

As a result of representations made by the co-operatives and credit unions to Members of Parliament and the government, the minister has announced a series of amendments, I think 95 in all, to this bill. Nevertheless, today I was in touch with representatives of the credit

unions in this country, and while they are pleased with some of the changes and agree that some of the amendments that the minister introduced go part of the way to overcoming the problems the original bill created for them, they made it very clear that there are still some sections of the bill that must be amended. If they are not amended, then the ability of the credit unions to function, to grow and to give the kind of protection they have been giving increasingly to thousands of Canadians who need this organization will be jeopardized.

Let me put on the record the comments which the representatives of the credit unions made to me today in the hope that it is not too late and that the Minister of Finance will demonstrate that he does sometimes listen not only to the representations made by mining, gas and oil companies but also those made by ordinary citizens. Perhaps within the next few days the minister will add another couple of amendments to the 95 he has already tabled so as to take care of the difficulties created by this legislation for the credit unions.

The officials from the credit unions have told me that the section of the bill dealing with the opening reserve that will be established on January 1, 1972, as now drafted, leaves a good deal to be desired. The government proposes to allow credit unions reserves similar to those held by banks. The credit unions are concerned about what will happen to the statutory reserves they are required to hold and maintain by the provinces, and about whether they will be taxed retroactively. The credit unions are asking that they be allowed to begin the taxation year in January 1972 at point zero; in other words, that their prior reserves that have been built up under the requirements of provincial legislation be ignored so that new reserves can be accumulated, as is the case with other corporations. I want to make it clear that the credit unions are not asking for any special consideration but that they be given the same treatment as other corporations.

The credit unions are concerned about one other important aspect of the tax legislation, and this is the small business limit concept. Credit unions will not be permitted to take advantage of the small business limit concept. Small business, under the proposal made by the minister, will be permitted to set aside reserves of $50,000 a year which will be taxed at the low rate of 25 per cent rather than the usual 50 per cent. Credit unions, as they understand it, will not be permitted to do this because the reserve funds required by the provinces are locked in and therefore cannot be distributed to the members. Since the credit unions will be unable to distribute any dividends to the members, they will not be able to reduce their taxable income.

I think that what the credit unions want is fairly simple to understand and is a very fair request to make. They want the same tax incentives that are now allowed small business. Although credit unions are large organizations with many thousands of members, I would imagine that, in 99.9 per cent of the cases, those members are in a much poorer financial position than the small businessman who will be permitted a lower tax rate. As I say, the credit unions are asking for the same kind of treatment in the matter of taxation that small businesses will be permitted under this legislation, and as I say it is not too late for the minister to bring in a further amendment that will give the credit unions this kind of treatment. No proposal that I know of was greeted with such unanimous criticism by the credit unions and co-operatives as the original proposal made by the minister. I hope the minister will do something pretty substantial to meet what I consider to be the very legitimate concerns of the credit unions and co-operatives in respect of this legislation.

• (3:50 p.m.)

I should like to deal with just one more matter before I sit down and that is my feeling that the minister, while appearing to try to meet the needs of ordinary citizens in a much more equitable manner by raising income tax exemptions from $1,000 to $1,500 for a single person and from $2,000 to $2,850 for married couples, in fact has not come anywhere close to meeting what the situation was when the $1,000 per single person and $2,000 per married person basic exemption was put into the legislation more than 20 years ago. Need I remind the minister of the tremendous increase in the cost of living in the past 22 years since that floor was set for calculating income tax exemption? Need I remind the minister that under his proposal there will be tens of thousands, probably hundreds of thousands of Canadian citizens who will be paygng ihcome taxı7evenı7though,ı7according to thecalculations of the Economic Council of Canada, they are in fact living in poverty?

It seems to me that there is something wrong in principle, and something cruel, about a government in the year 1971 proposing that people who are living in poverty should be required to pay any income tax. I urge the minister to adopt the proposals put forward by organizations such as those representing the pensioners who have suggested that the minimum basic exemption in calculating income tax should be $2,000 a year for a single person and $4,000 a year for a married one. I know that the minister has been very adept at putting on the record again and again, the fact that hundreds of thousands of people will no longer have to pay income tax when the new schedule and the new exemptions which he is proposing are put into effect. But the minister has been very careful not to explain to the public how little income tax is paid by those who will now be exempt, a few dollars a year. Of course it is good that they should not be paying it, but those people should not have been paying income tax for years. What the minister has done is in fact too little and too late.

The minister has done the same kind of public relations job, the same kind of snow job, as he did the other day when he announced in his package of last Thursday that in order to try to get the economy moving, the economy which he has been saying has been doing very well, in order to reduce unemployment, there would be a cut of 3 per cent in income tax. An across-the-board cut for the person with a taxable income of $4,000 or $5,000 a year comes to a few cents a week. To the person earning $20,000 a year or $30,000 a year a 3 per cent cut in income tax is a very substantial amount of money. So, last Thursday the minister did what he has done on nearly every occasion on which, when I have heard him make a

proposal for change, he has given more to those who already have than to those who do not have.

May I express this last plea to the minister before I sit down, that the minister give serious consideration to wiping out the kind of restrictive proposals in this tax legislation which he originally proposed for co-operatives and credit unions; that he meet their very reasonable suggestion that their task of looking after their members, who are on the whole very ordinary citizens in the moderate income brackets, be not made more difficult than it has been and that he do things to help them to get more members and to expand their services to those people who really need the kind of service which they perform; and also that the minister give serious and favourable consideration to raising basic exemptions on income tax so that those people who cannot afford to pay income tax, people in the lower income brackets earning less than $2,000 a year and family people earning less than $4,000 a year, not be required to pay any income tax at all.

Mr. Nielsen: Mr. Chairman, one of the features of Bill C-259 would eliminate an exemption which hitherto has existed with respect to prospectors. I want to devote some of my remarks this afternoon to the impact that this proposed legislation will have on the mining industry generally and on the oil and gas industries. Perhaps the place to start is where most new mines start, with the hard work and dedication of the individual prospector. As was pointed out in the letter by the management of the British Columbia and Yukon Chamber of Mines to the Prime Minister on September 1 last, the fact has been clearly established that:

> —prospectors are vitally important to the future of our mineral industry. You will note that prospectors in British Columbia-Yukon have been responsible for discovering at least 1,377 million tons of ore valued at $8,605 million, and that it would take 97,000 man years of work to extract the ore. In other words, a great many jobs for Canadians over a period of many years.

Bill C-259 would abolish the existing exemption of prospectors so that the proceeds of their efforts, if they ever do realize them, are free of tax. That was not the attitude, however, of the standing committee because in its final report dealing with the white paper on taxation the committee recommended that prospectors be exempted from this tax. Unfortunately, not only the Minister of Finance but the government did not see fit to accept the recommendations of the standing committee. However, that is not surprising and it is another indication of the so-called reform of the committee system and how useless it is. The mining industry in Canada has become the country's most important industry, accounting for perhaps more than 40 per cent of Canada's export dollars, with well over 25 Canadian communities being entirely dependent upon the industry, and in the north, not only whole communities but in the case of the Yukon the whole of that geographic entity, is dependent almost entirely and absolutely on a healthy and viable mining industry. The industry is a little over 100 years old and already it consists of some 240 or more producing mines. Several briefs were presented to the standing committee when the whitepaper proposals were considered. One of the best, and perhaps one of the most humorous, was the brief presented by Dean Vaughan who heads a group of prospectors from Toronto. He says on page two of that brief—and I believe this is actually what happened in respect of one of the proposals in Bill C-259—if this country were secretly invaded by hostile Martians intent on crippling the Canadian economy, they would be very well advised to infiltrate our government and politically cripple the mining industry, which has created for the Canadian economy more than $40 billion in new wealth in the past 25 years. And then he asked, how better could these Martian politicians, under the guise of tax reform and social reform, sabotage the third largest mining industry in the world. He suggests a timetable by which that sabotage could be carried on by the federal government. He says that the leader, in this case he would be the Minister of Finance, would recommend to his superiors, the Prime Minister and his government, the following program.

[Mr. Orlikow.]

• (4:00 p.m.)

The first item would be to tax new mining ventures to death before they are on their feet. That is exactly what these proposals will accomplish. Instead of waiting until new mines are in production and contributing to the wealth of the country, we are going to start taxing them before these mines are even discovered by imposing a tax on the potential gains of the prospector, a prospector who in some cases has been searching for mineral deposits for some 20 years, or a quarter of a century, and who may never realize anything from his efforts. Certainly, the odds are highly against any single prospector hitting it twice.

The second step in Mr. Vaughan's program would be to immobilize the self-employed prospector by cutting off his supply of risk capital via the imposition of a capital gains tax on money won by the prospector and his grubstakers. That is exactly what happens now. It takes a good deal of persuasion to convince hard-headed business persons to invest in such a high risk venture as a prospector or grubstaking a prospector in the search for new mines. A prospector can promise nothing but hard work and, usually in my part of the country in any event, a very short season. There is no guarantee to the investor that he will have any return on his high risk investment.

The third step suggested in the program is to harass the mining industry as a whole by enacting emotional, hasty and retroactive restrictions in an otherwise free economy. Again, that is what the proposals in Bill C-259 are aimed at. The fourth step suggested is to conspire to establish a lack of confidence within the country and throughout the mining industry, not only here but outside our borders, and in the minds of foreign investors regarding future socialistic and jingoistic political ambitions.

In a report produced recently for the British Columbia Mining Association by an internationally recognized firm of chartered accountants, Prince, Waterhouse, it is estimated that the investment capital inflow in mining activities in the Yukon in 1970 after the publication of the white paper proposals was reduced by 72 per cent over the preceding year. The white paper on taxation and the proposal to replace the Yukon Quartz Mining Act with Bill C-187, the Yukon Minerals Act and the Land Use Regulations, combine to scare off investment capital to that extent and I daresay to the same extent this year. Unless some relief is forthcoming, and unless we have some statement from the Minister of Indian Affairs and

Northern Development and from the Minister of Finance, we face a more bleak year ahead so far as exploration activity in the Yukon is concerned during the season of 1972.

As a fifth step in his program of sabotaging the industry, Mr. Vaughan suggests the introduction of prejudicial legislation regarding foreign ownership; for example, England may control Canadian uranium mines but the United States may not. We have seen the reaction across the border with regard to the restrictive legislation that has been imposed with regard to the inflow of capital investment into this country from south of the border. This government is in deep trouble with regard to its relations with the United States. It is inconceivable that there could have been such rapid deterioration of our Canada-United States relations in so short a time. Investor confidence in the United States so far as investment in our mineral and resource industries is concerned has hit a new low. This is one reason we find our economic plight in the Yukon so desperate and why we have so little to look forward to during the forthcoming season. This is an industry which is highly risky so far as investment capital is concerned. It is an industry which, instead of having restrictive provisions such as are proposed in Bill C-259 and C-187, should be given incentives.

The sixth point in Mr. Vaughan's program for sabotaging the industry would be to sell foreign investors and companies mining exploration permits under one set of rules, then change the rules in the middle of the game and then change the rules back again. For example, look at what happened to Gulf Oil at Woollaston Lake and Phillips Petroleum and Atlantic Richfield in the Arctic. We have a good example of that in the intention of the government to include a power to make regulations in Bill C-187. That fits hand in glove with the powers which will exist under the legislation before us and also the power under the Territorial Lands Act under which all oil and gas exploration permits are granted.

The seventh step in the program would be to impose sweeping uneconomic legislation restricting the disposal or sale of concentrates or mining products with no industry-wide dialogue or advanced notice. That is precisely what was proposed in Bill C-187 where the minister would have absolute control over any ore exported from the country in excess of I believe 5,000 tons. I could be mistaken on that figure. In other words it was not management of the mining industry by the investors and shareholders but rather was management of the industry by the government. This is state control over an industry which has enjoyed its spectacular growth as a result of incentives and freedoms in the past.

As a final step in his program to sabotage the mining industry, Mr. Vaughan suggests we impose a recurring five-year reassessment of capital gains tax, with all its attendant catastrophic implications. If there is one area where capital gains should not apply it is in the area of the gains which are achieved by the prospector who discovers the mines in the first place. Any member of this committee who has knowledge of or personal acquaintanceship with prospectors, knows the hardships which these individuals must endure, for the most part over many, many years, before they realize anything from their efforts.

• (4:10 p.m.)

It is said, not only by the Minister of Finance but by his colleague, the Minister of Indian Affairs and Northern Development, that technology has rendered the prospector obsolete. I submit that this is not so, and that new mines and new mineral prospects continue to be discovered by the prospector in the initial instance. Why should a Canadian in the position of a prospector who works for 20 years or a quarter of a century,—I know several in this category who have spent their money and efforts over the course of those long, arduous years—and who happens to become successful, wind up paying a tax on the gain that he might make from his participation in a producing mine?

As I pointed out a moment ago, in the last 100 years there were 240 mines discovered. Assuming an individual prospector was responsible for each individual discovery, what real gain does the government get from taxing 240 individual prospectors, instead of adopting the approach of giving them some incentives to discover new mineral prospects in the hope that they can bring new mines into production. Certainly, the government will derive more revenue from taxing new producing mines and from taxing all the employees of those mines than from taxing the individual prospectors.

There are several factors in the fiscal approach of the government which are scaring off investment capital from minerals. We might ask ourselves why some of the greatest incentives for hunting oil and gas in Canada are not created by Ottawa, by our fiscal measures, or by any fiscal measures adopted in the provinces, but actually come from Washington, for Americans? Why is it that Canadians are not prone to invest in the development of their own country, in one of the greatest single areas where development would be welcomed, and in fact is needed? Why does U.S. capital come across in greater volume than it comes from within our own country? I suggest that despite the new tax reforms proposed in Bill C-259 the greatest incentives for hunting oil and gas in Canada will continue to come from Washington for Americans, and not from the provinces or from Ottawa.

When the past minister of communications resigned from the federal cabinet he did not lose much time in expressing his dissatisfaction with our present economic policies. One key are of his discontent was that Canada's mismanagement of its natural resources and the apparently favourable tax climate in which natural resource companies operate, were to our detriment. In fact natural resource companies, such as those in the Canadian oil and gas industry, are severely handicapped in Canada by existing tax laws. I cannot bring myself to agree with the position that is taken by members of the NDP. It simply bespeaks an ignorance or lack of information on this subject, and I say that with great respect. Tax laws in the United States make it easier for foreign owned companies to operate in Canada, and they are also one of the main reasons why much of Canada's oil and gas industry is owned by companies in the United States.

The key to a successful oil and gas operation is the productivity of its exploration program, and that goes for the hard rock industry as well. Without exploration no minerals would be found. Without exploration no oil and gas would be found. That is certainly fundamental. Some of the greatest incentives for hunting oil and gas in Canada are not created here in this country, in Ottawa or in the provinces, but come from Washington for Americans. I want to illustrate this.

Under Canada's present tax laws no real incentive or encouragement is given to Canadians to participate in a risk taking venture. We have given them some meagre incentives which the government now wants to abolish. Quite to the contrary, however, American tax laws favour the use of essentially private capital in such ventures. These laws provide a means by which well to do Americans—by that I mean people with surplus capital who are looking for investment areas—can find relief from high taxes. I am going to discuss this by describing what the industry calls drilling funds.

A drilling fund is essentially a pool of risk taking money, collected from well off professionals such as doctors, lawyers, engineers and others who may be paying as much as 50 per cent of their top layer of income in tax. Millions of dollars are pouring into Canada from such U.S. drilling funds. The key to the success of the American drilling fund is that the fund guarantees, by virtue of U.S. law, a 92 per cent tax write off. On an initial investment of—

[*Translation*]

The Assistant Deputy Chairman: Order. I regret to interrupt the hon. member, but his time has expired. However, with the unanimous consent of the House, the hon. member may carry on with his remarks. Is there unanimous consent?

Some hon. Members: Agreed.

The Assistant Deputy Chairman: Agreed.

[*English*]

Some hon. Members: Agreed.

Mr. Nielsen: I thank members of the committee. I was discussing a drilling fund, and the fact that U.S. tax laws provide a 92 per cent tax write off for people fortunate enough to invest $10,000, $5,000, or whatever it may be in such a drilling fund. Let us take $10,000 as an example. $9,200 is deductible, and 8 per cent is commission on the purchase of fund units and is non-deductible. Thus the investor saves $4,600 in tax, making his net cost in that investment only $5,400.

If oil or gas is found, the investor has an additional source of income from the newly discovered oil or gas well. If he makes an annual income from the newly discovered well, of again let us say $10,000, he has to declare this additional income, which is taxable. However, this time the investor is given a 22½ per cent depletion allowance, leaving a taxable income of only $7,750. If he reinvests the $7,750 in the drilling fund he can again get a 92 per cent write off, and now claims $3,875 as a tax write off. And so it goes. According to Art Klimchuck, who is a vice president of American Quasar Petroleum Co., only 167,000 of an estimated 2,600,000 U.S. taxpayers in the 50 per cent bracket have used such funds. Obviously, this kind of investment has barely touched its potential.

Two examples will illustrate the effect such a drilling fund has on Canada's oil and gas industry. The first is the Canadian-American Resources Fund Inc. (Can-Am), an offshoot of the previously mentioned American Quasar Petroleum Co. Each investor in Can-Am buys his participation in $5,000 units as a partner in a venture, not as a shareholder. Can-Am makes drilling money available to Quasar Petroleum Ltd. of Calgary, a Canadian subsidiary of American Quasar. The profits from this joint venture are split 60 per cent to the fund's partners and 40 per cent to Quasar. For the individual fund partner, success means income and failure means success because of a lighter tax burden through write-offs.

• (4:20 p.m.)

The second example is Husky Oil. According to Gene Roark, President of the Company, Husky was able to raise $32.5 million in the United States through its drilling fund at a time when the stock market was severely depressed. Much of this money will be spent in Canada on Husky's extensive nation-wide exploration program. Implementation of Bill C-259, as presently proposed, will continue to favour those elements in the tax structure that have led to the foreign domination of Canada's oil and gas industries. At a time when some public concern favours Canadian nationalism in this area, some serious changes are warranted that would at least provide parity incentives for Canadian investors in the oil and gas industries.

According to the views of the former minister of communications, the hon. member for Duvernay, it is quite true that natural resource companies in Canada enjoy a favoured tax position relative to other industries in Canada. This, however, is not the main point of contention; much more important than Canadian tax favours to natural resources companies is the fact that American companies operating in Canada enjoy an even more favoured position under American tax laws. If Canada is truly concerned about ownership of its own resources and the participation of Canadians in the development of Canada and is not using that ploy as a political straw man, then Bill C-259 will do little to foster these aims.

Perhaps the only solution to this problem is that tax laws in Canada should provide the same basis for at least a fair competition with foreign concerns. This objective could be achieved in one of two ways—provide a shelter for Canadian companies or change the tax laws so that they would provide a true incentive for Canadians to participate in risk ventures and the ultimate development of our own resources, regardless of the tax position of these industries relative to other industries in Canada. This is precisely the principle which I think the government is overlooking in the restrictions now being placed on this industry in Canada, not only the mining industry but the oil and gas industry as well.

Mr. Chairman, I have other submissions to make with respect to the principle of the bill as it affects the mining industry itself upon which I have not touched. I have spoken about the mining industry in which the prospector is going to be almost eliminated by Bill C-259 and one or

two aspects that affect the oil and gas industry, contrasting our laws and those of the United States. I have not touched on the hard rock industry and I propose to do that at another stage of these committee proceedings.

[*Translation*]

Mr. Caouette: Mr. Chairman, I agree completely with what the hon. member for Yukon (Mr. Nielsen) had to say about prospecting. I well understand that people in his riding are interested in such activities. Some of my own electors are also highly interested, but I believe that prospectors have never been truly recognized by government authorities, whether provincial or federal. Prospectors have often been deprived of their rights, and the situation is the same today.

Recently, I mentioned, as an example, an incident that occurred in the federal riding of Villeneuve. A prospector named Lavoie had truly discovered a mine in Senneterre and, when the Department of National Defence decided to build a radar station there, the prospector was simply thrown out. His lands were nearly confiscated and the Department of National Defence failed to pay him any indemnity.

Mr. Chairman, with regard to prospecting, the government should, through Bill C-259, show greater generosity and a greater awareness of existing opportunities. In Northwestern Quebec, there are huge mining possibilities. However, the government failed to encourage prospecting. They did not omit to tax prospectors with incomes but they omitted to help them, to encourage them when they were in financial difficulties.

I agree with the comments of the hon. member for Yukon regarding prospectors and the possibility of developing new mines in our respective regions.

Bill C-259 is the natural result of the famous White Paper that has been so much talked about across Canada. The government has tried to put into concrete form the White Paper data in this Bill C-259 which is so complex that even chartered accountants are giving up trying to understand it. One accountant explains it one way, while another explains it another way. Even economists can't figure it out. It is so true that the Minister of Finance (Mr. Benson) had to bring in 97 amendments to his own bill C-259. This means that nobody really understood what was meant by this reform of our present tax system.

• (4:30 p.m.)

Mr. Speaker, in my opinion, fiscal reform brings about no increase in the total national income of Canadians. I suggest that Bill C-259 will be of little benefit to the poor. However, it will leave the rich practically unaffected whereas the middle class will be most directly hit.

People earning $8,000 to $60,000 a year are the ones who will offset tax reductions announced in regard to small wage-earners and those whose yearly incomes are very large.

It is therefore the middle class that Bill C-259 tends to eliminate and it has been followed by the announcement, a few days ago, of the famous program of winter works and government assistance to municipalities and provinces. In June last, when the Minister of Finance introduced his budget, he had to maintain surcharges and special or temporary taxes. He now says that he is ready to reduce taxes in order to increase purchasing power and to undertake federal public works estimated at $1 billion.

This morning, I heard the Minister of Indian Affairs and Northern Development (Mr. Chrétien)—I regret that he is not here—on the Frenchie Jarraud program in Montreal. He was asked why there were no funds available to develop our natural resources. The minister answered, with all humility I'm sure, that he was not a Créditiste and could not print money.

I would have liked to talk to the minister this morning to ask him where the government is taking that $1 billion in deficit, which it is ready to spend across Canada. It did not exist before the statement of the Minister of Finance and yet it could be found. So why not find more money? As the Prime Minister (Mr. Trudeau) was saying this afternoon, why be so stingy, why not be more generous? I am willing to be more generous, but the Prime Minister is not. But he was ready to spend up to $1.07 billion, independently of Bill C-259.

Through this bill, it is proposed to help the people in the low income bracket. One can read in the papers that the government is striking 750,000 small wage earners from the income tax rolls.

Mr. Béchard: That is true!

Mr. Caouette: This measure is worth how much to them? A couple of hot dogs each! The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) did not even figure the saving for these people. However, when one talks about the sheer number—750,000—this number is striking, but it is only powder thrown in the eyes of the public.

It is mere window-dressing for the electors of Bonaventure-Îles-de-la-Madeleine. That can do for a while, but not forever—and I say it for the benefit of the hon. member—because people will not be laughed at indefinitely.

It is so true that in order to make this famous bill complete, the government has to foresee a deficit of $1.07 billion. When I was asking last year that more credit be put into circulation, the hon. member for Bonaventure-Îles-de-la-Madeleine thought it was funny. Today, the government is putting in $1.07 billion, which do not come from anybody, which are created—

Mr. Béchard: That is pure demagogy.

Mr. Caouette: That's it, let's hear about demagogy. Demagogues! For the hon. member's information, it is spineless characters of his kind who do not have the guts to rise and make claims on behalf of the people—

Mr. Béchard: The hon. member should have listened to the programme of his party.

Mr. Caouette: Mr. Chairman, I hear the hon. member refer to our party. If there is a demagogue in his area, he is the one. As a matter of fact, his own constituents in the Bonaventure—Îles-de-la-Madeleine area are the ones who say so. If he wants to see letters—

The Assistant Deputy Chairman: Order, please.

Mr. Béchard: Would the hon. member allow a question?

Mr. Caouette: Go ahead.

Mr. Béchard: I would like him to name those who call me a demagogue.

Mr. Caouette: If the hon. member will come to my office as soon I am finished, I will show him letters from people in his constituency of Bonaventure—Îles-de-la-Madeleine who attended the recent Créditiste convention in Hull. Those people told me in so many words that the member for Bonaventure—Îles-de-la-Madeleine was gutless—

Mr. Béchard: Mr. Chairman—

The Assistant Deputy Chairman: Is the hon. member rising on a point of order or a question of privilege?

Mr. Béchard: Mr. Chairman, I should like to put a question to the leader of the Social Credit Party.

Since they attended the convention in Hull, and elected him by a vast majority, I trust he will give me their names, for they must have registered. Other than Créditistes, naturally!

Mr. Caouette: Earlier I invited the member to come to my office to check the names. It is so true that his electors think he is a demagogue, that even his colleagues find it amusing that I should give him a tongue-lashing. It does him good.

Mr. Béchard: He is far more of a demagogue than I am.

Mr. Caouette: That is his reply.

An hon. Member: That is the only word he knows.

Mr. Caouette: The only answer he can give.

The Assistant Deputy Chairman: Order. I would ask the hon. member to kindly address the Chair and, at the same time, to bring up logical questions as well as give logical answers.

Mr. Fortin: On a point of order, Mr. Chairman.

As a member of the House, I wish to protest against what you have just said. It is not for the chairman at a sitting to decide during a discussion whether or not an hon. member is talking with logic. I would like to remind you that it was your duty to call to order the hon. member for Bonaventure-Îles-de-la-Madeleine, who was desperately shouting "demagogy" without having been recognized by you, while my colleague from Témiscamingue was in fact dealing with the subject. I would therefore appreciate it if you would clarify that matter and call to order the hon. members opposite. If they do not have the guts to stand up, at least they should listen.

The Assistant Deputy Chairman: Order. I simply said that my remarks were intended for all hon. members.

Mr. Caouette: Honestly, it is all the same to me. You may address them to me personally, that will not disturb me and will not prevent me from saying what I think of the hon. members opposite.

Mr. Béchard: The same goes for me too.

[Mr. Béchard.]

Mr. Caouette: The hon. member for Bonaventure-Îles-de-la-Madelaine says that the same goes for him too. I do not care because it does not bother me so much.

The hon. member may always resort to a speech explaining wherefrom his government is going to obtain the $1,070,000,000 which will be distributed all over Canada. Wherefrom? Let him tell us. If he does not know, then let him listen to me. As far as I am concerned, I can tell him because I know where this money will come from. It does not come the hon. member's pockets or the prime minister's or the treasury but from the finance and credit comptrollers. This is money which we are borrowing to create a $1,070,000,000 deficit. This loan will probably be placed as usual in the United States. The hon. member for Bonaventure-Îles-de-la-Madelaine, together with others, will probably crawl their way to the United States begging them to finance the development of our natural ressources and enable us to do what we can and must do here, in our country. We are opposed to such a scheme.

Let us turn to the Bank of Canada. Digit "7" is the same whether it is written by the Bank of Canada or the United States. Would the hon. member for Bonaventure-Îles-de-la-Madeleine care to tell me the difference between the two.

• (4:40 p.m.)

And when the Americans lend us some money let us not kid ourselves. They do not base their credit on their assets but on what we will be developing in Canada. This is so true that if we were not developing anything the Americans would not lend us anything. If we keep on borrowing from them at interest rates of 9 or 9¼ per cent, it is quite clear that in 25 or 30 years from now all that will have been developed will belong to the Americans and we will still hear people say, we must regain control over our economy.

Mr. Speaker, we are completely on the wrong track, completely wrong. When we expose the truth in such broad daylight we are called demagogues by irresponsible men such as the hon. member for Bonaventure-Îles-de-la-Madeleine. We are used to that. I could hear the same things 25 years ago when I first came to this House. But today, for example, we are proving what we used to say 25 years ago: We are stating facts. This is so true that in June—not even six months ago—the Minister of Finance had to tinker with taxation and say: We need revenues. The expected deficit is $400 million. We shall be in for $1 billion 70 million by trying to reduce taxes not by increasing them. A 3 per cent tax reduction will affect personal income. A miner working at Noranda mine and paying now $300 in yearly taxes will have his taxes decreased by $9: that is the approximate cost of two hot dogs and three ice creams. Nine dollars a year is not even 75 cents a month.

Mr. Béchard: It is $9 less.

Mr. Caouette: Is the government going to say it has been quite generous for those people?

An hon. Member: This hurts.

Mr. Caouette: No, it is far from hurting. But this $1 billion 70 million will hurt you.

Mr. Chairman, we do say that we should spread affluence instead of poverty among Canadians. If the Minister of Finance, in bill C-259, determined that any annual income under $5,000 for married people and under $3,000 for single people is to be tax-free, the whole problem would be settled.

Social welfare should be replaced by some better formula, for, among other things, Bill C-259 includes social welfare. And social welfare—I touched upon the subject last week and shall say more today—gives rise to crying abuses in several respects. It might be objected that the provinces make the decisions, that the offices are administered by them and that the federal government pays 50 per cent of the expenditures, which is true. However, if the federal government pays 50 per cent, I feel that it should be entitled to control what goes on in some provinces. We know full well that some people are paid welfare allowances whereas they do not need them, and vice versa. That happens in Montreal as well as at home.

On a recent air trip, I met a worker who receives a pension from the Quebec Workmen's Compensation Commission. He gets $86.54 per week; that is the maximum. According to him, it is not enough. So he went to the regional welfare bureau to get more money. He was told he had enough and could not get more but that if he was short of money at the time, he could get an advance, providing he would sign a form stating that he would pay back the money upon getting his next cheque. The worker said he would not sign, that he would find some other way. Therefore he went back home and said to his wife: "Go to the welfare bureau, say I deserted you, that we are separated, that I live with my father, that you are left with our two children and need welfare benefits." His wife complied and went to the welfare bureau. The manager said: "Madam, you are entitled to it." And ever since, they have been paying her $220 per month because of her statement that her husband had left her. Such are the abuses brought about by the welfare system and the same is true of unemployment insurance. Some jobless people, if caught working a few days, are punished by discontinuation of benefits for a week or two. If the person can get away with it, he gets his unemployment insurance benefits. In this way it is a game of hide-and-seek with the welfare system as a whole.

Under the present system, if a person receiving welfare benefits attempts to work he is immediately cut off from payments and if he has worked only a few days, he also comes off badly. So, what does he decide to do? Stay at home without moving, which is an incentive to sloth instead of an incentive to work.

I am convinced that the program I am suggesting would cost less than the present one. I invite hon. members to make a simple calculation. I would suggest social security payments to all citizens, including members of this House. Single persons with an income from $1,500, couples who get over $2,500 would be entitled to them and each child up to the sixth would receive $250. This would mean a maximum annual income of $4,000 for each family with six children, if such social security payments were guaranteed to each Canadian. Hon. members, the poor, the small wage-earner, indeed everybody would receive that payment and if the farmer, the labourer, the miner, the unemployed or the welfare recipient find some work, the amount guaranteed as social security would not be cut off. This payment would be made in addition to his salary. If the individual involved has a family which would allow him to receive $3,000 per year and finds some employment where he can earn $4,000 or $5,000 per year, it would assure him a yearly income of $8,000. And this, Mr. Chairman—

The Assistant Deputy Chairman: Order. I regret to interrupt the hon. member, but his time has now expired, including the two minutes for the questions which he answered. The hon. member cannot carry on, unless he obtains unanimous consent. Does the House authorize the hon. member to continue?

An hon. Member: No.

Some hon. Members: Agreed.

The Assistant Deputy Chairman: I am sorry, but I have heard a no.

The hon. member for Red Deer (Mr. Thompson).

[*English*]

Mr. Thompson: Mr. Chairman, I am quite willing to allow the hon. member for Témiscamingue to carry on if he has permission from the House.

Some hon. Members: Agreed.

[*Translation*]

Mr. Clermont: Mr. Speaker, I rise on a point of order.

I would like you to ask the House again whether the hon. member for Témiscamingue might be allowed to continue his speech.

The Assistant Deputy Chairman: I shall ask the question again. Is there unanimous consent to allow the hon. member for Témiscamingue to continue his speech?

Some hon. Members: Agreed.

The Assistant Deputy Chairman: The hon. member for Témiscamingue.

• (4:50 p.m.)

Mr. Caouette: I thank you, Mr. Chairman. I also heard a no, but at any rate, I wish to thank my colleagues for their courtesy, even the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) who has been one of the first ones to say go ahead. I thank him.

Mr. Chairman, we are clearly in a democratic Parliament. Thus the hon. member for Bonaventure-Îles-de-la-Madeleine may not share my views on certain matters the same way as I may not share his, but one point on which we agree is that everybody must enjoy freedom of speech, which is not seen in certain foreign countries, something that we would not wish to happen in this country.

Mr. Chairman, I will nevertheless take no advantage of that generosity of hon. members. As I was saying, the social security which we are promoting would enable us

for instance to do away with almost all assistance and social welfare offices and to eliminate exorbitant expenses incurred by most provinces. I suggest that more than 50 per cent of the money allocated to social welfare is handed out to bureaucrats responsible for the administration of provincial plans.

Even if 50 per cent of the monies are paid by the federal government, these people take offence at a federal intervention. This is absolutely intolerable. Offices are organized where it is fantastic to note that service is better than in the offices of federal members of Parliament. Huge sums are allocated to an administration where in most cases people on relief, the really needy are forgotten.

I say that a program of social security for all would eliminate the heavy bureaucracy which is more harmful than helpful. That would surely create surprises. A social welfare officer, for example, who draws a salary of $18,000, $20,000 or $25,000 as a deputy minister or department head perhaps will be disturbed a little, but should a whole population be disturbed instead of a public servant or a bureaucrat? This is the question which must be put.

In my opinion, a national program of social security would eliminate all these expenditures, even unemployment insurance benefits, because an unemployed would get as much in social security payments as he is now getting for other reasons. And he would be allowed to work while drawing an allowance under the social security program.

In my mind, members of parliament, government, people concerned by public affairs should seriously consider the establishment of a program which would help everyone, and not only one category of people at the expense of another.

In English, they say: "Take away from those who have something in order to give to others who have nothing. Take away from the haves to give to the have nots". I say that quite often. "At the end you will have all kinds of have nots and no more haves in this country. And it is exactly what is going to happen".

But we are in a position to vote credits required for the development of our country. It is so true that, as I said earlier, the Prime Minister and the Minister of Finance confirmed it last Thursday when they announced their program of assistance to municipalities and provinces. We do not object to help being given to the provinces and the municipalities; but we do object to the fact that those billion dollars be equal to a debt towards a few oddballs who have never built anything in Canada, except debts to plunge into debt those who are building the country.

Our party would like to see a responsible government making use of the services of our national bank, the Bank of Canada, which was not instituted for nothing. To date it has not fulfilled its function.

The right hon. Mackenzie King—who in spite of everything, is the spiritual father of all hon. members on the government benches—stated, way back in 1935, that: once a country divests itself of its control of credit and money, it is of little importance who legislates in that country. Once the practice of charging exorbitant interest rates takes command, it ruins any nation! Canada is no exception. This is so true that the more we legislate, the more we mess about with budgets, and the more we submit mini and big budgets, the more trouble we invite.

It was alleged, last week, that the unhappy state of affairs in Canada and the increase in unemployment during the month of September should be attributed to the 10 per cent American surtax on Canadian exports to the United States. Nevertheless, on the same day, just a few hours later one could read in the Ottawa and Hull newspapers that in spite of the 10 per cent surcharge our exports to the United States had increased by 9 per cent in September. The tax has been in force since and the number of unemployed has increased even then! There is some inconsistency in that.

Mr. Speaker, let us use the services of a bank that was created for us, that is the Bank of Canada. This is not demagogy since it is our bank. Instead of going to the United States, let us go and see Mr. Rasminsky and tell him that the final decision rests with the Parliament of Canada and not the Bank of Canada. It is up to us to decide, and instead of going to the United States to get the one billion dollars we need let us have Mr. Rasminsky print them. This would be better because it would cost us less to create our own credit to finance our school boards, our municipalities and our provinces.

Then, Mr. Chairman, we could say that such a bank would promote the establishment of a genuine social security scheme under which there would no longer be any discrimination against the various social segments of our society. As a consequence, we could guarantee economic security and personal freedom to all. That is what my colleagues of the Social Credit party are advocating, that has been our objective since we have been sitting here and that is why we invite our colleagues to study this program seriously and objectively.

If the Liberal members agree, I am going to vote like them. If the Conservative members also agree, they have only one thing to do: to come and sit among us. Of course NDP members would gain much by becoming Créditistes.

Mr. Trudel: Mr. Chairman—

The Chairman: Does the hon. member for Montréal-Bourassa wish to ask a question?

Mr. Trudel: Mr. Chairman, I wish to put a question to the hon. member for Témiscamingue.

The Chairman: Will the hon. member for Témiscamingue allow a question?

Mr. Caouette: Yes, Mr. Chairman.

Mr. Trudel: Mr. Chairman, last week the hon. member made a speech in which he mentioned his social security program designed for all Canadians. This week he is making another speech in which he again refers to social security. The matter is very complex and, from what I could understand, he is quoting the figures of $1,500 and $2,500 for a family, and of $250 for a child. Last week, he did not seem to trust the Canadian economists and said that he would have proper research made to determine what the Canadian people would have to pay in return for this program apparently quite clear in his mind.

This is the question I should like to ask him: Does he know anyone who could give us figures as to the total cost of the plan he advocates?

Mr. Caouette: Mr. Chairman, that question gives me much pleasure and proves that my good friend, the hon. member for Montreal-Bourassa, or is it Ahuntsic?

An hon. Member: Montreal-Bourassa.

Mr. Caouette: —Montreal-Bourassa. It is a pleasure to reply to that question and it proves he was watching television last night. The hon. member is eager for information.

Mr. Chairman, I do not have the statistics in hand, but I am sure that without bureaucracy, it would cost the Canadian people, under the program I advocate, less than it costs at the present time with the program in force in all the Canadian provinces.

In any case, as soon as I get the statistics—they are being prepared—it will be a pleasure for me to inform the hon. member.

Mr. Leblanc (Laurier): Would the hon. member allow me a further question?

Mr. Caouette: Yes.

Mr. Leblanc (Laurier): With respect to social welfare, would not the program advocated by the hon. member create a problem in connection with federal and provincial jurisdictions since some welfare programs come, at present, under provincial jurisdiction and others are under federal jurisdiction?

Mr. Caouette: I suggest the federal-provincial conflicts would be eliminated by the establishment of a national plan. Family allowances and old age pensions in the amount of $80 would come under federal jurisdiction. Then, no province would be opposed to such a program if everyone was treated on an equal footing.

Mr. Leblanc (Laurier): Does the hon. member not believe that the government could then be described as a centralizing power?

Mr. Caouette: No, I do not think that we are regarded as centralists because of the old age security pensions. I readily admit that we will still meet with swelled heads like Michel Chartrand, Reggie Chartrand and Lemieux, from Montreal, but nevertheless our program is of national interest and intended for the whole Canadian people.

[*English*]

• (5:00 p.m.)

Mr. Thompson: Mr. Chairman, I wish to speak generally about one aspect of Bill C-259 that has not been mentioned heretofore and which I believe is of vital concern to a great number of the Canadian people. I refer to the section of the bill that eliminates the gift tax.

The elimination of the gift tax not only creates difficulties for the provincial governments because of the lack of consultation with them and the loss of revenue it constitutes for most of them, but it is also logical that the capital gains aspect of the bill as introduced—assuming this provision will be passed—be phased in with the elimination of the gift tax to avoid complete disruption for the provinces and also for those people who have been vitally concerned with this aspect under the previous tax laws.

To begin with, I should like to commend the government for increasing the allowable tax deduction for recognized charitable organizations from 10 per cent to 20 per cent. I believe this is a very positive way of providing an incentive for Canadian citizens to participate more directly in many worth-while organizations that come under the category of "charitable organization". I am thinking particularly in this regard of the new "ngo"—non-government organizations—department of CIDA.

It is the policy of the government to allot a certain portion of its budget to this department of CIDA in order to encourage the non-governmental organizations—the private sector organizations—to participate in and contribute to international development. It is rather interesting to note that the private organizations have made a very sizeable contribution to the emergency created by the Pakistani refugees in India at the present time. In fact, as of the end of last month the government itself had directly contributed $6,098,610 to the refugee fund to relieve the disastrous situation in India. Private organizations over the same period of time, according to the records, contributed $1,393,216, though I believe the amount contributed is actually greater than this figure since some money has been sent directly to India without notice being given to the government. In any event, this contribution is more than 20 per cent of the contribution made by the government.

This is the kind of participation and involvement that I think is good, and it is to this end that the ngo department of CIDA was established. I also note in this regard that during this time the provincial governments had given some $370,000, which means that the citizens of Canada have directly donated more than four times the amount contributed by the provincial governments. I am referring only to the amount given for the relief of the Pakistani refugees; there are many other forms of international and emergency relief, not to mention charitable donations to home based projects.

I believe that what I have to say this afternoon is representative of the views held by a wide range of non-governmental organizations. I do not mention only those organizations that are related to religious bodies, but if I may speak generally may I say I am voicing opinions held by the Jewish Congress, representatives of the Jewish faith, the opinion of the Catholic church and its various organizations coming within the category of registered charitable organizations, and I am speaking also for a broad section of the Protestant churches.

In addition to these religious organizations, I am speaking for organizations such as UNICEF, the Community Funds and Councils of Canada, the Canadian Hospitals Association, CARE of Canada, the National Council of the YMCA, the many associations across the land having to do with retarded children which do a tremendous amount of work on a voluntary basis, and also for the Canadian Institute for the Blind. The gift tax proposals affect a broad range of organizations, and I do not think

the government has fully realized that its proposals affect this aspect of charitable giving.

In my opinion, the Canadian way of life is greatly enriched through efforts and contributions made by charitable organizations. Many of them provide facilities for education, physical development and research. Many others help alleviate the hardships that often come in the wake of disasters, such as the Pakistani refugee emergency. Opportunities to serve society become available in a way that could not be provided by government, and as a result the government is relieved of many administrative and financial costs that would otherwise have to be provided out of taxation.

I feel that the needs of the Canadian people and of the Canadian government would be better served by encouraging private charity and philanthropy to support endeavours of a philanthropic nature, where otherwise they could become needs that the public would expect the government to meet. It is a rather sad commentary on the attitude that we take to one another today that so many people in Canada regard it as not their responsibility to meet these needs; rather they look to government to meet them. Therefore, I think we should be careful to see that nothing is done that would impair charitable giving; rather, we should provide incentives and encouragement. From this standpoint, the elimination of the gift tax will have an adverse effect.

If the government were required to meet all these needs, I feel that the quality of the services would suffer simply by reason of scarcity of funds. The proposed increase of the permitted charitable deduction from 10 per cent to 20 per cent of the taxpayer's income provided for in Bill C-259 is a great encouragement. However, other provisions in Bill C-259, namely those that impose a capital gains tax at the time a gift or bequest is made to a registered Canadian charitable organization, may very well jeopardize the concept of charitable giving in Canada as we know it. Liberalizing the tax laws of Canada in favour of charitable organizations will result in a very small loss of revenue to the government. However, I believe that the benefits to the community will greatly outweigh such loss and will actually reduce the need for government expenditure and subsidy.

The proposed new Income Tax Act contains several sections that change the present provisions relating to gifts for charitable purposes. One major change is the increase from 10 per cent to 20 per cent of permitted charitable deductions. Unfortunately, the sections relating to deemed realizations on capital gains at the time of a gift or on death do not except gifts or bequests to registered Canadian charitable organizations. I believe that under the old tax laws there probably existed many loopholes of which organizations took advantage to go outside the intent of the law, and I believe that such loopholes should be closed. My comments relate to legitimate charitable organizations, and I recognize that the government has a responsibility to see there is no evasion of the law. Inasmuch as the imposition of the capital gains tax on such deemed realizations was apparently meant to replace the tax received under the estate tax and the gift tax sections of the Income Tax Act, neither of which of course previously taxed gifts or bequests to registered Canadian charitable organizations, it concerned us greatly that under the proposed new sections the government will not only not be carrying out at least its old views, encouraging charitable giving, but in fact will be severaly penalizing any donors who may wish to make gifts to registered Canadian charitable organizations.

• (5:10 p.m.)

So I would respectfully submit that gifts or bequests made by any person to registered Canadian charitable organizations should not be subjected to a capital gains tax, and further, that the value of such gifts should be based upon the fair market value of the asset as at the date of the transfer. In section 70(5) it is provided that a depreciable property of a deceased taxpayer is deemed to have been disposed of, at a fair market price, on the date of death of the owner. The "amount" realized is then liable to a capital gains assessment. Similarly, paragraph 69(1)(b) provides that the same situation applies where a taxpayer makes a gift of such property to any person, *inter vivos*, or literally "among the living".

These rules would have a seriously inhibiting effect on a person who wishes to bequeath property to a charitable organization, or who wishes to make an outright gift of it while he still lives. A person making a donation of property which had originally cost $10,000 and which is now worth $50,000, would find himself assessed as though he were making a personal profit of $40,000, 50 per cent of which would be taxable. The raised limit of 20 per cent of income allowable as tax deductible donations to charity, that is to make a gift such as the one mentioned above worth $50,000 and to avoid a tax on $20,000, would require a person to have an income of at least $100,000 over a two year period according to the paragraphs on valuation day produces and capital gains contained in the bill. To fully realize a tax saving on the entire $50,000, a person would need an income of $250,000 over the two years.

The minority report of the Royal Commission on Taxation, the report of the House of Commons standing committee, and the report of the Senate committee on the white paper proposals for tax reform, have some very interesting statements to make in this regard. In these reports a number of unbiased observers concluded that the application of a capital gains tax to charitable gifts of appreciated property would create unfair tax burdens inconsistent with the policy of encouraging such gifts, which has always formed part of Canada's tax system. While a number of donors do make outright gifts or bequests to charities, many others would prefer to irrevocably transfer money, securities or other assets to a trust which would pay the donor or his nominee an income during his lifetime, and possibly to his spouse for her life if she survives him, and on the death of the survivor the remainder would go to a registered Canadian charitable organization.

The Department of National Revenue has interpreted the provisions of the present Income Tax Act to permit a charitable deduction to donors who purchase a charitable annuity from registered Canadian charitable organizations for any excess of the purchase price of the annuity over the amount expected to be returned to the donor. Since this type of charitable deduction is already being permitted by the government, it would not appear to be a

large extension of that idea to permit similar deductions for gifts to charitable remainder trusts.

The new Income Tax Act should encourage the creation of charitable remainder trusts, and therefore we would suggest that there should be amendments to Bill C-259 which would permit donors to create *inter vivos* and testamentary charitable remainder trusts such that the following benefits would accrue: first, that any capital gain on such disposition to the trust should not be deemed as taxable to either the donor or to the trust; second, that the gift value be based upon the fair market value of the assets on the date of transfer; third, that the donor obtain some type of income tax deduction for his irrevocable gift of future interest to the charity; fourth, that the deduction generated be subject to the 20 per cent of income limitation or such other limitation as the government may agree to, and the carry over provision with respect to the unused surplus of such charitable donation be increased from one year to five years in view of the amounts usually involved; and fifth, that the wording of the act be made clear to permit a donor to give appreciated property other than cash.

I think also that it would be wise to allow this new act to encourage a pooled income fund concept which is a variation of the simple charitable remainder trust. Under this method, donors make gifts to a pooled income fund, where it is invested together with gifts of others who make similar life income gifts. The donor receives his share of pooled income fund earnings each year during his lifetime and on his death the remainder of his gift would become the property of the charity. I would suggest that this type of gift have similar tax benefits as we suggested for the simple charitable remainder trust.

Another but a new concept—because what I have just mentioned is really contained under the present legislation but omitted under the new through the elimination of the gift tax—would be provision for a short term trust. Under this method, a donor would be entitled to place part of his property into a trust for the benefit of a registered Canadian charitable organization for a short term, say two to five years, during which time the income from such property would be transferred to the charity and at the end of the term the donor could recall the property from the trust at the same cost base at which the property went into the trust, and then proceed as before. I believe also that it would be very wise if Bill C-259 contained a provision which would extend the carry over provision which at the present time is only for one year but which could well go for five years to permit donors to take full advantage of the charitable deductions.

I believe that these suggestions are much more worthwhile and of much greater significance to more Canadian people than most of us realize. I believe that by adopting such changes the government would continue to encourage a society in which individuals are generous in helping each other, and would be encouraged to give as a means of demonstrating good civic responsibility and in fulfilling their sense of moral responsibility. Therefore, not being able to move amendments of this type when we come to clause by clause consideration, I urge that the government give serious consideration to the implementation of these simple but basic suggestions as they relate to charitable giving. The present law is changed in a negative way in Bill C-259, probably in a way that was not really intended.

Mr. Coates: I should like to participate in this debate by taking a somewhat more general approach than the hon. member for Red Deer, although the thought behind the proposition that he advanced to the government should be given the consideration it deserves and should result in amendment No. 98 being proposed by the government and placed before the House for consideration. I should like to take a more general approach and go back to the period of time when the government brought forward its proposals in the white paper on tax reform. At that time, it was suggested to the Canadian public that we were going to have a complete reform of taxation in Canada and that, as a result of it, many changes would be made in the taxing system. As we look at the situation today, and as we watched the Minister of Finance perform the other evening, we discovered that from that period until now there has been a very depressing reaction within the business community. It is very easy for the government to say that the 650,000 people who are unemployed in this country are unemployed because of the 10 per cent surcharge or because of some other situation beyond their control.

• (5:20 p.m.)

The very depressing situation within the business community started with the government's white paper on taxation. For over two years, the business community of this nation was put through the wringer. Members of the business community had no idea what would happen. They continued making suggestions to the government, and warned of the great dangers they faced and the difficulty they had in planning their programs. They also pointed out the instability which had been created in the minds of businessmen in this country. The government paid absolutely no attention. It went forward and one did not know from one day to the next what we would have in the way of tax legislation. Certainly, a businessman who wished to prepare himself had no idea what he would have to pay in the way of taxes when the government finally made up its mind concerning what the tax reform legislation would be. So, in June we were pleasantly surprised by Bill C-259 because it certainly is not as damaging as we were originally led to believe it would be. At the same time, however, there are a great many aspects of this legislation which do anything but create confidence in the minds of members of the business community.

I listened with great interest a few months ago to the Minister of Energy, Mines and Resources when he explained to the House that money for development goes to areas where the businessman can obtain the greatest return and expect the greatest amount of stability. Certainly, no businessman in this nation or in the world could become very excited about Canada as a place in which to invest money during the whole, long searching period in which the government forced the business community to wait while it determined what the tax policy would be. Then, last June the government brought forth its tax legislation. In many aspects it is depressing to the business community. It also limits the confidence that should have been built up at that time because of the very evident signs that the economy is in trouble. But the government

went forward and introduced its capital gains tax, this and that and other things.

Then, after all the period of time in which the government could consider what its tax reform legislation would involve, 97 amendments are slapped before us to be incorporated in the biggest bill which I believe has ever been presented in this House. Regardless of whether or not the amendments were the result of consideration and representations, the bill certainly is not a very stabilizing factor for the business community because, once again, any plans any businessman might have will have to await the consideration of the amendments that are proposed.

I come from the Atlantic provinces of Canada. We must expect the federal government to provide legislation that is conducive to the attraction of capital from all over the world to our area in the hope that we can develop our economy in such a manner that it will produce jobs for the 15 per cent or 20 per cent of our people who will face unemployment this coming winter. There is no way this government will create any confidence in the minds of any businessman in the world community. Certainly, this government will not create any confidence in the minds of any persons in this nation sufficient to encourage them to invest money in any enterprises that would produce employment. Certainly there is nothing about the Minister of Finance or his proposals, whether they be those of the other evening or of last June, or any others, that would create any confidence in the mind of a businessman.

Surely, one of the first steps this government should take would be to provide this country with a minister of finance who would instil confidence in the business community and give the business community a feeling that Canada is a good place in which to invest money. We must have confidence in government planning, and that has been non-existent up to the present time. Every time the government is provided with information by Statistics Canada it has to change its predictions because every time that information is different from what the minister had predicted it would be. It is only common sense that if this is the type of direction we have from this government at the present time, no businessman in his right mind would have any confidence in what the government says or in the way in which it does something. Unless something is done about the finance portfolio and soon, we cannot expect anything more than a greater degree of unemployment in the months ahead. This is the sad and unfortunate fact of life in Canada today. It is very depressing that any Canadian should find himself in this situation.

If we believe it is depressing, it certainly is depressing for the 650,000 unemployed and the additional 100,000 who today are frightened to death because they know that before the winter is over they also will be without jobs. It is a desperate, frightening situation for every municipal government in this nation which has to provide the money to pay welfare to those who are unemployed and are not eligible for unemployment insurance because they have not worked long enough in the past 12 month period. Certainly, the federal government in its time in office has done nothing to produce the money to help these municipalities in any way. In fact, the government has done everything to scare the money away and has placed additional burdens on the shoulders of these municipalities. It is a desperate situation in which we find ourselves at the present time. It will not improve. It will not or cannot improve so long as the present Minister of Finance holds that portfolio. The sooner something is done about that, the better off everybody in this nation will be. There is no doubt about that.

Mr. Deputy Speaker: Order. Before I see the hon member for Calgary North, perhaps he and other hon members would permit me to read the proceedings for the adjournment debate this evening.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Deputy Speaker: It is my duty pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Vancouver-Kingsway (Mrs. MacInnis)—Health—Birth Control—Grants to municipalities and voluntary organizations; the hon. member for Hillsborough (Mr. Macquarrie)—External Affairs—Conference of Francophone countries—Appointment of delegates, voting instructions.

• (5:30 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Honey in the chair.

Mr. Woolliams: Mr. Chairman—

Mr. Guay (St. Boniface): Let us hear about justice.

Mr. Woolliams: I hope my good friend from St. Boniface will bear with me today, because the last time I spoke and the last time my leader spoke, the hon. member frequently expressed himself from where he sat. I know he is a good member, conscientious and always polite outside the House. I hope he will exercise some restraint inside the House today.

I want to start by touching on two points. The first is what happened here on the night of October 14. I would remind the committee that on June 18 the government presented a supplementary budget. On October 14 the government announced there would be a second supplementary budget. This means, basically, when you look at the tally, that there have been two supplementary budgets in 35 sitting days of Parliament. That fits into the picture presented by the last speaker, the hon. member for Cum-

berland-Colchester North. This is exactly what he was warning the country, the government and Parliament about—the uncertainty.

Unfortunately, the government has buried the two minor tax changes presented in the supplementary budget of last June in a 700-page bill of so-called tax reform. For the record, now that we have had a chance to review them, the government has tabled 95 proposed amendments, some of which are rather substantial although others are minor. So in a period of economic crisis in Canada there have been three budgets presented in one session. The Minister of Labour used that in his speech the other night, in supporting the government.

Mr. Nielsen: Lunch-bucket Mackasey.

Mr. Woolliams: He said that we have the most flexible Minister of Finance since confederation, a man who could move at every opportunity. As I say, during a period of economic crisis there have been three budgets in one session. We will now be spending weeks discussing a revamping of the tax structure and this, basically, will be somewhat of a waste of time. In committee of the whole we are now debating 700 pages of tax reform. If that bill were passed right now, I ask what effect would the supplementary budget, the mini-budget of October 14, have if its provisions were read together with the changes proposed in this bill?

I do not think the Minister of Finance, the parliamentary secretary or their experts can deny that in various provisions the bill basically puts taxes up. I see the Parliamentary Secretary to the Minister of Finance frowning, but if he will give me a few moments I will cite examples of where taxes are going up. If I understand correctly what happened the other night, the government got the country into such an economic mess, with unemployment now up to 7.1 per cent, seasonally adjusted, in some places 8.9 per cent—I believe this is so in the province of Quebec—and more than 8 per cent in the Maritimes, that the ministers said to themselves, "We will have to follow the suggestion of the Leader of the Opposition. We will have to do what he has been asking us to do for months. We will have to reduce taxes." So they came in here and reduced personal income tax by 3 per cent and corporate tax by 7 per cent.

I am not the only one who feels this way about what has been going on during this session, with three budgets. This is a three-budget government. I heard the Prime Minister say during his press conference the other day, "Don't worry. If we find that things change, even tomorrow we will have another budget." The government is going from budget to budget to budget. Things move up and down like the mercury in a thermometer. The hon. member for Calgary South knows that the temperature in that city can change very rapidly during the winter. It can be 30 below and rise to 50 above within a short space of time. This is exactly the way with the government's economic policy; it is up and down all the time.

I listened carefully to the Minister of Labour the other night. He put his finger on the government's trouble. He is a likeable chap. As the hon. member for Yukon said, he is the friend of the lunch-bucket group, the labour group. I have spent some time overseas with him. He has a likeable character. There are times when he stumbles onto the truth. This is what he said, as recorded at page 8714 of *Hansard*, and it is an astonishing admission. I have not seen it written up anywhere. It is not very long. After he had cried about unemployment and talked about what the Bank of Canada and the government were going to do, somebody got to him and he became excited. Somebody said, "Hear, hear," and the minister said:

> I happen to be one—

I have heard that expression many times over during my years in this House.

> I happen to be one—I am not speaking for the government—

He was very careful because he remembered the cabinet oath and he could see his salary on the line. He did not want to go to the woodshed. Only one minister went to the woodshed.

> —I am not speaking for the government but for myself—who feels that never again can we tackle the problem of inflation with the blunt instruments of fiscal and monetary policies.

That is exactly what the opposition has been saying for months during the question period and in numerous debates on the budgets. Now the Minister of Labour agrees.

Mr. Coates: He said last year that 6 per cent unemployment was courageous.

Mr. Woolliams: It may have been, and the Prime Minister said you could take it or lump it. If ever there was a piece of legislation that should be shelved, it is this tax measure, because if you worry the business world and the labour world, you are worrying the whole economy and creating instability across the board. The government should withdraw this tax measure. I guess it doesn't take a lot of brains—

Mr. Guay (St. Boniface): That statement will be printed.

Mr. Woolliams: I heard my hon. friend from St. Boniface. He has an open mouth but not an open mind. I hope that when the people of St. Boniface read the debates they will realize and appreciate this.

Mr. Guay (St. Boniface): On a point of order, Mr. Chairman, if the opposition would only make sense in what they say, I would be glad to get up and give them a reply. But I do not think what they say is worth it.

Mr. Nielsen: You have been told not to say anything.

Mr. Woolliams: There is an old expression we use out west, and perhaps they know it in Manitoba: Let us talk about wood. How is your head?

The government should immediately withdraw this bill because again it is creating economic chaos. If there is to be any good come out of what was done the other night by the government and the Minister of Finance, no doubt after hours of debate in cabinet, this bill should be withdrawn. This will put more cold water on the economy. The Minister of Labour was right in saying that we should not use blunt instruments to tackle inflation. That is the first point I want to make.

• (5:40 p.m.)

I would ask, therefore, that special consideration be given to withdrawing this bill. If the member for St. Boniface feels this is a good piece of legislation and that the policies of the government of ever-increasing taxes will get the economy going, then he does not agree with the Minister of Finance, the Minister of Labour or the front benches. I do not know where he stands, because he is always in his seat.

The next thing that I should like to deal with in connection with the debate of October 14 is the statement of the Minister of Finance which adds to my argument that this bill should be withdrawn because, basically, it is the fourth budget. The Minister of Finance began by saying:

I should like to announce certain measures to deal with the current problems facing the Canadian economy and to sustain and reinforce the growth of production and employment now taking place. In terms of production, employment and prices, the Canadian economy is on the course I envisaged at the time of my June budget, before the United States economic measures of last August were announced.

Let it be clear that all of us agree that with the United States imposing the surcharge and with the problems of our exchange with trading nations, we are in economic trouble. But prior to the announcement of these measures and the actions taken by the United States there was between 6 per cent and 7 per cent unemployment in this country. To date, however, there has been no fall-off in exports: the record shows that they have remained stable—so the surcharge has not affected the economy. If the government wants to hide under the economic umbrella of the United States surcharge and what it has done to our trade, there are no facts to support this. Unemployment is at almost the identical level it was before, and our exports have increased. That argument does not hold water.

This government's policy for the control of inflation has been wrong, Mr. Chairman. As the Minister of Labour said, they used a blunt instrument. It was so blunt it was a sledge hammer and it brought about 7 per cent unemployment. The Minister of Finance continued:

No doubt the explanation is complex.

Of course it is complex. The minister then said that those who are recorded as unemployed include men and women who have lost their regular employment, teenagers and older people. He went on to list the number of people out of work. This was exactly the message that the Prime Minister tried to leave at his press conference, that more women were coming out of the homes and the woodwork and applying for jobs, that everything the Minister of Finance predicted was correct except that they did not realize that more people would be looking for jobs. He said that was the only mistake the government made. Well, it is a pretty important mistake. However, ever since I came to this House governments have been saying that more people have been going to work than previously. The GNP is based on population growth, on wealth growth, on our total economic growth. If the government missed that point, they missed everything—and now they are making excuses.

The third thing the minister said was that the government is going to retrain people. I received today an interesting letter from a university student who owes the government $2,900 for a grant obtained under the university loans system. He has two degrees but has returned to university because he cannot get a job. He has received a letter from a collection agency giving him seven days to pay the $2,900. I will send the letter to the parliamentary secretary. I am sure he will be interested in it. I called the bank and they told me it was not their responsibility. Now the matter is in the hands of a collection agency and it is between the Minister of Finance and the bank. Unless this student pays within seven days, his savings in the bank will be garnisheed. That is the type of program the government is operating at the present time. What is the use of training people when there are no jobs for them? As the Leader of the New Democratic Party said in that debate, we will be the most overtrained, unemployed nation in the world.

The government must get the economy moving. On the question of reduction of taxes, we on this side of the House go along with the government. True, they poured $1 billion into the economy, but that has to be analysed. The truth is, when they brought in the mini-budget they already had $750 million; so they added only $250 million. A deficit of $1 billion might have some good side affects. When the Progressive Conservative party formed the government and had to face the problems of deficit financing, the Liberal party said, "You have to balance the budget". I hear the hon. member for St. Boniface talking from his seat again. The wind blows and blows and blows!

I want to come to another point in reference to the $1 billion deficit. It may affect our exchange so that our dollar may fall below that of the United States. We will be able to do business with the United States and other countries if our dollar is below par value. The mini-budget is good; there are good facts in it.

Some hon. Members: Hear, hear!

Mr. Woolliams: It may be late, but it is better late than never. But now the government is bringing back a tax bill that will hit it on the head. We are back where we started, if we pass this bill. It is the middle-income group that will pay more taxes under the new bill. If a million people are taken off the tax rolls—I am not sure whether it is a million or half a million—the taxes have to come from middle-income people, because expenditures are continually increasing. Surely that can be understood even by the hon. member for St. Boniface. They are undoing what they tried to do the other night when, basically, everybody with some reservations offered congratulations to the government for listening, after three years of economic stagnation.

I have not very much time left and will have to deal with further points later. But I should like to speak on the question of the petroleum industry. The hon. member for St. Boniface is still talking; he never ceases. He is like a twin debater, but unfortunately his words do not get into *Hansard.*

Mr. Guay (St. Boniface): Go ahead; read what you have there.

Mr. Woolliams: Don't worry about my reading. When I first came to this House members made speeches without reading, but today speeches are read, read, read. The

bureaucrats write the speeches for them and members don't know what they are reading. That is why the Minister of Finance is in this mess.

Mr. Nielsen: The member for St. Boniface cannot even read.

Mr. Barnett: Quiet, boys, or we will not get to the question of oil before six o'clock.

• (5:50 p.m.)

Mr. Woolliams: In its submission to the Minister of Finance, the Independent Petroleum Association of Canada has made a preliminary review of the 1971 tax reform legislation in respect of those provisions which particularly affect the oil and gas business.

The Chairman: Order, please. I see the hon. member is about to read a document. Before he does so, I must advise him that his time has expired. He may continue if there is unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Mr. Woolliams: Mr. Chairman, I thank the committee. I see we have seven minutes left. The Independent Petroleum Association said this in their submission:

While the full impact of a number of important changes in taxation policy may not be known for some time, our association feels certain matters require reconsideration prior to the enactment of legislation.

The oil and gas industry today is most important for our economy. It is important for the economy of the country generally and for the economy of western Canada in particular. That industry, as will be seen if one checks the figures, is responsible in large part for our favourable balance of trade with the United States. Basically, through that industry we sell a raw commodity: we sell crude petroleum and natural gas—energy-producing fuels needed by the United States in very large quantities. An application has been before the National Energy Board. It may have made its decision, or it may be about to decide. It concerns the export, over ten years, of an additional 2.5 trillion cubic feet of natural gas to the United States. That country is hungry for energy. It needs our crude petroleum and natural gas and by-products of those commodities.

I hope that the hon. member for Calgary South, who I know understands these matters, will bend a sympathetic ear to requests for changes in the legislation, because the oil and gas industry is needed in order to keep other industries healthy. The well-being of that industry is felt through the gross national product of Canada. From that industry comes thousands and thousands of jobs all across the country. I do not have the figures with me, but I submit that $300 million or $400 million spent by that industry of western Canada finds its way to Ontario industries. The oil and gas industry orders valves, pipes, steel and other products. If we keep the oil and gas industry healthy we shall help to keep industry throughout the country healthy, including industry in Ontario and other provinces.

The association in its brief went on to say:

We are relieved that some of the provisions of the white paper—

The provisions that were considered by the committee.

—which we felt would present serious problems for the Canadian economy, and for our industry in particular, have been dropped from the legislation.

Some provisions have been dropped and they are glad to note that. The association continues:

However, we are concerned that certain changes in the proposed legislation which seem entirely appropriate have not been made. The areas which still continue to give us concern are as follows—

The first matter giving them concern—this was discussed in my party's caucus when we were the government, and I am sure it is discussed in the government's caucus and elsewhere—is that of depletion. In order to put this question properly before the parliamentary secretary I will read from the association's brief. They put the matter in better words than I could use:

Our association—

The Independent Petroleum Association of Canada.

—continues to feel that the abandonment of the depletion concept as it is generally understood in the worldwide oil industry and its replacement with the concept of 'earned depletion' will not attract the necessary capital to the Canadian petroleum industry.

I pause there. There is not very much competition in the case of companies exploring for and developing the sale of natural gas because natural gas is a continental export. Nevertheless, Canadian companies that are engaged in the development and exploration of crude petroleum are in competition with companies throughout the world. We have been fortunate in this regard. There are periodic ups and downs in the petroleum business, in line with the law of supply and demand. Those ups and downs follow economic and international conditions throughout the world. For instance, supplies of petroleum from the Middle East or from Venezuela may be cut off, and at those times the United States requires from us more petroleum. Basically, however, we are on a quota.

The point I wish to make before six o'clock—I will continue these remarks another time—is that in order for companies that are Canadian-owned or financed by Canadian investments to compete, they should be subject to the same tax laws in Canada as similar companies in other countries. Only that way will companies which are developing oil resources in Alberta, in our north and elsewhere stay healthy and in business. We must recognize that there are fluctuations in the market. Sometimes such companies must continue development in other countries in order to ensure their survival in the worldwide oil development program.

I congratulate the parliamentary secretary for the position he has reached in the House. He is from my city and I think he is a very capable man. I just hope he will take to heart the recommendations of the Independent Petroleum Association's brief. I will have more to say about their recommendations, perhaps not this evening but later in this debate.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Ritchie: Mr. Chairman, I feel at a considerable disadvantage in speaking on this bill because it is so enormous and complex. A great sheath of amendments has been filed in the past few days. It has been difficult to make an assessment of the bill which is almost incomprehensible to many people much more knowledgeable about such things than I am. This bill assumes great significance, particularly at this time of our changed conditions in face of the American surtax and the mini-budget presented last Thursday.

The tax bill has only passed second reading. We are now only on a general discussion of its clauses. At the moment, large portions of the bill are being rewritten. We can expect this process to continue as more of its provisions are found to be contradictory. The bill will be subject to differing and conflicting interpretations, with some unforeseen results. It may ultimately be self-defeating to the avowed purposes of the so-called tax reform. It really means it is difficult to have tax reform. We can have tax change.

Even if the bill moves quickly through the legislative process, the odds against its implementation seem to have lengthened. The sheer complexity of the bill is staggering. This in itself is a considerable obstacle. Further, Mr. Chairman, new barriers have been erected by the American surtax and American objections to the bill. I think it is very significant that the Americans have possession of the bargaining power with which to make their objections stick.

Certain things in this bill have already attracted the interest of the Americans. Pension funds are required, under the reform legislation, to limit their foreign assets to 10 per cent in order to retain their tax-free status. The Minister of Finance has made the same case for limiting the qualification for lowering the corporate tax on the first $50,000 to Canadian-controlled companies. While we may feel these measures are beneficial to us, they have invited the interest of the Americans. This is of significance. It is one of the things included in the so-called shopping list which was leaked to the Chicago newspaper last week.

The Minister of Finance has denied that there is discrimination. However, if one set of investors is given favourable tax treatment there is certainly discrimination against the other. I do not think many in Canada have "bought" the argument of the Minister of Finance. Certainly the Americans have not. We will see whether there will be any changes in the future.

I wish to specifically deal with the small business deductions. This aspect of the proposed tax changes came in for a great deal of discussion during the hearings on the white paper on tax reform. It was no secret that the authors of the white paper believed that the small business deductions should be wiped out entirely. Indeed, their tables indicated they expected to get the bulk of the money to make up the deficit for lowering the personal income tax from wiping out the small business reduced taxation on the first $35,000 of profit.

It is significant to note that everyone was in general favour of the retention of the reduced rate for small business, including the very large corporations. They all suggested that the small business alleviation was very useful and necessary, even though it was agreed that it should not be available for very large corporations. There was some agreement that some restrictions should be put into the new reform legislation. My criticism is that these have been far too great, larger than necessary and may well defeat the purpose of the small business alleviation.

It should be noted at the outset that the incentive is in fact restricted to an incorporated enterprise and is not available to a proprietorship, partnership or business trust. This is not good. It is one of the weaknesses in the taxation bill now before us. The preservation of the distinction between forms of business enterprise for tax purposes will make it impossible for the courts to look to substance rather than form in many instances, for the form is deemed by the tax statute itself to make substantial differences in tax treatment. I think this is a problem that we have in tax legislation. We do not recognize the unincorporated business, the individual entrepreneur, nearly enough in our economic community.

• (8:10 p.m.)

Generally speaking, the present tax on corporations, regardless of the size or nationality of the ownership, is 21 per cent on the first $35,000 of taxable income and 50 per cent on the excess. The new bill will cause a reduction of one percentage point per year until it reaches 46 per cent. This, of course, has been changed by the minister's announcement of a reduction of 7 per cent only until the end of 1972, when presumably it will revert to 49 per cent unless the government decrees otherwise.

The clauses dealing with small business deductions have been subjected to such rigidly prescribed conditions that it is doubtful they will do the job that this reduced rate was supposed to do. Indeed, it is one of the items in the so-called shopping list which the Americans felt discriminated against them. There are so many restrictions in the tax bill on small business that it seems almost certain that many will not take advantage of it.

Under the new tax rates the small business incentive is significantly less generous than the present low rate, particularly when the annual taxable income is less than $35,000 and where the corporation accumulates its taxable income. For instance, a corporation which recorded earnings of $30,000 would be required to pay $6,300 in taxes, whereas under the new rate it would pay a further $1,450. So the new tax proposals are far less generous than in the past, particularly in light of the proposal to reduce the corporation tax rate from 50 per cent to 46 per cent—at the present time, from 50 per cent to 43 per cent.

It is significant that small business will soon be taxed at the rate of 25 per cent. In an extreme situation it could happen that an otherwise qualified corporation which earned a taxable income of $400,000 in the first year of the new system and paid no dividends would be eligible for $50,000 of small business deduction in that year and no subsequent small business deduction. It would then cease to qualify for the small business deduction. This can be contrasted with the present system where both corpora-

tions would be eligible for the low rate of tax on the first $35,000. It is also significant that taxable incomes are important factors in the cumulative deduction account, so that the $400,000 maximum amount would be net of business losses, but would include non-business income and capital gains, which would have the effect of significantly reducing the attractiveness of the small business low rate.

The corporations eligible for the small business rate have been significantly reduced in number. They must be private corporations resident in Canada. They cannot be public corporations or controlled in any manner whatsoever by a public corporation, and they cannot be held in any manner whatsoever by one or more non-resident corporations. A public corporation is defined as one listed on the Canadian Stock Exchange or by definition of the minister.

Mr. Chairman, because payment of dividends can extend the period for eligibility, there will be considerable jockeying going on between not paying dividends, facing a potentially higher capital gain, and not getting further small business deduction on the one hand and, on the other hand, paying dividends, thereby extending eligibility for the small business deduction which potentially reduces the subsequent capital gain, but facing the immediate impact of personal taxation.

The new tax changes basically require an owner to run his business to comply with the regulations so that he can obtain the best tax advantage rather than running his business as an expansionary corporation. In dealing with the matter of so-called ineligible investments, the bill seems to be quite complex. The thrust of the intended procedure is to ensure that the 25 per cent small business deduction is available only where the funds are used to expand business or have been brought to personal tax by dividend distribution. The corporation can no longer be used to shelter excess funds from personal tax unless the excess funds are invested in short-term paper or bank accounts. One major criticism of the bill in this area relates to its complexity so far as small business is concerned. It appears that the small business corporation has most of the accounting difficulty of the larger business, and additional problems in complying with clause 125. What, in effect, is the 25 per cent tax on business income on Canadian-controlled private corporations is arrived at by deductions from the usual corporation tax rate. The tax decreases as the general corporation rate decreases, thus arriving at the 25 per cent figure at all times. It might have been simpler to have taken the 25 per cent tax rate on the small business when the preferred rate ends.

In the clauses dealing with the Canadian-controlled private company which has taken advantage of the small business low rate of taxes, an interesting situation would arise. The complicated formula for the new tax is applicable, but in fact it means that there will be a recapture of the small business deduction benefit previously received, minus an allowance for dividends previously paid. The maximum amount recapturable would be $100,000. It appears obvious that control could change voluntarily by the sale of that control to non-residents, but could also occur involuntarily with the death of a Canadian controlling shareholder who bequeaths his shares to a non-resident heir.

The tax would also not become exigible if control were acquired by a Canadian public corporation or if the company itself went public. It would appear that in both these cases subsequent conversion to a private corporation controlled by non-residents would trigger the tax. The apparent intent of these new clauses is presumably to prevent the sale of Canadian companies to non-residents. This required refund of the small business deduction tax savings is likely to depress the price a non-resident is prepared to pay for the shares of the corporation, particularly where the price placed on the shares is close to break-up value.

When taken together with the deductibility of interest on money borrowed to buy shares, it would seemingly place acquisition-minded Canadian corporations in a better competitive position vis-à-vis their non-resident competitors. However, this aspect is one of government policy. As the Minister of Finance (Mr. Benson) stated in his budget speech on June 18, "We intend that the small business incentive be available only to Canadians, that it should encourage Canadian ownership of our expanding business. Accordingly, if control is acquired by non-residents, the corporation must repay over a five-year period the tax advantage it has received".

However, it is pointed out that clause 190 appears to apply only to share purchases and that the whole principle of the clause can be circumvented by foreign companies making a purchase of assets. This would create an artificial situation. In addition, we note that to the extent the cumulative deduction account has a positive value, a Canadian purchaser may also be driven to purchase assets rather than shares. We therefore question whether the proposed legislation has done anything except require a sale of assets rather than a sale of shares as far as the United States resident purchaser is concerned.

Mr. Chairman, in the clause related to small business deductions the government has significantly narrowed the small business advantage. It has increased the tax on all those who are eligible from 21 per cent to 25 per cent under the $35,000 profit. Only in the group making from $35,000 to $50,000 profit will there be any significant tax relief, and this group seems very limited.

In effect, under this act the government has substantially reduced tax relief to small business. The effect of clause 125 on small businesses which some years are over $50,000 and some years under is to discriminate against them. If there is in excess of $50,000 in any one year, it cannot be applied against the deficiency in another year. It seems likely that only small businesses which do not intend to grow will be happy with this proposed tax feature. Companies that had a good growth potential might still decide to pay full taxes in order to increase their leeway for future selling.

• (8:20 p.m.)

The clauses dealing with the sale of companies to non-residents are definitely discriminatory and are viewed as such by the rest of the world. By allowing capital to move freely across our borders we are, in my opinion, improving prospects for Canada's independence far more than by setting up nationalistic barriers to investment. New capital bolsters our economy by strengthening it, and it is

that strength that will help ensure our national survival. The clause dealing with the sale of small companies to foreign investors, losing tax incentives earned in previous years, seems to me a retrogressive step.

Mr. Gleave: Mr. Chairman, I should like to touch on two aspects of the bill before the committee. One is its effect on co-operatives and credit unions, the other its effect on the farming sector in general. I have spoken before in this House about its effects on co-operatives and credit unions and I do so again only because I am daily receiving representations from national offices of co-operatives as well as from local co-operatives and credit unions in my constituency. Since being here I have yet to receive so many representations expressing serious concern, not simply that less money will be saved by the members of co-ops or credit unions but that co-operatives and credit unions will not be able to stay in business at all or be able effectively to discharge their responsibilities to the people in their community, those who established the credit unions in the first place.

The credit unions in western Canada, and I suppose in central Canada as well, offer an alternative to the regular commercial bank. They do not displace the commercial banking system; in business centres of any size one will see both the credit union and the commercial bank doing business and operating effectively. However, to a very large extent they probably have displaced finance companies in small centres or, if they have not displaced them, have certainly served needs well enough to limit the operation of finance companies, as we use the term, in such communities. If that is the case, then the credit union is saving those communities a considerable amount of money as well as increasing the spending power of the people. For those reasons I become very concerned when the government proposes what is almost a punitive tax in this regard.

I should like to read part of a letter I received from the Langham Credit Union. They say:

> In connection with the taxation proposals affecting credit unions, the board of directors of the Langham credit union, at our meeting on October 12, have gone on record as being opposed to the taxation of dividends and guarantee reserves of credit unions.
>
> The board of directors have acted on behalf of the interests of our 1,200 members and ask for your support of our position when the tax bill is being debated.

I also received a letter from the Hafford credit union some 40 miles further to the north, who write in the same vein. I am not going to quote the letter, but it does set out in detail the amount of money they handle as well as the amount of credits which pass to their members. The total savings in this community amounted to $948,062. In terms of business operations these days, that is not a large amount, but this credit union is pretty important to the people of the community because it allows them to use their money to help themselves. This credit union states that its members are quite willing to pay taxes on the income they have, but they do not think that any tax proposals put through this House should prevent their using the money to effect savings.

Consumer and production co-operatives seem even more concerned about how this legislation will affect them. These co-operatives include retail outlets in the city of Saskatoon as well as the Federated Co-operative which operates refineries, feed mills and lumber mills and manufactures fertilizer. This is a large, producer-oriented organization.

• (8:30 p.m.)

In the House today the Minister of Regional Economic Expansion was asked whether he could do something about Imperial Oil moving refineries from a certain area in western Canada so as to ensure that some development was left in less industrialized areas. As I recall, his reply was that he did not have control in those areas, that he could lend money to commercial organizations such as Imperial Oil—although I do not know why it would be necessary—in order to influence their decision, but that that essentially was the limit of his power. I suspect he was quite right.

However, there is one refinery in Regina which is owned by co-operatives and which will stay in the area. No government will have to bribe it to stay in the area and no law is necessary to force it to stay there, because it is owned by the people of the area and that is where they want it. With their money they built it and it is Canadian owned; we do not have to worry about the Americans, the Japanese or any other country owning it and moving it away.

There is another reason why I find it so difficult to understand the approach of the government with regard to co-operatives in western Canada. If it is employment we want, we want institutions that can employ people and improve their standard of living such as co-operatives, credit unions and credit societies that are gradually built up over the years and can provide this service. It may be that as we carry on with this very complicated and, as the previous speaker said, complex and wide ranging bill affecting a great many people, some changes will be made. But it started out pretty badly and has left a great many people wondering what its objective really is, whether it is to raise money, to please the equitable tax foundation or to cut down the effectiveness of co-operatives as real competitors within our society, because that is what they are.

I should like to say a few words regarding farm taxation as it is dealt with in the bill. One thing about which we are concerned with regard to farm taxation is that the method of taxation does not make it any easier than it is now for the family farm or the individually operated or controlled farm to survive. Some aspects of this bill seem to work against the survival of the individual farm, particularly in the areas of capital formation and the maintenance of capital in the individual farm.

Individual farms are not very strong units in terms of capital formation and the retention of capital; that is, the resources available to them are usually limited. This is demonstrated by the fact that over the years we have had the Farm Credit Corporation lending money to farms and we have had to set up a federal agency to provide working capital for farm structures to enable them to expand to a workable size. This would indicate to anyone who thinks about it that the ability of the individual farm to gather together working capital is limited. The fact that provincial governments have moved into this field from time to time indicates the same thing. Yet the bill takes no

account of this fact in its approach to the capital gains tax.

It seems to me that some thought should be given to the possibility of not collecting a capital gains tax so long as the transfer is made within the family from one generation to another. It should be possible to devise a method whereby capital gains tax was not collected so long as the farm remained within the family. If at some point it was transferred out of the family's hands and a realized capital gain was made, the taxing body would be entitled to treat that unit in the same way as any other business enterprise with regard to recovery at that point.

I do not know whether members across the way are as concerned as we are about the continuance of the family farm or the individually-operated farm as against the corporate structure. If they are, they should try to ensure that the tax structure is such that the family farm can survive and continue to operate.

There are two other areas of concern that occur to me, one of which is the basic herd concept. The proposal is to eliminate the basic herd concept, and that is not good. The simple idea behind the basic herd concept was to allow an accumulation of capital in a basic herd because it was difficult for the farmer to acquire in one chunk the amount of capital necessary to put together a complete herd, and this was a method by which capital could be accumulated and a herd built up. It is as simple as that.

I sat with a group on a reserve in Saskatchewan listening to them talk about getting together a couple of hundred thousand dollars to build a herd. The first thing they talked about was management, and the second was money, where to get the money with which to go into this kind of enterprise. We had a system which permitted this kind of accumulation and I cannot understand why it is now thought necessary to tear it down.

The same consideration should be given to the depreciation of farm machinery. I would hope we could continue with the straight line depreciation which permits the retention of gains when machinery is traded back. There may be those who complain because any capital gain that may be made at the time of the trade is not taxed immediately. But I suggest that if we insist that any capital gains be recovered at the time machinery is traded, one of two things will happen—either the capital value of farm machinery as a whole, as well as the investment, will decline or the method of trading farm machinery will be completely altered in the very near future; because it should be obvious that a farmer can hardly pay the income tax on a capital gain of $5,000 when he does not have any actual cash out of the deal.

• (8:40 p.m.)

The alternative, of course, is to buy the new machine at the lowest possible price and sell the old machine outright for whatever it will bring. This would cause a major change in dealership operations as well as farm operations in respect of the purchase of machinery. If this is the government's objective, all right, but surely the government should understand what it is doing and what the net result will be.

These are the few points I wanted to make in a general way this evening. My main point is that by this bill you can change the structures which exist in respect of doing business in the farm sector, you can tear co-operatives down and cause a great deal of difficulty, but it will take much smarter men and a government with a much greater understanding of the needs of the farmer and the rural community to put these structures together again.

Mr. Howe: Mr. Chairman, not having participated previously in this debate, I thought I should make a few comments at this time on Bill C-259. I join those who have said that the effect of this bill on co-operatives and credit unions will not be good. The government talks about its financial and monetary policies to curb inflation, but why does it have to increase the tax on organizations which are providing services and goods to ordinary people?

Co-operatives and credit unions will not go out of business because of this bill: they will stay in business, but will have to charge more for the goods and services they provide to the people. Probably they will not be in a position to pay the same kind of dividends to people who hold shares in their organizations. This item in the bill is inflationary because the people who use these goods and services will have to pay more for them because the government thinks it will get a little more money by taxing co-operatives and credit unions. I hope the government will take a second look at this part of the legislation which is obnoxious to many people.

A good deal has been said about the size of this bill, its proliferation of material and how it will affect the lives of Canadians. We have had income tax bills before. Probably there were loopholes in the legislation and areas which did not cover all the fields in which the government might collect money. However, rather than bring in this huge monstrosity I think the government might have been wise to consider other income tax legislation and amend it here and there, instead of bringing in this bill which lawyers and accountants say will be so difficult to understand that they are not sure it will provide the benefit or advantage that has been suggested.

Most of us in this House realize from time to time that the people of Canada never have been too happy about paying income tax, because most of us have had people come to us with income tax problems. These people ask us to get them out of a mess with the government, or with the law so they can look their fellow man in the face again. When this legislation becomes law, the courts probably will not be large enough to handle all the cases because no one will be able to understand what is going on.

We remember the feeling people had when a man came to their door with a briefcase and said he was going to charge them with an infraction of the income tax laws. Many of us have had the experience of farmers who wondered whether someone was coming to say something was wrong with their income tax return. This feeling will be magnified as a result of the immense bill we have before us tonight. And even that is not big enough because we understand there are to be 100 more amendments to it. Of course, the parliamentary secretary will realize this is not new in respect of this government. I would like someone to point out how many pieces of legislation have been brought in here in the last five years which have not had to be amended either by the government itself or through the assistance of the opposition. It

is about time, with the proliferation of people in the government, that the government could bring in a piece of legislation which would not have to be amended.

Mr. Mahoney: It is respect for the opposition.

Mr. Howe: Oh! Here we have the government arguing that the opposition is wasting time, and the parliamentary secretary indicating it is the opposition which improves the legislation. I had thought that with all the parliamentary secretaries and ministries of state there would not be many problems in preparing a piece of legislation.

Here, again, we have a piece of legislation which was mentioned in the budget of last June, and then just last Thursday they had to bring in another mini-budget to fill in the holes because they began to realize this legislation would do nothing for the economy of the nation and that it was necessary to bolster it up. But we know this is not the first time a Liberal government has got our country into a mess. I refer to 1957 when a Conservative government was elected. We found quite a mess in those days. Somebody found the report of the Department of Trade and Commerce and in it was the whole story.

Some of the features which were brought in last Thursday are supposed to be new. But how different are they from the measures the Conservative government adopted in 1957 to clean up the mess they inherited from the Liberal party? We are told about the thousands of people who are to be taken off the income tax rolls. The Hon. Donald Fleming did that in 1959 in order to bolster the economy after the mess we inherited. Hon. members opposite would not wish to remember or think about that.

Why are the farmers in such a mess today? It is because the government did not sell the wheat in the west and told the farmers to diversify. Farmers turned to the production of hogs and chickens and flooded the whole country with these products, with the result that agriculture is in a terribly depressed condition at this time. There are one or two suggestions I should like to make in respect of omissions from this bill, matters which were also left out of the mini-budget of last week. I refer to the fact that in spite of all the representations made by prospective home owners and householder organizations that the 11 per cent sales tax on building materials should be eliminated, this has not been done. I think it is very important that it be done at the present time because despite the announcement last Thursday that the government will be making more money available for the building of houses, the average individual today finds housing too expensive. Steps should be taken to reduce the cost of house building. If the sales tax were removed it would cut the cost of a house by $1,000—just enough to meet the inflation in house building for a one-year period.

• (8:50 p.m.)

According to Statistics Canada, between August, 1970, and August, 1971, the cost of lumber and lumber products went up by 12.3 per cent. What effect will that have on the building industry? It means that a man buying or building a house will have to pay a price that he really cannot afford. There are thousands of people in Canada who cannot meet present mortgage costs even though those costs are spread over a 30-year period. Most of us, Mr. Chairman, would be very disturbed if we had to carry the mortgage costs that some of our children have to meet today. If the 11 per cent sales tax on building materials were removed, it would be a tremendous incentive to people who want to buy their own homes.

I remind hon. members that a few years ago the government instituted a $500 bonus program payable to individuals who built their houses in wintertime. A recent survey by Manpower Services Limited indicates that there will be a 23.1 per cent reduction in personnel employed in the building and construction industry this winter. We have a lot of unemployment now, Mr. Chairman, but here is a survey which says there will be a 23.1 per cent reduction in personnel employed in this industry. If the government gave an incentive to people to build their own houses during wintertime, by eliminating the 11 per cent sales tax and offering a $500 bonus, this could have a tremendous effect on the industry and on keeping people employed in it.

There is another suggestion I wish to make. It would cost the government a little money but it is a program that worked in the days when we were in power. It would help some of the people in the building industry whose employment is threatened. I suggest an advertising program urging people to do repairs, plumbing and plastering during the winter months. Hon. members will remember the slogan, "Why wait for spring? Do it now." It was effective. The government should give some thought to reinstituting that program.

I do not think we have enough incentive programs for people to improve their way of life, the service they give, the product they make and the job they do. Many of us are disturbed that production per man in Canada has dropped considerably over the last year or so. In the Ottawa *Journal* of Friday, June 18, there was an editorial entitled, "Canada Would Be The 47th State." It quoted the views of Robert Bonner, the former Attorney General of British Columbia, who retired from politics and became vice-chairman of MacMillan Bloedel Ltd. He made these points speaking at the University of Western Ontario:

> There was a time when Canada ranked second only to the U.S. as measured by gross national product per capita. We are now fourth in world rank by this measure—Sweden and Switzerland having displaced us in recent years.
>
> If we are going to spend as the American Joneses, whom we unconsciously imitate, we should first try to earn as the Joneses do.
>
> Canadian income per capita ranked ahead only of West Virginia, Alabama, Arkansas and Mississippi.

Our productive capacity per individual has dropped and this has had inflationary consequences. I believe that the government should introduce legislation providing an incentive to those corporations and companies which allow employee participation in profits. Such corporations should receive a special tax concession. If an individual knows he is going to get a little more for working harder and producing a better product, in turn his efforts will increase the gross national product.

Corporations would be able to reduce the price of their products or the services they supply. Such a program would create better employer-worker relations. The employee would feel he had a stake in the business. Today we hear many manufacturers complain that they have to

take reduced prices for many of their products that are classed as seconds simply because of poor workmanship. This has an adverse effect on their profits. There are companies which operate in this way at the present time, but if the government provided incentives to corporations to allow employee participation it would be a great help in combating inflation, reducing costs and bringing about better employer-employee relations.

Finally, Mr. Chairman, when I look at this bill, see how long we will spend on it—not to mention the 95 amendments tabled by the minister—and realize the number of businessmen, accountants and lawyers who will have to spend weeks and months trying to understand and interpret it, I feel it should be withdrawn. If implemented now, it will interfere with the ideas presented to us last Thursday night, ideas that might do the job that the government has been attempting for so long, namely, get the economy out of low gear.

I agree with the article in the Toronto *Globe and Mail* of October 15, headed "No Time for New Tax Law." From it I read the following excerpts:

> W. A. Macdonald, Toronto tax expert, this week neatly capsuled for the Ontario Economic Council some of the reasons why it would be wiser to put the tax bill back on the shelf for the time being.
>
> For one thing, it is so big and so complicated that only a few experts can ever hope to understand it and even they don't yet. As Mr. Macdonald says, it's ironic that a government which insists that business make everything understandable for the consumer should not give two pins about making taxation understandable for the taxpayer. On this score alone the bill should be delayed for proper assessment . . .
>
> Finally, will the tax bill do anything to strengthen the Canadian economy to meet the pressures created by Mr. Nixon? The answer has to be no. It could damage the capacity of our industry to compete, it could enlarge our problems with the United States, our biggest customer, it would certainly divert vast stocks of both public and private energy to the sterile business of examining the tax structure when that energy is urgently needed on the economic front.
>
> It hardly seems necessary to add that Finance Minister Edgar Benson should do at once what he should have done before—withdraw that tax bill and concentrate all his efforts on our real problems.

• (9:00 p.m.)

Mr. Baldwin: Withdraw the bill and then resign.

Mr. Howe: Mr. Chairman, I sincerely hope that the government will take into consideration the suggestions I have made which I think are important if we are to get our economy back on track.

[*Translation*]

Mr. Rodrigue: Mr. Chairman, I would like at this stage in the consideration of this bill to make a few comments on tax reform.

Almost two years ago, the government tabled a White Paper on tax reform. The White Paper and the introduction of the bill before us have not thus been conjured out of thin air. The bulky measure has been in preparation for at least ten years.

Indeed, that measure will have far-reaching effects on our economy. A great number of Canadians will be involved one way or another by the proposed changes. A certain number of persons—allegedly 700,000—will no longer have to pay income tax, which means that since they do not have a sufficient income, the experts of the department have decided to strike the names of those taxpayers off their lists.

On the other hand, new kinds of income will henceforth become taxable, probably in order to allow the government to collect the same revenue. I would be surprised by the contrary.

By the way cuts and additions have been made here and there, I would be surprised if the government were to collect less. I think it will collect more especially because of the new factors included in that tax reform.

Consequently the government is about to collect more. Experts say such is not the case but past experience allows us to believe it will be so.

After the supplementary budget was announced by the Minister of Finance (Mr. Benson) on October 14—budget that will show a deficit of over $1 billion—the government goes on following the beaten track. Interest rates will be pushed higher by new debts. Consequently, tax receipts will have to be maintained at the present level and perhaps increased. However, the bill now under study will ensure the continuity of tax receipts and everything in the bill has been planned to that effect. I am sure that this objective will be reached.

Since some people had nothing left because they had been squeezed until they were dead broke, it became necessary in order to keep the same level of tax income to impose another group by adding new elements to the tax system. So that was the trick.

In ten years from now, this group called the middle class will be eliminated, because we will then be at the same point we now are. The problem will be very hard to solve. Groups of experts and economists will be at work two years hence, to prepare the next tax reform, which will likely be introduced in this House in the eighties. Then, the middle class will not appear any longer on the list, because it will no longer be able to contribute to taxation. The tax burden will then be carried by the better off people. What we call tax reform is not really a reform at all.

In a speech the Minister of Finance delivered in Toronto on August 26 last, he stated, and I quote:

> As I stated in my budget speech, the publication of the white paper has been an important stage in the development of participatory democracy in Canada. Thanks to the debate, the discussion it gave rise to, it has been possible to develop a tax reform program which not only meets Canada's needs but also reflects the views of the Canadian people.

I have received many letters and briefs from individuals, groups of citizens, co-operatives, caisses populaires and credit unions. Having read them, I have a feeling that "participatory democracy" is not functioning very well. I am rather inclined that it is a one way proposition.

I might understand better if the hon. minister were more specific about what he means when he speaks of the "needs of Canada and the Canadian people".

The tabling, by the minister, of 95 amendments to his own bill is another indication that he has doubts, that the proposed reforms are not specific enough, or that they have not been studied in depth. Is it any wonder, then,

that there should be protests? We cannot expect the people to understand every proposed change, when those who have drafted and considered them for years are "lost" and unable to give straight explanations, especially on the clauses concerning co-operatives, caisses populaires and credit unions.

In the case of co-operatives, the government has introduced a new aspect in its taxation system, that is the concept of used capital. This new element in the legislation and which applies exclusively to co-operatives and credit unions seems to me to be discriminatory.

Bill C-259 is aimed at burdening co-operatives and credit unions with tax loads similar to those which must be assumed by other kinds of ventures, while they do not enjoy the same advantages. They are submitted to a taxation method which is inconsistent with their nature and which would require, if they wanted to comply therewith, that they renounce their fundamental characters.

Co-operatives and credit unions are unlike other businesses. They do not enjoy the privileges granted to big corporations or to banks, which may mint the credit of society. All that co-operatives have managed to gather is voluntary service.

It matters, at this stage, to recall the elements which distinguish co-operatives from other firms. First, these are firms whose members are owners and users. Then, these are corporations whose members exercise control in a democratic fashion. And last, these are firms whose members distribute the benefits at the end of the year, not in proportion to invested capital, but on the basis of the use of services.

Starting from these three elements, one may say that co-operatives, caisses populaires and credit unions are different from other firms.

Bill C-259 purports to interfere with the internal management of co-operatives and the relationship between the corporation and its members, and this, against the basic rules of co-operation. The tax system to which Bill C-259 will subject co-operatives does not only retain the concept of an arbitrary return on the capital employed for the purpose of determining the income of such institutions; it also gives definitions and proposes a series of provisions which increase the gravity of the consequences of the use of that taxation formula, the latter having no logical basis and being, to all appearances, discriminating.

• (9:10 p.m.)

The co-operative movement has always stated clearly that it is not asking for any preferential treatment, but that it wants co-operative associations to be recognized for what they are. Far from acceding to this request, Bill C-259 places co-operatives and credit and savings unions in an unfavourable position by comparison with companies and other corporations.

When the government proposes, in the case of caisses populaires and the credit unions, that the social capital—which we call social shares—be considered on the same footing as company shares, that is simply arbitrary.

The members' savings called "shares" are, for all practical purposes, demand deposits which may be withdrawn at any time. In short, such amounts are deposits similar to those committed to trust companies.

As the capital of the caisses populaires and credit unions does not appreciate, there cannot be any capital gains. It is exactly like all other funds deposited with trust and finance companies and banks.

It is no secret that trust companies and chartered banks are accepting deposits in the same way as the caisses populaires and credit unions. Are such deposits subjected or will they be subjected to the requirements which are anticipated for the caisses populaires and credit unions? I do not think so. So, why incorporate these provisions in clause 137?

Contrary to what we are led to believe by the tax reform bill and the minister's interpretation, the caisses populaires do not need permanent capital to operate. They lend to their members the savings they receive on a day to day basis, or, very seldom, the amounts they are legally entitled to borrow. Therefore, aside from reserves for doubtful debts, they have no capital. They exist solely in order to promote the economic and social interests of their members, whose welfare is their only objective.

Up to now, the bonus paid to members out of social capital was viewed by the government as interest income and reported on T-5 forms, tax being paid by members receiving such interest.

The attitude of Bill C-259 towards caisses populaires and credit unions is arbitrary and anti-democratic. It is flatly taxing voluntary activities of people who for many years have been working without remuneration for these co-operatives, resulting in the accumulation of their present reserves and those of credit unions. Credit unions have been built up through voluntary service and dedication.

I know in some sectors they are viewed with disfavour, which is easy to understand since they do not allow for control and manipulation at will of the savings of the people. Thence the necessity for inequitable legislation to destroy the instruments the people have given themselves, building them up through their work over many years.

For the last 20 years, the caisse populaire in my hometown has financed the construction of some 1,000 housing units while the CMHC has built 53 only. If the people had had to wait until the government provided them with houses, I wonder where we would be today. I do not mention here the various loans granted to businessmen and individuals who would have been required to pay higher interest rates to finance companies which are nothing but branches in disguise of chartered banks.

The caisses populaires and credit unions have greatly assisted thousands of people in Canada and to some of them this help was the stepping stone which has enabled them to solve their financial difficulties and obtain the bare necessities of life. The merits and the part which credit unions have played in Canada are being recognized today across the country to the extent that if they did not exist, it would be necessary to create them.

We must keep in mind that people who put their money in cooperatives or *caisses populaires* are liable to income tax. There is no question that dividends received from

savings organizations should be taxable, regardless of the level at which each member is taxed.

The whole of society will suffer great hardships unless we provide for some adjustment of our tax system to the structures and the unique role of co-operatives, *caisses populaires* and credit unions.

I have asked on several occasions during this session, on behalf of all Canadians, and particularly of the people in my constituency, for more equitable tax exemptions.

The $1,000 personal exemption is totally inadequate, in view of the price increases to which we have been subjected for the past 20 years.

The bill now under consideration would increase exemptions to $1,500 for single taxpayers and $2,850 for married, taxpayers—which amounts, for all practical purposes, to $29 a week for a single person, and $55 a week for a married couple.

Those amounts are even below the minimum needed to live decently which has been set by the Economic Council of Canada, a governmental body.

The present amounts of $1,000 and $2,000 were set 22 years ago, in 1949. If it took 22 years to economists and top civil servants to achieve such a result, I am wondering how long we will have to wait until a proposal is brought before the House again in order to review the basic exemptions proposed in this bill.

If he really wants to be realistic the minister should review his position concerning basic exemptions and think it over more carefully in order to take into account the present circumstances, especially the cost of living.

[*English*]

Mr. Hales: Mr. Chairman, I should like to take a little of the committee's time and make a few points regarding Bill C-259 while we are still on the general discussion. I hope to be able to make further observations when we discuss the bill clause by clause. We are discussing one of the most difficult and complex pieces of legislation that has ever been presented to Parliament. It is immensely complicated. I only read as far as page 8, and anyone who does not think it is complicated need only look at such subclauses as are found on that page of the bill. I think it is worth putting clause 6(2)(a) on the record. It deals with the reasonable stand-by minimum amount charge with respect to the operation of a car and provides as follows:

—where the employer owned the automobile at any time in the year, an amount in respect of its capital cost to the employer equal to the percentage thereof obtained when 1 per cent is multiplied by the quotient obtained when such of the aggregate number of days hereinbefore referred to as were days during which the employer owned the automobile is divided by 30 (except that if the quotient so obtained is not a full number it shall be taken to the nearest full number or, if there is no nearest full number, then to the full number next below it)—

And so on.

Mr. Baldwin: Mr. Chairman, there is no simultaneous translation.

Mr. Nesbitt: Who on earth could translate that?

Mr. Bell: Explain.

Mr. Hales: I said it was complicated and I illustrated my point by reading part of one subclause.

Mr. Mahoney: That should not be beyond the grasp of the average individual.

Mr. Hales: This bill is tremendously important to the taxpayer and has a great effect on the pocketbooks of Canadians.

Mr. Nesbitt: It will help to line the pocketbooks of lawyers and accountants.

Mr. Hales: The new tax system will have tremendous ramifications for us all. Certainly, the new income tax bill is a complex tax structure. In our consideration of this bill we must think of something else, too. This bill was drafted some time ago when the economy of the country was supposed to be moving ahead. Now the atmosphere is entirely different. Our economic outlook is far from good. We are faced with the 10 per cent United States surcharge. We have Great Britain entering the European Common Market and many other economic clouds hanging over us. They were not there when the bill was drafted.

• (9:20 p.m.)

Does the bill fit the present-day situation? If we ask ourselves that question sincerely, we will have to say no, it does not. Beyond the impact of the bill on individuals there is another aspect of taxation which affects the whole economy. That is its capacity for growth in the country, its capacity to adapt to changing conditions in the country and changing conditions in the world. The question we must ask ourselves and the government is, what does this tax package really accomplish in terms of the health of the whole Canadian economy? What do these changes do, for example, to help us fight the battle of massive unemployment and the battle of inflation? What do they do to improve or even maintain our trading position in the world where all the established trading partners are under attack and have been for a long time?

With regard to world trade, what is there in this bill that will take care of the situation of the United Kingdom entering the European Common Market? What about the free trade aspect of this situation? What discussions went on with regard to consideration of the products which we now sell to the United Kingdom? Was any thought given to Canada becoming an associate member of the European Common Market? I doubt whether this bill will fit into the general economic situation when we consider all these categories.

In the short time that is available to me I will restrict my remarks to four or five headings. First, the rearrangement of depreciation on residential apartments or accommodation; second, the concern of municipalities regarding tax reform on anti-pollution devices; third, how this new tax bill will affect the farmers as I see it in my particular area. I will mention one or two examples of the new tax as it affects the taxpayer who thinks he will have a great reduction in income tax. I think I will be able to show that it is not very great. There is also the idea of why some arrangement was not made for the young married couple, for example, buying a home. They are paying principal and interest on their mortgage, and no arrangement has

been made and no thought given to their being able to deduct the interest payments from their taxable income.

I would like now to make a few comments under each of these headings, Mr. Chairman. With regard to the arrangement of the depreciation on residential apartments, this new tax bill will have no effect other than to raise rents and interest rates. It seems most unfair that the government has changed the rules of the game halfway through. Many people in Canada have invested their money in apartment buildings. They did so because there was a certain money into residential buildings, thereby providing housing or residences which are so badly needed in Canada.

Under this new bill there will be the matter of the terminal tax liability taking place. Each year the depreciation will have to be written off. There are other facts stated in that clause which are very complicated. I must admit that I do not fully understand them, even lawyers and accountants will have their problems. In any event, it will not be conducive for people to invest their savings in apartment buildings, etc. They will not be keen to do so. It certainly will not be attractive for them to put their money into such enterprises. If this is the case, we will have higher rents and higher interest rates, two things we cannot afford in this country. We want the opposite. We want rents to come down and interest rates to be lowered.

With regard to the concern of municipalities in connection with tax on anti-pollution material, I understand the association of mayors and reeves is quite concerned about this. On June 18 the Minister of Finance said:

> To further encourage the acquisition of anti-pollution equipment, I wish to announce the immediate withdrawal of the sales tax on such equipment used in production. This new exemption will apply to all machinery and apparatus which manufacturers or producers acquire to detect, prevent, remove or reduce pollutants of water, soil or air. The exemption will reduce revenues by about $8 million a year.

The municipalities are not to have the same privilege. The manufacturers and producers will be granted a blanket exemption from federal sales tax on all anti-pollution equipment. Municipalities will continue to be granted only a very few specific exemptions. The minister stated that the extension of this exemption to municipalities would create complex problems of definition. It is hard for me to realize why it would create a problem to arrive at a definition as between municipalities and the manufacturers who are going to buy such anti-pollution equipment. It seems most unfair that municipalities are discriminated against.

I wish to say a few words about how this bill will affect the farming community. There are several ways in which this bill will have very serious effects on farmers. Many have already been discussed in the House, but I would like to re-emphasize the extent to which these changes will work to the detriment of Canadian farmers. One general point is that all provisions applicable to farmers as individuals should in principle be applicable to family-held farming corporations. Many farmers have discussed this whole bookkeeping matter with their accountants. In many cases where there is a father and son arrangement, a partnership of brothers or some other family arrangement, they have been told it would be wise to incorporate their farms, there would be certain advantages. The same principle that applies to corporations should apply to the individual farmer.

What about the transfer of a farm within a family, whether by sale or inheritance, without realization of capital gains? This is very important. As I understand it, there is no provision for farms to be transferred within a family, except to a spouse, whether by sale or inheritance without immediate realization of capital gains. This is true of a sale or transfer of a farm to a son, or inheritance of the farm by a son.

• (9:30 p.m.)

We have been informed that this problem can be avoided in many cases by good estate planning through incorporation of a farm, and this may well be so. But even in such a case the death of a son, who would be the holder of common shares in an incorporation, prior to that of the father could result in realization of taxable capital gains while the father was still in active charge of the running of the farm, creating severe financial problems. There would be no alternative but to call an auction sale and sell the pure-bred herd which had been developed over the years and handed down. Now this kind of legislation comes in and there is no alternative but to fold up the whole works and call an auction sale.

Apart from this, I do not think it should in all cases be necessary for a farmer to incorporate in order to achieve stability and continuity of the farm business within the family. Payment of tax on capital gains out of the tied up assets of an on-going family farming operation could, and probably would be disruptive. I would strongly urge that the transfer of a farm to the son or daughter of a farmer, whether by sale, gift or inheritance carry with it no realization of capital gains at that time but that in later disposition capital gains be calculated on the basis of the evaluation initially established for capital gains purposes.

There is another clause in the bill which states that a farmer must be in residence on the farm during each year for which he qualifies for the $1,000 farm exemption option. There are real problems here. One only has to look at farming practices in western Canada and elsewhere. Some people do not have their principal residence on the farm; for reasons of the education of their children or other social amenities they live in adjacent towns or villages. This is especially prevalent in the prairie provinces. It should be possible, for years in which a taxpayer is engaged in farming, to utilize this option even if he is not resident on the farm. There are many problems which evolve from this. A son might be using the farm home while both he and his father work on the farm; the father might be retired and living off the farmstead while the farm continues to be worked by the son or hired help. There are many cases where this practice is prevalent.

The question of the basic herd has been discussed very thoroughly here tonight so I do not propose to take up the time of the committee other than to say that a farmer's capital investment in livestock should be treated as capital investment, and the only way in which this can be done is the way in which it has been done in the past, on the basis of a basic herd. Then we come to valuation day. When the value of the herd is to be established there are many things that come into the problem. It may be the

time of year when the herd is not in its best condition, it may be a time when markets are at a low point, or it may be a time when the cows are in calf. All these things come into this question and create problems.

Then we have the matter of straight line depreciation. This is to be discontinued. Under the present bill, suppose a farmer bought a tractor for $10,000 and wrote it off down to $5,000; it appeared on his books as $5,000 and he traded it on a new one and a dealer allowed him $6,000 for the tractor. That $6,000 is not taxable under the present bill. Now he does not enjoy that option. He is to have a diminishing depreciation balance system which means, in the same circumstances, that with a $10,000 tractor he depreciates it to $5,000, trades it in and gets $6,000 for it, so he will have a gain of $1,000 and that $1,000 will be treated as capital gain. I do not think the farmer realizes that this is the situation he will face.

The first time he realizes what the government has done to him by changing straight line depreciation to the diminishing balance system will be when he trades his tractor for a new one. I think this is most serious, because farming is an operation which has to keep improving due to technological discoveries and inventions and with new machines coming out all the time. He has to replace his machinery frequently and this new tax will be a very serious handicap for him.

Many people think there is to be a great cut-back in taxes for Canadian taxpayers. I have considered the case of a married person with two children and an income of $8,000 a year. Under the present bill the tax would be $1,215. Under the new bill it will be $1,089. This is a reduction of $126 a year. Divide 52 into that amount and you get a cut of about $2.40 a week in income tax. This is a pretty small deal. It would pay for about five gallons of gas and he would burn that much up in no time going to and from work. So $2.40 a week is not much of a reduction. That is the way the working man looks at it—what comes off his weekly or bi-weekly cheque. When he sees about $2 a week taken off, he is not likely to be very enthusiastic about the new bill.

Take a single taxpayer getting the very minimum, or what we call a breadline wage of $1.50 an hour. He will be obliged to pay tax. He was paying a tax of $230 a year. Now that is to be cut to $204, a saving of $26 for a whole year. Divide that by 52 and you get a reduction of 50 cents per week. So it is not as attractive as we have been led to believe.

I do not know why provision was not made to take care of young people who are buying a home and struggling to pay off the mortgage. Principal and interest payments fall due every month or every six months, yet no thought has been given to allowing taxpayers to write off mortgage interest as part of their expenses, as is allowed business. I do not understand why.

The Chairman: Order. I regret to interrupt the hon. member. I do so to advise him and the committee that his time has expired.

Mr. Baldwin: Carry on.

The Chairman: Is it the unanimous wish of the committee that the hon. member be allowed to continue his remarks?

Some hon. Members: Agreed.

Mr. Hales: Thank you, Mr. Chairman. I shall trespass on the time of the committee for only a very few minutes. As I was saying, I cannot understand why that was not done. Business is allowed to write off interest on mortgages, yet no similar consideration has been given to the position of a family buying a house. I cannot understand why this matter was not given consideration.

I shall conclude by saying that I think the minister has two things to consider and decide. Let me make two recommendations. First, this vast volume of 707 pages, weighing 5 pounds 14 ounces, should be divided into the portion that it is essential to complete by January 1, 1972. I think it is an imposition on the House to ask us to complete the whole bill in a thorough and a comprehensive way between now and the end of the year. It would be much better for the minister to pick out those sections that he feels should come into operation on January 1, 1972, and let us deal with them.

• (9:40 p.m.)

Second, I think the minister should give serious consideration to postponing the bill in view of the economic climate in this country and in the world in general. Now seems to be the wrong time in our history to bring in a revision as comprehensive as this to the tax structure of Canada. It would be much better to wait until the economy settles down and we know where we are going and what the future has in store for us.

In closing I should like to read two or three questions asked in a letter that I received today:

> Mr. Benson claims the economy is moving ahead at a fast rate. If so, why are so many municipalities complaining about their heavy welfare costs?
>
> Mr. Benson claims an unknown quantity of persons have joined the work force and given a false picture of the unemployment statistics. If this is the case, again, why are the welfare rolls so inflated? Can it be that a vast majority of welfare recipients are not destitute and in need of welfare?
>
> Mr. Benson reduces taxes after stating the government is ever watchful and take measures when needed. If this is the case, how did he bring down a program on the same day as the statistics were released? Are they satisfied with 7 per cent unemployment?
>
> The government, just a few weeks ago, proclaimed the "winter works programs were wasteful and not effective". Why have they now brought down a program which dwarfs all other "winter works programs"?
>
> It would seem to me the Liberal government are incompetent and arrogant and care little for the economy except as a political tool. Frankly, I am quite worried about the future and feel that we are in for a great deal of economic trouble unless we do something without weighing the political consequences first.

These are some of the sentiments of worried Canadians.

Mr. Baldwin: Mr. Chairman, I listened with interest to my hon. friend and was tremendously impressed by what he had to say, as I am sure were hon. members opposite. However, as I have listened to what has been said by members on this side I have noticed that not one member on the government benches has risen to challenge the

collective wisdom that has issued from this side of the House. If one member on the other side had had the courage to rise, I would have expected him to say something about the comments that have been made on this side, so we must take it for granted that hon. members opposite accept with some concern what we have been saying but have not the courage to admit it. I am afraid that when they come to vote they will follow the party line, as usual, and I regret this very much.

I was impressed by what the hon. member for Wellington had to say. He thought one thing the minister might do is to withdraw the bill. I would go one step further and say that he should withdraw the bill and resign, though I do not say necessarily in that order.

Mr. Hogarth: Do you think you would get any support for that proposition over here?

Mr. Baldwin: Yes, I think there is quite a bit of support for that proposition over there, but the fear of political liquidation that faces hon. members who would sometimes like to express their views prevents their doing so. After all, there may yet be a few changes in parliamentary secretary positions, and a few ministers of state have yet to be appointed.

I refuse to be distracted by comments from hon. members opposite, let me return to my thought about the minister resigning after he first withdraws his bill. I thought of the nearest literary similarity to this, which is found in "A Tale of Two Cities", when at the end of the book Sydney Carter walked to the guillotine. As he did so he said: "It is far, far better thing that I do, than I have ever done." Cannot we visualize the Minister of Finance ascending the steps of the political guillotine, clutching his withdrawn bill to him and uttering those tremendous words?

We like the Minister of Finance, he is a fine fellow, but as a minister he has been an awful disaster, a catastrophe. We know it, the country knows it and I think some of his colleagues know it. If he would withdraw the bill and resign, he would still have a place left for himself in the hearts of the Canadian people.

Mr. Perrault: You are biased over there.

Mr. Baldwin: No, not biased; I am being completely objective in making that statement. I should like to say this about the bill, though we will be given an opportunity to deal with it in more detail when we enter clause by clause study. In view of the hour I must speak until ten o'clock, because we certainly do not want the vote on third reading tonight. The essence of a tax measure should be simplicity and equity, and this bill fails dismally on both counts. As far as the wording is concerned, I could read some of the bill's provisions which were referred to by the hon. member for Wellington. However, there is no doubt in my mind that what has happened here is that although there are a very few elements of tax reform, the people in the department, operating through the minister, have smuggled into the bill a large number of administrative decisions to make easier the administration of the bill, and at the expense of the poor harassed taxpayer. That is the end result of most of the changes that are envisaged.

We are told by those who are on the bridge of the Canadian ship of state to be calm, to be reassured, not to worry or fret, because all that has happened was known and was predictable; that we are in fact following a scientifically charted course that will lead us away from the abyss to the highlands of safety and security—what is known as the "Benson Big Rock Candy Mountain". What nauseating nonsense, Mr. Chairman!

Mr. Mahoney: You said it; it is your speech.

Mr. Baldwin: It is not only the people who are the elected representatives who are taking this course, those who have been chosen through the elective process to run the show, but their advisers, the modern witch doctors who are the new high priests at the altar of scientific economics, those who daily deal in the esoteric mysteries of predicting the course of human economic affairs. To these we have built great temples in Ottawa, and as they utter their incantations and follow their daily rituals, having looked deep into the holy vessels of their trade, they tell us what do to, how to do it, what will come to pass, when it will come, when we will go to the bathroom, what we will do when we get there, and how long we will stay. This is the kind of advice we are now getting from the economic advisers to the government.

If they should be out in their calculations, do they and their political masters accept the blame? No, of course not. Our employment figures are higher than they should be. Who is responsible? It is all those wretched and ungrateful people who insist upon working but are not supposed to work. They are the women who succumb to social pressures, as was indicated by the Minister of Finance and the Minister of Manpower and Immigration; those ungrateful women who, instead of staying home as they are supposed to and being a statistic according to the statistics of the minister and his advisers, want to go out to work because they have to make a living and supplement the incomes of their husbands in order to make ends meet. That is the reason—

• (9:50 p.m.)

An hon. Member: Are you against that?

Mr. Baldwin: I am for it, but it is the ministers, the government and the Prime Minister, who should know better now. In their statements they have said that the unemployment statistics are unexpected because these wretched people insist on working. This is the kind of drivel which we are being handed.

Then there are the young people who, unable to pursue their training because of financial difficulties, want a job. When these people do this, when they refuse to be statistics within the level of the statistical information furnished, it is enough to make a bureaucrat give up and want to quit his job. They are the masses who do not respond to what bureaucrats want them to do, who refuse to accept their position in the statistical scenario which has been written, and who insist on their right to work because there is more dignity and honesty in a job than in being an unemployment statistic.

It was this government or its predecessor of the same party, with the advice of the same people, which said in

1965, "We must pay the Seaway workers an increase of 30 per cent," which set in motion an inflationary trend which did so much to destroy the economic life of this country. It was this government which said to us that with medicare and the pension plan our troubles were over, and now gives us the same bland assurance about unemployment insurance, a new labour code, a new competition act and a changed incidence of family allowances. They say that when these are passed we will have arrived at the millenium. What garbage!

Each time our great prophets solemnly and pompously told us that, and for a short while we accepted it; we had some belief in their hypotheses. But then the people began to wonder. They found it difficult to believe that the last few years would have left such a record of hopes blighted, of promises broken, of near disasters, of high intentions frustrated and low intentions consummated if we had been guided by other than error and mistake.

This reached its consummation when last Thursday the Minister of Finance and his fellow wanderers in the economic desert who do not have a chart and do not know how to look up at the stars made a statement in the House as to what their intentions were. Everything they had stood for, every premise which they had laid down, every cardinal economic philosophy which they had accepted was discarded when they did the greatest about-face in recent history.

An hon. Member: Try to be objective.

Mr. Baldwin: Many people have changed their minds, and it is proper they should; but none has left such a slimy trail behind him as the Minister of Finance in what he did last Thursday. Just one week before, the Minister of Finance and his colleagues—not only his discredited colleagues—has spoken against a positive program of tax reduction and industrial stimulation and incentive and had voted against it. I will not take the time, and even if I had the time the rules would probably prohibit me from going into greater detail, but on Thursday, October 7, there was a motion for discussion and a question for decision in the House which laid down a program of stimulating the economy, of providing for tax cuts and incentives, the sort of program which members of this party and of the party to my left had been pleading that the government embrace but which was rejected out of hand by the government which voted against it. The Minister of Finance, his parliamentary secretary and the Minister of Agriculture all voted against it.

Mr. Mahoney: Your timing is lousy.

Mr. Baldwin: It is precisely the same thing which one week later they brought to the House and with great, pompous assurances said, "This is what the government will do". How can anybody have confidence in a government composed of people like that?

Mr. Mahoney: Get up and cheer, Jed. Don't criticize the opposition like that.

An hon. Member: Don't get partisan.

Mr. Baldwin: I have much more to say. I simply want to repeat what I started out with on the same high, objective level, that it is about time this government reviewed its position, assessed its intentions and said to the people of Canada that there may well be a need for tax relief and a need to deal with these other issues of which I have spoken, but the primary issue in this country today is to provide a climate and incentives which give effect to the instinctive human inclination to improve one's position. In that way, with the kind of incentives we need, this country may indeed move ahead and get out of the slough of despondency which this government has brought upon us.

Even at this late date, if the government really intended to do that, I am confident they would get the kind of support on this side of the House which would be necessary for a program of that kind. But we cannot believe the government, we cannot have confidence in it, nor can the people of Canada, when we consider the type of antics in which they have engaged.

I will suspend this part of my address and leave more severe castigations, in which I intend to engage at a later date, in the hope that the government will give some heed to what I have to say and will decide to act in a reasonable and moderate way to bring back to this country the kind of economic climate which it is entitled to have.

Some hon. Members: Question.

Mr. McQuaid: Mr. Chairman, it would be a shame to spoil a good speech by starting so late this evening. With your permission, may I call it ten o'clock?

The Chairman: The hon. member has my permission. If he has the permission of other hon. members, we may call it ten o'clock.

Some hon. Members: Agreed.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

HEALTH—BIRTH CONTROL—GRANTS TO MUNICIPALITIES AND VOLUNTARY ORGANIZATIONS

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I referred the other evening to a grant of $25,000 made by the Department of National Health and Welfare to an organization called Serena which uses birth control measures with a 25 per cent failure rate. What I tried to find out from the minister was whether similar grants would be available to municipalities and voluntary organizations using methods with proven lower failure rates. Instead of simply answering my question, the minister went into the filter-down theory under the Canada Assistance Plan and indicated his refusal to accept my statement that Serena has a 25 per cent failure rate. This may have been because I made an error and said 24 per cent, but I doubt it.

The minister's rejection of the 25 per cent failure rate figure is curious because it was taken from a survey made

by a special committee of eminent physicians named by the minister himself. On page 6 of the report, the preface of which is written by the minister, appears the following paragraph:

> The contraceptive effectiveness of the rhythm method, if correctly taught, understood and consistently practised, especially if the temperature rhythm method is used, could achieve a low pregnancy rate of 1.8 per 100 women per year. However, statistics show that, possibly because of irregular cycles, or inexpert and careless timing, the result is a pregnancy rate of 25 per 100 women per year.

• (10:00 p.m.)

My question did not refer to what could be in the statistics; it referred to what actually is. The minister appears to be very forgetful in the matter of this report. I think he is also very forgetful of the great need to promote birth control on a large scale in Canada now. The report of the Royal Commission on the Status of Women, published almost a year ago, stated that in Canada families with higher education and in higher income brackets have had easy access to birth control methods. The poor and less educated have not. They also want an opportunity to plan their families. The principal responsibility for disseminating information on birth control methods rests with the health and welfare authorities.

The report recommends that the Department of National Health and Welfare do two things. First, prepare and offer birth control information free of charge to provincial and territorial authorities, associations, organizations and individuals. Second, give financial assistance through national health grants and national welfare grants to train health and welfare workers in family planning techniques. What has the department done? This is what I have been trying to find out for some time. In September I put questions on the order paper asking what organizations had been given grants for birth control activities and how much each had received, what organizations had been turned down and how much money they had wanted, what organizations are still being considered and for how much they are asking. So far I have had no answers.

Last week I asked if, in view of the $25,000 grant to an organization with a 25 per cent failure rate, other organizations with a proven lower rate of failure could get similar grants. I hope I can get an answer tonight. This is a serious matter for thousands of women and men across Canada who need access to hospital clinics, municipal health centres and premises of various other kinds where they can get the knowledge and the contraceptive means to plan, space and limit their families.

What the minister has done so far—that is, to the best of my knowledge—is to provide a total of $125,000 for birth control purposes throughout Canada. This is tokenism. So long as he does not take this matter more seriously we are bound to see the rate of abortions, legal and otherwise, remain at unnecessarily high levels, and there is no use pretending otherwise. The only way to bring that rate down is to provide birth control knowledge and contraceptives. The initiative in this campaign which the provincial and municipal authorities must share rests squarely on the shoulders of the minister.

Once again I ask my question: Are organizations with a lower failure rate—lower proven failure rate according to the minister—given access to grants similar to the $25,000 grant that was given to Serena, an organization with a 25 per cent failure rate?

[*Translation*]

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, in reply to the hon. member's comments I would like to reassure her as to the intentions of the government with regard to birth control.

It is a fact that the Canadian government intends to subsidize those organizations dealing with family planning. It has already been doing so for some time. The government has also indicated that it would contribute to an international program to help those countries that want to set up family planning services.

I would remind the hon. member that until now the government has made a grant of $100,000 to the Canadian Family Planning Federation.

It is also true, as the hon. member pointed out, that the Department of National Health and Welfare has made a grant of $25,000 to Serena, a birth control organization, to help it finance the printing and distribution of information on family planning.

I would like to call the hon. member's attention on a paper by Mr. R. Tietze, entitled "Ranking of Contraceptive Methods by Levels of Effectiveness" and submitted in 1971, in Boston, to the American Association of Medical Specialists in Family Planning, in which he classifies the sympto-thermal method as one of the most effective. This method must be distinguished from the calendar method. In proof of this, Messrs B. Vincent and associates have prepared a report entitled "Review of Temperature Methods in Contraception" which indicates that one failure occurred in 17,500 cycles. The method used for this calculation is as follows: 1,200 cycles are equivalent to 100 woman-year cycles. It is therefore found a 0.1 failure rate per 1,000 woman-year cycles. An international study mentioned an experiment conducted with 195 Canadian couples using this method. No pregnancy occurred over 1564 months.

[*English*]

EXTERNAL AFFAIRS—CONFERENCE OF FRANCOPHONE COUNTRIES—APPOINTMENT OF DELEGATES, VOTING INSTRUCTIONS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, after the Dickensian, Demosthenesian and biblical statement of the hon. member for Peace River (Mr. Baldwin), I feel like a minor prophet. The question which I asked the Secretary of State for External Affairs (Mr. Sharp) on October 12, the reply to which prompted my intervention tonight, was not my first inquiry concerning the conference of Francophone countries.

On October 1, I asked the President of the Treasury Board (Mr. Drury) some questions on the conference. On that same day he intimated to the hon. member for York South (Mr. Lewis) that as soon as conveniently appropriate a statement would be made in the House. So far, Sir, we have not heard that statement in the House. It is regrettable that confusion and misunderstanding should

be allowed to develop on this matter because of failure to communicate but, as is so often the case, we must depend on statements made outside the chamber, or made by ministers in other jurisdictions, for information on matters of vital concern to the Parliament of Canada.

A Canadian Press item of October 9 indicates that after negotiations between the Secretary of State for External Affairs and the Minister of Cultural Affairs of Quebec an agreement had been entered into which gives Quebec the status of a participating government. I quote:

> This gives Quebec the right to a separate delegation at the conference, a veto in matters under its jurisdiction and the right to participate wholly in all the institutions and administrative councils in the agency.

There are a number of interesting questions which arise from this statement. In the first place, one wonders by whom the judgment would be made as to whether a matter discussed at the conference would be under federal or provincial jurisdiction. One asks, further, about the role of the other provinces in Canada. Have they sought participating government status? If they have not, and this would appear to be the case, what is their position in reference to matters which in administration are under provincial jurisdiction? Does one province, namely, the province of Quebec, speak for all of them? Is it the sole custodian of French language rights?

As I walked past the centre block on the day the conference was held, I noticed that five flags were showing as symbols of people of this country—the flag of Canada, the flags of Manitoba, Ontario, Quebec and New Brunswick. Although I did not detect the New Brunswick flag, I presume it was there. I saw all the others.

Another matter on which there has been too little information, although it has been sought, concerns the appointment of the delegations. Presumably the "participating" government of Quebec would appoint its own delegation. Would the provinces other than Quebec have any role in naming the rest, or are they appointed by the federal government and do they form a part of the federal side of the representation when the conference gets under way—a conference, we must remember, of sovereign states?

Another matter which should be considered is the role of those other provinces which have Francophonic people within their bounds and for whom the provinces are carrying out programs in the extension and development of French language institutions. Are these people and their provinces without voice altogether at the conference of the Francophonic countries?

• (10:10 p.m.)

I still believe that the one area in which the competence and jurisdiction of the national government must be clearly supreme is in the field of international affairs. Divided jurisdictions and internal vetoes within delegations are in fact a diminution of this sovereignty of the national government. We may for the sake of harmony be as euphemistic as we can about the terms we use to describe the arrangements, but nevertheless there has been a significant diminution of this government's role in the external affairs field.

Regrettably, this has been accompanied by a degree of confusion which cannot be helpful to the Canadian image. In the last two or three years we are developing abroad the impression that we are a country which makes a poor job of handling its own economy. It is to be hoped that we will not continue to rub off the lustre of our international reputation by poorly conceived and awkwardly executed arrangements to solve internal intensions through the external field.

Even at this late date I ask the government to be forthcoming, to tell the people and their parliamentarians what is going on. Let the truth be told, let the record be set straight, let the information be revealed. These recent exercises in indirect discourse and secretive arrangements can do nothing but harm to this country.

It ill-behooves a government once dedicated to participatory democracy to be so unwilling to divulge techniques whereby the nation's external face is being altered. The creators of Information Canada surely should tell the story of our changing external profile even at this late date, and I invite a full statement on this disquieting matter.

[*Translation*]

Mr. Gaston Isabelle (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I should like first to thank the hon. member for Hillsborough (Mr. Macquarrie) for his effective contribution to the Francophone countries throughout the world and I hope he will continue to support the assistance that the government is providing to the Francophone states.

Following an invitation from the Secretariat of the Cultural and Technical Co-operation Agency to the Second General Conference of the Agency, the government appointed a delegation to represent Canada at that conference.

That delegation was headed by the Secretary of State (Mr. Pelletier), and I had the great honour to go with him. It also included ministers and officials from the governments of Quebec, New Brunswick, Ontario and Manitoba as well as federal public servants. A press release was issued last October 8 on this subject matter. As regards the vote, that question did not come up at this conference. It is provided that Canada will vote following consultations taking into account the interests of the provincial and federal governments. No difficulty is therefore expected in this regard.

Motion agreed to and the House adjourned at 10:16 p.m.

HOUSE OF COMMONS

Tuesday, October 19, 1971

The House met at 2 p.m.

ROUTINE PROCEEDINGS

MISCELLANEOUS PRIVATE BILLS AND STANDING ORDERS

[*Translation*]

Fifth report of Standing Committee on Miscellaneous Private Bills and Standing Orders, in the two official languages—Mr. Forget (Saint-Michel).

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

[*English*]

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

GOVERNMENT ACTIONS TO STRENGTHEN—ALLEGED LACK OF INDUSTRIAL STRATEGY—POSITION ON RATIONALIZATION AND MERGERS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. This last week end the minister, speaking to the Canadian Export Association, indicated the possibility of some dramatic new government moves to strengthen the economy. In anticipation that this was based on something serious, I wonder whether the minister could share his knowledge with the House and tell us just what these moves might be?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I did my very best to indicate that I was not announcing any particular move, that the government was reviewing the situation and might have further difficult decisions to make. I went out of my way to say that I was not announcing anything dramatic at that moment, but the sort of thing I had in mind was all through my speech. I hope hon. members have read it. I also indicated that we were reviewing the general adjustment program to find ways and means to contribute more to the rationalization and modernization process, especially in some sectors of industry which have not yet reached their full productive capability.

Mr. Lambert (Edmonton West): On the particular point of the minister's reference to the rationalization of industry is he, in saying what he did, suggesting that the government is in full agreement with the comment of the Science Council of Canada that Canada had no industrial strategy and therefore this was perhaps one of the main reasons for some economic weakness in the country.

• (2:10 p.m.)

Mr. Pepin: Mr. Speaker, I pointed out to the Canadian Export Association that this was not right. I was the first one to say that there were improvements to be made, but to say the government has no industrial strategy is far from the truth.

Mr. Lambert (Edmonton West): Further to the speech—

Mr. Speaker: Order, please. The hon. member wants to ask a further supplementary. He prefaces it by saying "further to the speech." The hon. member knows better than I that it is difficult during the question period to go over the details of a speech made outside the House. I, of course, exercised some latitude in allowing the question and the supplementary. Perhaps the question might be asked directly rather than by reference to a speech by the minister.

Mr. Lambert (Edmonton West): I hope I have not made too much reference to the speech, Mr. Speaker. With regard to the minister's views on mergers and rationalizations and the view that the government might have to take some positive action in this regard, is the minister suggesting that the government, including the Minister of Consumer and Corporate Affairs, will be moving into forced rationalizations, mergers and combinations of Canadian industry and business?

Mr. Pepin: Mr. Speaker, I think the position of the government on mergers is very clear. We are in favour of mergers when they can be reconciled with the competition policy. Strangely enough, at the moment we have a situation in which a number of business associations are saying that the bill on competition tries to prevent mergers and yet at the same time we have associations, for example, the pulp and paper group, writing to us and asking us to by all means implement this bill as fast as possible because they have a number of mergers they would like to bring about which they cannot do under the present law.

UNITED STATES IMPORT SURTAX—NEGOTIATIONS BETWEEN CANADIAN AND UNITED STATES GOVERNMENTS RESPECTING REMOVAL

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): I also wish to direct a question to the Minister of Industry, Trade and Commerce. In view of the fact that the United States Secretary of the Treasury, John Connally, has stated that the United States is conducting both bilateral and multilateral negotiations with a view to the removal

of the 10 per cent surcharge on imports, and in view of the fact that apparently an agreement has been reached between the governments of the United States and West Germany for the removal of the 10 per cent surcharge, may I ask what negotiations are being conducted between the government of Canada and the government of the United States? Are they presently going on and by whom are they being conducted?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the removal of the surcharge for West Germany is entirely news to me. I will check on it and find out whether it is true. With regard to Canada-United States discussions on the so-called irritants, the last time we were in Washington, and after that in discussions between American and Canadian officials, it was indicated to us that at the moment the Americans were reviewing the list of their irritants. I understood very clearly that the Americans would be in touch with us after they completed their preparatory work. We in Canada are doing the same. On a number of occasions in the House the Prime Minister, the Secretary of State for External Affairs, and myself have stated we are willing to enter into negotiations on these so-called irritants with the United States as soon as they are ready.

Mr. Douglas: In view of the fact that the governments of other countries, notably Japan and West Germany, have been carrying on bilateral discussions, am I to understand from the minister's statement that at the present time no discussions are going on with the American government at any level? If that is correct, may I ask the minister when it is planned to resume discussions on this very important matter?

Mr. Pepin: My simple understanding of these matters is that the Americans probably considered their irritants with Japan and Germany to be more urgent to resolve than their irritants with Canada.

UNITED STATES IMPORT SURTAX—INQUIRY AS TO UNITED STATES REQUEST TO DISCUSS TIRES AND SNOWMOBILES UNDER AUTO PACT

Mr. Gordon Ritchie (Dauphin): I have a supplementary question for the Minister of Industry, Trade and Commerce. Has the United States government indicated that it wishes to discuss the problem of tires and snowmobiles under the Canada-United States auto pact?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): No, Mr. Speaker, not to my knowledge anyway.

POSSIBLE UNITED STATES BAN ON IMPORT OF CANADIAN SUGAR AND URANIUM

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): I have a further supplementary question for the minister. In the speech he made at Montebello the hon. gentleman indicated that the United States might ban the shipment of Canadian sugar and uranium to that country. May I ask whether such an intention has been communicated to him by the government of the United States and, if so, how imminent is such action?

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): That was not in my speech, Mr. Speaker. I was ad-libbing at the time. I was saying that in the past few days the Americans have announced that there was at least a possibility of the continuation of the embargo on the export of uranium from Canada to the United States, and also with relation to confectionery products—certain types of sugared goods—some limitations of their export from Canada to the United States. What I said with regard to sugar applies only to confectionery products going to the United States from Canada.

UNITED STATES IMPORT SURTAX—NEGOTIATIONS BETWEEN CANADA AND UNITED STATES RESPECTING REMOVAL

Mr. Eldon M. Woolliams (Calgary North): I have listened very carefully to the minister's answers. Are we to take it that there are really no negotiations going on between Canada and the United States at the present time and that there will be none until the United States says to Canada: You may now negotiate with us? Is that really what the minister is telling the House?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): That is my understanding. There is nothing wrong in that. The United States administration has told us they are preparing a list of their irritants and their case in support of their claims. For our part, we have said we have a list of our own to introduce. When it suits their purpose, when it is convenient to them to do so, we have indicated we are very keen, very willing, to enter into negotiations with them. As I said a moment ago, it seems to me obvious that the negotiations which the Americans have just been conducting with the Japanese on the subject of textiles for example must have had priority over discussions concerning the irritants they have with respect to Canada.

Mr. Speaker: Order, please. We shall return to this subject again—the hon. member for Saskatoon-Biggar, in particular, has a supplementary to ask—but the Chair will now recognize the hon. member for Témiscamingue.

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[*Translation*]

HOUSE OF COMMONS

SUGGESTED INCREASE IN ASSISTANCE TO PRIVATE MEMBERS OF PARLIAMENT—REMUNERATION OF RESEARCH STAFF

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the President of the Treasury Board.

A few days ago, the hon. member for Winnipeg North Centre (Mr. Knowles) asked the President of the Treasury Board whether the government was considering the possibility of granting additional assistance to hon. members and the President of the Treasury Board answered that he would reply in a few days. Is the minister now in a

position to tell us whether the government really intends to assist hon. members and to increase the amounts earmarked for researchers for the various political parties?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, the hon. member knows quite well that the matter comes under the House of Commons rather than the Treasury Board.

I answered that I was willing to hand over the matter to the committee the House had entrusted it to, but that, to date, there is no satisfactory solution to the problem.

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

Can the minister tell us when the commissioners of Internal Economy will meet to reach a decision that is advantageous for Parliament?

M. Speaker: Order. I believe the Chair should now remind the hon. member that his supplementary should normally be addressed to the Chair, which has taken note of it.

Mr. Caouette: On a point of order, Mr. Speaker.

I admit that I should address myself to the Chair at this stage, but if the Chair or the Commissioners of Internal Economy do not have the necessary funds, my question is therefore in order and I can ask the fund administrator if he is ready to or if—

Mr. Speaker: Order, please.

* * *

• (2:20 p.m.)

[*English*]

THE CANADIAN ECONOMY

UNITED STATES IMPORT SURTAX—CANADIAN ACTION REQUIRED FOR RESUMPTION OF NORMAL TRADE RELATIONS

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, may I ask the Minister of Industry, Trade and Commerce whether the House is to understand that, despite the severe dislocations the United States surcharge has caused in the Canadian economy, the United States up to this point has not indicated, either in general or in particular, what action it requires the Canadian government to take so that normal trading relations can be resumed?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The United States government has not indicated such, Mr. Speaker.

Mr. Speaker: Order, please. I will recognize a few supplementaries but hon. members will appreciate that we are still on the first question after nearly 15 minutes of questioning, so there should not be too many supplementaries. For the moment the Chair will see the hon. member for Peace River and then the hon. member for Halifax-East Hants.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, the minister indicated that he and the government were contemplating doing something either dramatic or useful. Will the minister discuss with his colleague the Minister of Finance and with the Prime Minister and hope that they will do something useful for a change?

Mr. Speaker: Order, please. The hon. member for Halifax-East Hants.

UNITED STATES IMPORT SURTAX—PROTECTION OF PROVINCIALLY ASSISTED INDUSTRIES AGAINST POSSIBLE U.S. DISCRIMINATORY ACTION

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I have a supplementary question for the minister. Will the minister assure us that in preparing Canada's position, as he indicated to the hon. member for Calgary North was being done, Canada will fight any stand taken by the United States that seeks to discriminate against such provincially assisted industries as Michelin?

Mr. Speaker: The hon. member for Dartmouth-Halifax East.

Mr. McCleave: Mr. Speaker, I think the minister said yes but it would be nice to have it on the record.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): We will prepare our case as well as we can, Mr. Speaker.

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NATIONAL DEFENCE

CADET MOVEMENT—MILITARY COLLEGES—GOVERNMENT POSITION RESPECTING CONTINUATION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, having got a "yes" answer from the Minister of Industry, Trade and Commerce, perhaps the Minister of National Defence would answer a question for me respecting his present position regarding cadet training programs across the country and the recommendation that they be dropped?

Hon. Donald S. Macdonald (Minister of National Defence): Yes, Mr. Speaker. I can confirm here statements I have made outside the House, as well as in the white paper, that the recommendation of the committee on youth in this regard will not be accepted.

Some hon. Members: Hear, hear!

Mr. Macdonald (Rosedale): Quite the contrary; we will try to find all possible resources to further assist the cadet movement.

Mr. Forrestall: Mr. Speaker, I am sure that thousands of Canadians will appreciate that statement. Is the minister in a good enough mood this afternoon to give the same assurance in regard to military colleges?

Mr. Macdonald (Rosedale): Exactly the same answer, Mr. Speaker.

Some hon. Members: Hear, hear!

Inquiries of the Ministry

INDUSTRY

MICHELIN TIRE PLANT—REPORTED UNITED STATES OBJECTION TO GOVERNMENT INVOLVEMENT AS UNFAIR TRADE ADVANTAGE—CANADIAN POSITION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I also wish to direct a question to the Minister of Industry, Trade and Commerce. It has been reported that the United States treasury department has initiated a study of the Michelin tire plant and whether the involvement of the government constitutes an unfair trade advantage. Is the government going to make a clear statement on this issue to the United States treasury department and, if so, when?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the decision of the government on Michelin is a well known one and will be incorporated in the Order in Council when the plant begins production. There has been no turning back from that position and it remains government policy.

Mr. Crouse: Would the government be prepared to halt further talks on the auto pact if any action against Michelin were taken?

Mr. Pepin: I do not see the relationship between the two subjects but—

Mr. Speaker: Order, please. I think the question as asked is hypothetical.

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VETERANS AFFAIRS

REQUEST THAT WAR VETERANS ALLOWANCE RECIPIENTS RECEIVE FULL BENEFIT OF INCREASE IN PENSION AND SUPPLEMENT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Veterans Affairs. On September 9 I asked the minister if the government would take the necessary steps so that war veterans allowance recipients who are in receipt of the guaranteed income supplement would not have their allowances cut back but would get the full benefit of the increase of $2.70 a month in the pension and supplement which is to come into effect in January. The minister said the matter was being looked into and would be considered with the usual sympathy. Can the minister say whether the appropriate Order in Council has been passed or other appropriate action has yet been taken?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Mr. Speaker, it is not correct to assume that this will take place on January 1. It will be at the commencement of the next fiscal year, the first day of April. This matter will be decided long before that time. It is not decided now.

[Mr. Macdonald (Rosedale).]

THE CANADIAN ECONOMY

REPRESENTATIONS RESPECTING UNDESIRABLE EFFECTS OF PROPOSED UNITED STATES DISC LEGISLATION—GOVERNMENT MEASURES TO MEET THREAT

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I wish to direct a question to the Minister of Industry, Trade and Commerce. In view of the increasing anxiety in Canada about the DISC legislation now before the United States senate, has the government made any diplomatic representations to the United States in regard to the undesirable effects it would have, or has the government taken any multilateral diplomatic action to persuade the United States not to proceed with this type of program?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, we have made all possible representations on that subject, first when the DISC program was introduced in Congress for the first time a couple of years ago, and we have repeated those representations more recently when it was introduced again. Our position on DISC, which is that it is contrary to GATT, is very well known by the United States administration and by Congressmen too.

Mr. Harkness: Is the government preparing any tax measures or any other measures which will enable Canadian industry to meet the DISC threat if this program is actually put into operation by the United States?

Mr. Pepin: Mr. Speaker, that will be known in due course. I do not think it would be normal for us to do these things before these bills actually become United States law. As we have seen, they have been substantially amended during the process of being debated in committee of Congress. This bill is now in the full Congress, and what is there may not be what comes out.

Mr. Harkness: Do I understand that the government has made no contingency plans whatsoever to meet this very serious threat?

Mr. Pepin: Mr. Speaker, I was rebuked a moment ago for saying we have other things in reserve. Now I cannot walk both sides of the fence. If my hon. friend says we have no contingency plans, I point out that the Prime Minister has said on a number of occasions that we have.

[*Translation*]

MEETING OF MINISTER OF INDUSTRY, TRADE AND COMMERCE WITH BUSINESSMEN AND UNION REPRESENTATIVES

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce.

I was happy to learn last week that a meeting was scheduled to which the Minister of Industry, Trade and Commerce, the Minister of Labour, trade union representatives and some businessmen would participate.

I would like to ask the minister if this meeting was held and if a price and wage freeze policy was discussed with the trade unions. In the negative, when will this meeting take place and will the above mentioned subjects be discussed?

Hon. Jean-Luc Pepin (Minister of Industry, Trade annd Commerce): As far as I am concerned, the last meeting I had was with the members of the Advisory Council of the Department of Industry, Trade and Commerce, and the government competition policy and the new Labour Code were the subject matters of these discussions. Businessmen have made certain points which have been discussed by the Minister of Consumer and Corporate Affairs and the Deputy Minister of Labour.

Mr. La Salle: I have a supplementary, Mr. Speaker.

I would like to ask the minister whether he anticipates to meet with labour representatives in order to discuss the prevailing economic difficulties.

Mr. Pepin: Not insofar as I am concerned, Mr. Speaker, but I presume that the Minister of Labour has already done so or will be able to do it.

* * *

[*English*]

CROWN CORPORATIONS

POLYMER—LAY-OFF OF EMPLOYEES WITH ONE DAY'S NOTICE

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the Acting Prime Minister. Yesterday I put a question to the right hon. Prime Minister concerning the lay-off of 250 employees of Polymer Corporation with only 24 hours' notice, and the Prime Minister indicated that he would reply to the question today. I wonder whether the Acting Prime Minister has the reply?

Hon. C. M. Drury (Acting Prime Minister): No, Mr. Speaker, I have no reply on his behalf.

Mr. Nesbitt: Could the Acting Prime Minister indicate whether any of his colleagues who are here might have a reply? I see one minister rising.

Hon. James Richardson (Minister of Supply and Services): In reply, Mr. Speaker, I would like to point out to the hon. member that no employees received less than four weeks severance pay, and several received much longer periods of severance pay depending on their seniority. The question of one day's notice is really not relevant because by giving longer notice management could have had the employees standing around in the plant with nothing to do. It was far better both from the management and the employees' point of view that once there was no further work for them they have the opportunity to get out and find other jobs. Of those who were laid off last month 37 out of the total of 65 have already found new employment.

• (2:30 p.m.)

Mr. Nesbitt: I take it from the minister's rather circuitous answer that the 250 men were in fact laid off on 24 hours' notice?

Mr. Richardson: No, Mr. Speaker. Some have not received notice. The company announced several weeks ago that there could be a reduction in the work force as large as 250, but it has not yet been found necessary to reduce the work force by that number. I might say that very strong representations have been made to me by the hon. member for Sarnia-Lambton and I have a long report from him which has been very helpful.

Mr. Nesbitt: A further supplementary—

Mr. Speaker: Order, please. We will be running short of time very soon. The hon. member for Oxford may have a further supplementary and then the Chair will recognize the hon. member for Wellington.

Mr. Nesbitt: Would the minister on behalf of the government undertake to see, if employees are dismissed in other Crown corporations, that appropriate notice is given so that no improper example will be set for industry in general by the actions of the government?

Mr. Richardson: I think the hon. member has to distinguish between notice and severance pay.

Mr. Speaker: Order, please. It seems to me we are reaching the area of debate at this point. I shall now recognize the hon. member for Wellington.

POLYMER—REASON FOR LAY-OFF OF EMPLOYEES

Mr. A. D. Hales (Wellington): Mr. Speaker, my supplementary is to the Minister of Supply and Services. Was this lay-off in fact due to Polymer having lost their prime contract with Goodyear Tire and Rubber Company which purchased its supplies from Japan?

Hon. James Richardson (Minister of Supply and Services): No, Mr. Speaker, not directly. I replied earlier in the House that this was a management decision but it was based on difficult markets and not related just to the Goodyear market. The company has been successful in retaining a large part of the Goodyear business.

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ATOMIC ENERGY

STUDIES ON FEASIBILITY OF REHABILITATING DEUTERIUM HEAVY WATER PLANT

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I should like to ask the Minister of State for Science and Technology to inform the House whether or not the government is conducting any studies concerning the technological and economic feasibility of rehabilitating the disastrous Deuterium heavy water plant at Glace Bay, Nova Scotia?

Hon. Alastair Gillespie (Minister of State for Science and Technology): Mr. Speaker, this is a question which I think might perhaps be more properly answered by the Minister of Energy, Mines and Resources.

Mr. Nystrom: If the Acting Minister of Energy, Mines and Resources is in the House today perhaps he would answer.

Inquiries of the Ministry

Hon. Jean-Luc Pepin (Acting Minister of Energy, Mines and Resources): If I might answer the question, Mr. Speaker, the situation is quite simple. The government has authorized Atomic Energy of Canada to negotiate with Deuterium of Canada and with the government of Nova Scotia a solution that might lead to the rehabilitation of the plant.

* * *

TRADE

POSSIBLE REGULATORY AGENCY TO MONITOR AND RESPOND TO UNITED STATES DISC PROGRAM

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Has the government planned a regulatory agency to monitor and respond to the DISC threat?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Not yet, Mr. Speaker.

* * *

[*Translation*]

AIR TRANSPORT

ALLEGED DISCRIMINATION AGAINST FRENCH-SPEAKING PILOTS

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I wanted to direct a question to the Minister of Transport, but in his absence, I shall address it to the President of the Treasury Board.

As Acting Prime Minister, would he tell us if he has read the statement made recently by the Quebec Minister of Education to the effect that only 5 per cent of Canadian airline pilots, including those of Air Canada, are French-speaking? Does the minister intend to correct this and what policy does he intend to announce in order to allow French-speaking pilots a larger share of the jobs?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I have no personal knowledge of this matter, but I am prepared to make inquiries.

Mr. Valade: I have a supplementary, Mr. Speaker. As this was published in a newspaper—

Mr. Speaker: I am sorry to have to interrupt the hon. member, but the Minister of Industry, Trade and Commerce has risen on a question of privilege.

* * *

[*English*]

TRADE

POSSIBLE REGULATORY AGENCY TO MONITOR AND RESPOND TO UNITED STATES DISC PROGRAM

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I do not know if this is a question of privilege, Mr. Speaker, but I wish to correct my previous answer. I was asked if the government had established a monitoring system for DISC in particular. I should have said the monitoring system we have applies to the surcharge, investment credit program and the DISC program.

* * *

[*Translation*]

AIR TRANSPORT

ALLEGED DISCRIMINATION AGAINST FRENCH-SPEAKING PILOTS

Mr. Speaker: Does the hon. member for Sainte-Marie wish to ask a supplementary?

Mr. Valade: Yes, Mr. Speaker. I would like to ask the President of the Treasury Board a supplementary question. If it is established that only 5 per cent of Canadian airlines pilots are French-speaking, does the minister intend to make a statement and bring about corrective measures to the situation so that Francophone Canadians be allowed their share in air transport—

Mr. Speaker: The hon. member will admit that his question is hypothetical. I do not think it can be asked in those terms.

[*Later:*]

Mr. Valade: Mr. Speaker, I would like to ask another supplementary to the President of the Treasury Board.

In the inquiry suggested by my colleague, could the minister make sure that over 5 per cent of French Canadians have the required knowledge and skill for this kind of work?

Mr. Drury: Mr. Speaker, I think this is still an assumption I cannot accept without making an inquiry, but like the hon. member for Yukon I believe the main criterion is passenger safety.

[*English*]

Mr. Erik Nielsen (Yukon): Mr. Speaker, with regard to the question just raised by the hon. member, can the minister assure the House and the country at large that the paramount criterion for the employment of any pilot by major airlines or other airlines in the country will continue to be skill and capability rather than any other criteria and will he convey the government's policy in that regard to the national and other airlines?

Mr. Drury: I do not think the government would have difficulty in agreeing that the *sine qua non* for employment would be skill and safety precautions.

* * *

[*Translation*]

ATOMIC ENERGY

RESUMPTION OF STUDY OF POSSIBLE ESTABLISHMENT OF HEAVY WATER PLANT AT MONTMAGNY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a question for the hon. Minister of Energy, Mines and Resources. In view of his absence due to illness, I shall

address it to his Parliamentary Secretary and, should he be unable to reply, the hon. Minister of Industry, Trade and Commerce might be able to do so.

The question, concerning the possibility of establishing a heavy water plant in Montmagny, was placed on the Order Paper in 1969 and the reply given was that no such study had been carried out.

In view of the existing controversy, I should like to ask the following question: Was a special study effectively carried out in 1970 concerning the establishment of a heavy water plant in Montmagny?

Mr. Speaker: I am under the impression that the question as formulated should normally be placed on the Order Paper. The hon. member is asking whether a given action was taken last year by the government. I feel a question so phrased is normally placed on the Order Paper. Should the matter be urgent, could the hon. member perhaps so inform the Chair so that it might be discussed on the adjournment motion.

Mr. Lambert (Bellechasse): Mr. Speaker, as you suggest, I inform you that I wish to raise this question at the time of adjournment, since it is very urgent.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

LEGALITY OF GOVERNMENT FINANCED EXPERIMENT RESPECTING MARIJUANA

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I should like to answer a question addressed to the Minister of Justice the other day by the hon. member for Calgary North and the hon. member for Yukon concerning marijuana. With regard to the growing of marijuana at the Experimental Farm in Ottawa and the experiment being conducted at the University of Calgary—I assume the hon. member was referring to that university—it is my information that both these experiments are being carried out under the authority—

[*Translation*]

Mr. Speaker: Order, please. I regret to have to interrupt the hon. parliamentary secretary.

[*English*]

The hon. member for Yukon is rising on a point of order.

Mr. Nielsen: On a point of order, Mr. Speaker, we all want to hear the statement of the parliamentary secretary, but my recollection of yesterday's events is that my friend from Calgary North asked a question, I asked a supplementary question, and we got our answers from the minister. We are all interested to hear the answer from the parliamentary secretary, but I suggest we should go back to motions to do so.

• (2:40 p.m.)

Mr. Speaker: If the parliamentary secretary wishes to give a short reply in the question period he can, of course, do so. I have no way of knowing the extent of the statement or answer he wishes to give. If it is extensive there is no question that the hon. member for Yukon has a good point and that the parliamentary secretary should seek leave to return to motions. If the parliamentary secretary proceeds to make a long reply, I will invite him to return to motions. Is it agreed that we return to motions?

Some hon. Members: Agreed.

Mr. Speaker: The parliamentary secretary is not seeking leave to return to motions.

* * *

POLLUTION

ASSESSMENT OF EFFECTS OF POSSIBLE OIL SPILLS IN GEORGIA STRAIT—AGREEMENT WITH BRITISH COLUMBIA ON JOINT SURVEY

Mrs. Grace MacInnis (Vancouver-Kingsway): I have a question for the Minister of the Environment. I should like to return to the question I asked on September 29 about the Science Council's recommendation a year ago of a joint study by Ottawa and British Columbia of the uses of the whole environment in the Strait of Georgia and nearby waters. Has the minister entered into negotiations with the province of British Columbia for such a study?

Hon. Jack Davis (Minister of the Environment): I have had a number of discussions with the relevant ministers of the British Columbia government in this connection and I am hopeful that within the next few weeks we will be able to reach a formal understanding in this connection.

Mr. David Anderson (Esquimalt-Saanich): May I ask the minister whether or not these discussions included the area up river, namely, the Moran Dam area on the Fraser River?

Mr. Davis: No, Mr. Speaker. Essentially the areas concerned are the Strait of Georgia and the lower reaches of the Fraser River.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I ask the minister whether the discussions with the British Columbia government include any canvassing of the possibility of establishing a marine park in Georgia Strait?

Mr. Davis: Yes, Mr. Speaker.

* * *

THE CANADIAN ECONOMY

ROLE OF GOVERNMENT PROGRAM TO PROVIDE JOBS IN RELATION TO FULL EMPLOYMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East): My question is directed to the Acting Prime Minister, although I should like to ask the Minister of Finance to give a 10 per cent pay raise to the forces today. Since 1948 successive Liberal and Conservative governments have been com-

mitted to the objective of full employment. Can the Acting Prime Minister indicate whether the billion dollar program announced recently is part of an over-all strategy to that end?

Hon. C. M. Drury (Acting Prime Minister): As the Minister of Finance has indicated, this is part of an over-all strategy in order to improve substantially the unemployment situation in Canada.

Mr. Baldwin: Will you have another budget next month?

* * *

[*Translation*]

FAMILY INCOME SECURITY

CO-ORDINATION OF FEDERAL AND QUEBEC PLANS—RESUMPTION OF DISCUSSIONS

Hon. Martial Asselin (Charlevoix): Mr. Speaker, in the absence of the Minister of National Health and Welfare, I will direct my question to his Parliamentary Secretary.

The Quebec Minister of Social Affairs recently announced that discussions with the federal government concerning the family income security plan had come to a standstill, and had even been broken. Can the Parliamentary Secretary tell us whether the Minister of National Health and Welfare intends to change his family income security plan in order to reconcile it with the needs of the province of Quebec?

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the discussions are not at a standstill, quite the contrary. The Minister of National Health and Welfare will be in the House tomorrow. He may be in a position to answer the hon. member's question more at length.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PARTICIPATION IN MARIJUANA EXPERIMENT

Mr. Erik Nielsen (Yukon): May I direct a question to the Solicitor General. Five or six days ago I asked him whether any members of the RCMP had volunteered or had been instructed or permitted to participate in the tests which are being undertaken by universities concerning the non-medical use of marijuana. He said at that time that he would make inquiries. Is he now ready to reply?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Yes, Mr. Speaker, and the answer is no.

[*English*]

Mr. Douglas A. Hogarth (New Westminster): My supplementary question is for the Minister of Justice or, in his absence, his parliamentary secretary. Under what authority is marijuana being grown in Canada by the Department of National Health and Welfare and certain experiments being carried out in the city of Calgary in this connection?

[Mr. Forrestall.]

Mr. Speaker: Order, please. It seems to me the hon. member is asking a question which has already been asked.

* * *

CORPORATE AFFAIRS

FOREIGN AUTOMOBILE COMPANIES MARKETING PRODUCT IN CANADA—TRANSFER OF ADVERTISING CONTRACTS TO UNITED STATES AGENCIES

Hon. J. A. MacLean (Malpeque): I should like to direct a question to the Minister of Consumer and Corporate Affairs. Is his department taking any action to require foreign companies which market automobiles in Canada to make their expenditures on marketing and advertising in Canada? I ask this question in light of the fact it is reported that several of these companies are moving their advertising and planning offices as well as their advertising contracts from Canada to the United States.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): There is no law, nor, I suspect, should there be one, regulating where people should buy advertising. This is a free society in which people are surely entitled to spend their money where they wish.

* * *

FISHERIES

SALE OF VESSELS TO UNITED STATES INTERESTS—PREVENTION OF USE TO COMPETE WITH CANADIAN FISHERMEN ON WEST COAST

Mr. Thomas S. Barnett (Comox-Alberni): I have a question for the Minister of Fisheries concerning the first auction under the buy-back program in British Columbia. In view of reports that a substantial number of the vessels sold at this auction went to American interests at fire sale prices to go into competitive fishery, is the minister either considering cancelling this program or at least ensuring that in future sales no vessels will go into a fishery competitive with the Canadian fishery on the west coast?

Hon. Jack Davis (Minister of Fisheries): The hon. member is referring to a program for the retirement of commercial salmon fishing boats on the west coast. A number have been sold to citizens of the United States and other countries and they will be used mainly for recreational purposes. Boats over five tons are not permitted to participate in the commercial fishery of the United States by United States law. In any case the over-all agreement on the division of the salmon catch on the west coast between Canada and the United States preclude the use of these vessels to Canada's disadvantage.

FINANCE

USE OF COLLECTION AGENCIES TO OBTAIN REPAYMENT OF STUDENT LOANS

Mr. Eldon M. Woolliams (Calgary North): I have a question for the parliamentary secretary to the Minister of Finance. He may want to take it as notice. Has his department, which looks after student loans, placed in the hands of financial collection agencies the collection of moneys lent to students who are in arrears on repayment, are unemployed and unable to pay but have been instructed through an unusual letter that they must pay forthwith or action will be taken?

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): I will have to take the precise question as notice. However, in general it is only after the banks have exhausted the usual collection procedures and the government has been called upon to make good on the guarantee that the Department of Finance is directly concerned with recovering the money. Accordingly, any such instance would be a default of long standing.

* * *

FISHERIES

FEDERAL GOVERNMENT PARTICIPATION WITH MANITOBA IN INCOME SUPPORT AND RETRAINING PLAN FOR LAKE WINNIPEG FISHERMEN

Mr. Doug Rowland (Selkirk): My question is for the Minister of the Environment in his capacity as Minister of Fisheries. Has the minister refused to participate on a dollar for dollar basis with the government of Manitoba in an income support and job retraining plan for Lake Winnipeg fishermen forced out of work as a result of the lake being partially closed to fishing because of pollution?

Hon. Jack Davis (Minister of Fisheries): The short answer is that my department is concerned with the development of an economic fishery and is not engaged in contructing an income support program for this segment of the Canadian population.

Mr. Rowland: Has the minister received representations to this effect from the government of Manitoba, and if the minister's department is not directly concerned has he rerouted them to the appropriate departments for their consideration, and is active consideration being given by the government of Canada to these plans?

Mr. Davis: No, Mr. Speaker. The government of Manitoba has been in touch with the Department of Indian Affairs and Northern Development, the Department of Manpower and Immigration and the Department of Regional Economic Expansion in this connection.

Mr. Speaker: Orders of the day.

• (2:50 p.m.)

[*Translation*]

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Monday, October 18, consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Laniel in the chair.

[*English*]

Mr. McQuaid: I do not propose, Mr. Chairman, to speak at any great length at this stage of the proceedings, although I shall be speaking from time to time as various clauses of the bill are to be studied. I rise at this time to make a special plea on behalf of those citizens of Canada who find themselves in the lower income bracket but who are taxed. Before doing that, however, I should like to point out again how very complicated the bill is with which this Parliament is faced. Last evening the hon. member for Wellington placed a section of the bill on the record as an example of the complicated language which it contains and there are many such illustrations. I should like to place another section on the record and ask the minister, his deputy or some competent person to give an explanation of it.

I refer to section 87 subsection (2) (y). Section 87 has 34 subsections running from (a) to (z) and then the alphabet is repeated with subsections (aa), (bb) etc. Let me read this subsection:

(*y*) for the purpose of computing the cumulative deduction account (within the meaning assigned by subsection 125(6) of the new corporation at the end of a taxation year immediately preceding its first taxation year or at the end of any subsequent taxation year there shall be added to the amount determined under paragraph 125(6)(*b*) from which the aggregate of the amounts referred to in subparagraphs (iii) to (v) thereof is to be subtracted, the aggregate of amounts each of which is an amount in respect of a predecessor corporation, equal to the amount that would have been the predecessor corporation's cumulative deduction account immediately before the amalgamation if paragraph 125(6)(*b*) had been read without reference to subparagraph (v) thereof;

This is only one illustration, but there are many such sections throughout this proposed bill which I suggest will make it virtually impossible for the ordinary taxpayer to prepare his own income tax return in future. If the chartered accountants and lawyers are ever able to understand this bill themselves, they are going to have a bonanza because the ordinary taxpayer will not be able to understand it. I plead with the minister, with the government and with the officials who drafted the bill to take it back and try to draft it in language that the ordinary taxpayer can understand because he is the one who will be affected by it. As I said before, I should like to make a special plea to the government for some consideration for those people who may find themselves in a taxable bracket, yet whose income is very low by ordinary standards.

I give the government credit for having increased the exemption for single persons to $1,500 and for married people to $2,850. This is actually the first change of any significance that has been made since 1949, but I seriously

suggest that it does not go far enough inasmuch as it does not afford sufficient relief to those people whose taxable income is very, very low. The increase in the exemption does not begin to reflect the erosion in the dollar since 1949. The fault does not lie with the present government, but these changes should have been made progressively over the years as the purchasing power of the dollar declined. In this way substantial relief would have been given to the taxpayer.

The Economic Council of Canada has said that the minimum amount that a married man requires in order to get along today is $3,000. This figure was apparently arrived at after a very careful review of today's cost of living. I suggest, Mr. Chairman, that the basic exemption for a married man should be $3,000 rather than $2,850 and for the single person it should be $1,900. These figures would be more in line with the recommendation of the Economic Council of Canada. However, I suggest that there should be a higher exemption for people in the lower income bracket. The $3,000 exemption is fine for a man who is making $12,000, $15,000 or $20,000 a year but the man in, say, the $8,000 range should have a higher basic exemption.

I suggest that the married man whose income is less than $8,000 should have an exemption of $5,000. This would give consideration to the fact that a man is trying to support himself and his family on that income. Why can this man's basic exemption not be more than that of the man earning $12,000, $15,000 or $20,000 a year? Is there anything unreasonable about that? It is giving relief to the man who may be taxable according to the present law but whose income is, ordinarily speaking, comparatively low. I suggest some such formula should be adopted by the government. If a married man's net income is less than $8,000 he should be given a basic exemption of at least $5,000.

• (3:00 p.m.)

The same thing applies to the single person. The basic exemption of the single man whose annual net income is, say, $5,000 should be higher than the exemption of the single man earning $12,000, $15,000 or $20,000. I suggest that the basic exemption of the single man whose net income is in the $5,000 range ought to be $3,500. I cannot see any particular reason why some formula like that could not be worked out. I am sure it could be worked out and, if worked out, it would give much needed relief. Let me tell you, Mr. Chairman, that I speak from experience. I have prepared every year, I suppose, a couple of hundred income tax returns for various clients. Although some of these people have taxable incomes, I can assure you that it is a real hardship for them to pay even small amounts of taxes. It is hard for these people to pay what, to us, probably looks like a very small amount of tax, yet to them it is a large amount of money. I think it is only fair that additional relief be given to these people. I plead with the government to consider my suggestions before the bill is finally passed.

I realize that it is not in order for anybody on this side of the House to suggest an amendment with regard to this matter, because such amendment would interfere with the revenues of the country. However, I plead with hon. members on the other side of the House to give consideration

to changes along the lines I have suggested, so that taxpayers who may earn a taxable income but who find themselves in the lower income brackets, will be given additional consideration and additional relief. That would not entail a very great loss of revenue for the government of Canada.

An hon. Member: How much?

Mr. McQuaid: An hon. member asks, how much. I have not made that calculation, but it is not a killing amount.

An hon. Member: It would cost over $1 billion.

Mr. McQuaid: It might cost over $1 billion. Yet, the other day the government thought nothing of spending more than $1 billion in order to provide relief in the current situation. The people I have talked about need this relief, and consideration should be given to them. They are hard-working Canadian citizens doing their best to raise their families as good Canadian citizens. Every encouragement ought to be given to them. If a married man's income is below $8,000 a year, I assure you that no matter in which part of Canada he lives, he will have a difficult time making ends meet. Often he cannot make ends meet.

As proof of that you need only look at the number of loans which have been put out by the various finance companies of Canada, at interest rates of 24 per cent. These companies are only in business because these people must borrow to make ends meet. It would be most worth-while, and very much appreciated by the Canadian taxpayer, if the government would consider giving additional relief to these people. I am confident that those in the higher income brackets will not take exception to this and will be only too glad to pay their share of taxes if they feel that undue hardship is not being imposed upon those who are less fortunate in the amount they earn.

There is another matter that I think ought to be considered, and that is the exemptions which are presently allowed for dependent children. The present exemption, of course, is $300 for a child under 16 and $550, I believe, for a child over 16. Under the new bill this $300 exemption is to be reduced, as I understand it, by $1 for every $2 of the dependent's income in excess of $1,000. There $550 exemption, as I understand it, will be reduced by $1 for each dollar by which the dependent's income exceeds $1,050, I believe. I suggest seriously that it is virtually impossible, given today's way of living, to raise a child under 16 for $300 a year. I challenge any member of this House to tell me that he can support a child under 16 and give that child the education which he or she naturally requires on $300 a year. I challenge any member of the House to tell me that he does that in his own home. It just cannot be done, Mr. Chairman; we know it and the government knows it. I, therefore, suggest it is only fair that some additional relief be given in this direction.

The same applies to the child of over 16, because $550 is far from sufficient to clothe, feed and educate a child who is over 16. It just cannot be done. Again, I plead with the government to give additional consideration to these children and additional consideration to the parents of these children who are doing their best, as I said before, to bring up their families as good Canadian citizens. Why cannot that exemption be raised a little? The present

exemption level has been in effect for quite some time. The erosion of the dollar has had its effect; and if $300 was enough five or ten years ago, it certainly is not enough today. I, therefore, ask the government, before it finally asks this House to approve the bill, to give serious consideration to these two matters, the matter of increasing basic exemptions for married and single people whose incomes are in the low brackets and the matter of increasing exemptions for dependent children. Additional consideration ought to be given to people who are trying to raise families, and the government ought to increase dependent children exemption levels to levels which are more in line with the actual cost of educating, feeding and clothing a child today.

• (3:10 p.m.)

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, when I spoke at the second reading stage, of this bill, I said that I intended to further my analysis of the bill as far as the taxpayers, the corporations and the proposed measures are concerned.

Yesterday morning, on my way to Ottawa from Montmagny, I was listening on the radio to a program during which people are invited to express their views on various matters. Yesterday's topic was: What do you think about the income tax reduction proposed last week by the government when a public works program was announced in order to reduce unemployment in Canada? Most listeners who answered the question seemed totally or partially unaware of the exact nature of the problem.

This leads me to say that unfortunately not enough information is given to the population. They may sometimes discuss problems and bills in which they are directly interested but the impact of which they cannot grasp completely. Now, to my mind, it is increasingly urgent that our taxes be levied in such a way as to relieve the individual and the family and allow the worker to benefit from reductions now denied him but allowed corporations.

The problem is extremely serious and is now being studied by the workers, through their professional organizations; that is why I am drawing it to the attention of the government.

I should also like to prove, with the help of a table published when the Minister of Finance (Mr. Benson) brought down his 1971-72 budget, that progressively individuals are contributing more and more, through income tax, to government expenditures, while corporations are correspondingly paying less. In short, the evil has just been displaced.

Government revenues at the federal, provincial and municipal levels during the financial year 1960-61 amounted to some $9,700 million and in 1970-71 to $28,500 million. The taxpayers' share for the payment of the above-mentioned government expenditures was $2 billion in 1960-61 and $9 billion in 1970-71 with respective percentages of 20.6 per cent and 31.5 per cent. Consequently, in 10 years, the total share of government revenues from personal income tax has increased by almost 11 per cent.

Another provision of Bill C-259 authorizes taxpayers to deduct from their income amounts received from their employers as travelling expenses. Now, all hon. members are not aware of the problems which sometimes occur and it is advisable to remind the minister that some abuses are committed in that field at the workers' expense.

What will happen when employers, as is the case now, alas, give for an employee an address other than his real one, so as to officially put him closer to his work and thus deprive him of the compensation under the terms of the law, be it provincial or federal, so that it is the employer who will cash in the compensation instead of the employee. Consequently, I suggest that a closer supervision be exercised in this area, so that abuses may be reported.

Mr. Chairman, other elements of personal income have or will become taxable under this legislation, such as benefits from income maintenance insurance plans to which the employer has contributed and adult training allowances. At the present time, under existing regulations, a person who is being retrained and who receives a weekly allowance does not have to mention it in his income tax return; under the new act he will have to do so, even if this allowance is sometimes the only income he has to provide for his family. That will therefore worsen his financial situation instead of improving it.

That provision applies also to allowances received under the Textile and Clothing Board Act. In fact, that paragraph is especially hard on workers who are liable to become unemployed, especially in Montmagny or in other Canadian localities where the textile industry is gradually reducing the number of its employees. Now, it happens that a board provided compensation which becomes taxable under the new legislation, just like unemployment insurance benefits, scholarships over the $500 deducible for income tax purposes.

The tax cut announced by the Minister of Finance last week is 3 per cent on personal income. This is definitely insufficient, I think, even if the minister said that it will take 750,000 Canadians off the tax rolls effective July 1, 1971. Now, when this figure was mentioned in the House, an hon. member from the government side said loudly: Well, there is a million people who will be exempted.

In my opinion, the government should not be happy that 750,000 Canadians are too poor to pay income tax. It means that too many single Canadians earn less than $1,500 and too many married ones less than $2,850. Is it conceivable that those two categories of people can live on as little as $1,500 and $2,850?

We are told we are going too far when we suggest to raise basic exemptions to $3,000 for single people and $5,000 for married people. But let us seriously consider the matter. Could we, members of Parliament, live in our circle or the one to which we confine those people, with $1,500 or $2,850 a year? Those amounts are clearly not enough and, in a few moments, I shall indicate how we could close the gap in order to allow the government to assume its responsibilities in all areas, with the required funds available to it.

I should also want to illustrate the real situation of the consumers, the workers of Canada in relation to prices they now have to pay and those prevailing 20 or 22 years ago, according to a scale showing the gradual increase in the cost of living.

Thus, the consumer price index, in June 1971, was 135.0 in relation to the basic year 1961. The converted consumer price index for all items based on 1949 was 174.4.

• (3:20 p.m.)

It must be noted that the food and housing sectors, which are key sectors affecting every citizen, and especially those in the lower income bracket, show an index above the 135.0 average, that is 135.9 and 137.5 respectively, according to the Statistics Canada daily bulletin dated September 16, 1971. Those are government figures.

When establishing an index for the personal income tax basic exemptions, we find that this index has obviously remained at 100.0 for the last 20 years, since the amount of basic exemptions has not changed during that period. Compared to what we find in the proposed bill, this index would become 150.0 for single taxpayers and 142.5 for married couples.

Therefore, this index is at a much lower level than the consumer prices index. The compensation, if we can talk of compensation, is therefore only partial and inadequate, taking into account the galloping growth of the cost of living and the frantic increase of almost all indices having a direct incidence on the low income taxpayers.

Moreover the proposed basic exemptions put us far below the poverty levels set by the Economic Council of Canada in Chapter 6 of its Fifth Annual Review entitled "The Challenge of Growth and Change". One should take into account that those definitions are not absolute ones but approximations based on available data. These estimates have been compiled by Statistics Canada.

Two sets of figures can be arrived at. You can consider as poor all people who spend 70 per cent or more of their income on food, clothing and housing. In this case, the level would be at $1,500 for single people and at $2,500 for families of two.

You can also consider as poor all people who spend 60 per cent of their income on food, clothing and housing. In that case, Mr. Chairman, the level would be at $2,000 a year for single people and at $3,500 for families of two or for married couples without children.

In the first case you could consider 30 per cent of the Canadian people as poor and in the second case more than 40 per cent. Apparently the government took into account only the first calculation in setting up the new basic exemption rates. It should be noted that it represents a very moderate and conservative poverty level.

It is said, at page 103 of the Fifth Annual Review of the Economic Council of Canada—I quote:

> Poverty in Canada is real. Its numbers are not in the thousands, but the millions. There is more of it than our society can tolerate, more than our economy can afford, and far more than existing measures and efforts can cope with. Its persistence, at a time when the bulk of Canadians enjoy one of the highest standards of living in the world, is a disgrace.

[Mr. Lambert (Bellechasse).]

Then at page 104 there is this very interesting statement:

> To feel poverty is, among other things, to feel oneself an unwilling outsider—a virtual nonparticipant in the society in which one lives. The problem of poverty in developed industrial societies is increasingly viewed not as a sheer lack of essentials to sustain life, but as an insufficient access to certain goods, services, and conditions of life which are available to everyone else and have come to be accepted as basic to a decent, minimum standard of living.

I cannot speak at great length at this stage as time goes quickly, but let us consider this and see whether it would not be possible to improve conditions further so that more Canadians could have access to that natural wealth available to us and that everyone may enjoy easy circumstances, and I do not mean to become a millionnaire.

According to the Minister of Finance, a good taxation system should respond to a country's economic and social needs. It should relieve the lower income taxpayer whose tax burden is too heavy on account of the cumulative effect of income taxes, sales tax and property tax at all levels of government. People in the low income bracket bear too great a share of the taxation burden.

And the figures I quoted prove it. There was no change in the basic exemptions for more than 20 years. There was nevertheless a substantial increase in the provincial and federal sales tax. The government sees the increase in exemptions from $1,000 to $1,500 and from $2,000 to $2,850 as the most general and basic measure to grant tax relief.

Having shown that individuals are more heavily taxed in 1971 than they were in 1970, I quoted figures that are available to hon. members and the Minister of Finance, who is being invited to amend this bill so as to allow the small wage earners to enjoy larger exemptions and, consequently, a decent living.

However, to have the necessary money to administer the public sector and provide the services people expect, the government will have to find that money somewhere. This is why, seasonably and unseasonably, faithful to the mandate I got from my electors in Bellechasse, I feel it my duty to again tell the government that a thorough monetary reform is essential to put the Canadian dollar at the service of Canadian people.

Mr. Chairman, I am well aware that the government could issue savings bonds for its own financing but, for instance, if I agree with the idea suggested a few weeks ago on the CBC network by a Bank of Canada official to the effect that Canadian taxpayers benefit from the issue of bonds by the government in that the taxpayers may get interest on the savings they want to use to buy government bonds, he should have added that all government bonds bought by chartered banks are used by them as reserves which permit them, under the law, to create new credit by multiplying by fourteen—if they want to—the total amount of the government bonds, which means that a $1,000 bond may be used to create new credit amounting to $14,000 and on which chartered banks can collect interest.

As for such interest, it is paid by Canadians and that is why we want this financing system to be changed so as to relieve the Treasury of this burden—interest paid to these banks which are exploiting Canadian credit to their benefit. That is what Mr. Edison had to say on this question. I would like to quote his words on bonds and currency.

If this country can issue a one dollar bond, it can issue a one dollar bill. A note is as good as a bill. The difference between them is that the bond allows the holder to collect twice the amount of the bond and an additional 20 per cent—

That was some time ago. Today, he would say 14 times instead of twice.

I continue:

—whereas the bill does not profit anybody except those who contribute to the basis of its value.

It is nonsense to say that this country can issue $30 million in bonds, but not $30 million in bills. They both constitute a promise to pay, but one fattens the money lender and the other helps the public.

The credit standing of a government is based on the people. Why then is the public denied the benefit of its own prime credit standing by having a currency unburdened with interest—instead of bankers benefiting from the people's credit through interest-bearing bonds?

If the government were to adopt the policy of increasing the national assets instead of helping feed those who collect interests (the national debt consists entirely of service charges), you would witness an era of progress and prosperity in this country which otherwise will never materialize.

Mr. Chairman, I think that this great thinker had thoroughly studied the system before voicing such a sensible opinion on our monetary system and showing what the government could do in order to obtain the funds required to serve the community well.

The Deputy Chairman: Order! I regret to interrupt the hon. member but his time has now expired.

• (3:30 p.m.)

[*English*]

Mr. Skoreyko: Mr. Chairman, I am delighted to take part in the discussion of this bill this afternoon, particularly since the bill is in committee of the whole. As you know, I am probably one of the strongest advocates in the House of Commons for a return to this traditional system of having bills reviewed by the entire House rather than a powerless committee. When members of the Liberal party have had an opportunity to read and to study representations made to the committee of the whole on the bill before us, I am sure that they will recommend in caucus to their leader that there be a return in the near future to some of the traditional rules that make Parliament so meaningful.

May I make one other point before I comment on Bill C-259? Under the new rules I find it somewhat frustrating that, in the absolutely sincere desire of the Speaker to accommodate as many members on this side of the House as possible and to allow them to ask questions in a limited one hour question period, what the Speaker is really doing, unintentionally, is preventing certain members from pursuing very serious questions. What I am saying is no reflection at all upon the Speaker himself who, as I say, is absolutely sincere in his desire to protect the rights of members; but in the exercise of this desire some of us are denied the opportunity of pursuing to the end serious questions during a one hour question period. Again may I say I hope that the members on the Liberal side of the House will recommend to the leader of their party the restoration of procedures and traditions that should be followed in the institution that I know to be Parliament.

In discussing the bill before the committee, I must say I do not know what a Member of Parliament must do to convince the Minister of Finance that by the actions he has taken since assuming his office some years ago he has done very little to ingratiate himself to the Canadian people. He has presented so many mini-budgets since the introduction of the white paper that Bill C-259 will be completely emasculated before it becomes law. I think that in the government's mad desire to cover up its bungling of the economy generally, and as a result of its total loss of communications with our allies across the border, the United States, the Minister of Finance is trying to repair the damage done by bad policies by presenting mini-budgets.

Over the last several months the members of this party have made certain strong recommendations to the minister. We suggested some months ago that the government substantially reduce personal taxes, that the government substantially reduce corporate taxes, thus giving some degree of incentive for expansion. Both of these recommendations were accepted last week, and we now have a meagre 3 per cent reduction in personal income tax and a 7 per cent reduction in corporate tax. To me, Mr. Chairman, this action represents an act of total and complete frustration; it is too little, too late.

Earlier in the year we strongly suggested to the government that we should return to some of the programs implemented in the early 1960's, such as the winter works program. The reports and information that have come across my desk indicate that the Minister of Finance, and certainly the leader of the Liberal party, the Prime Minister of Canada, would not consider a program like this because it was a Tory program of the early 1960's. There is some semblance of a winter works program in the offing now. I notice that in the last few days delegations from various provincial governments have been in Ottawa asking for relief, for some clarification of existing policy so as to determine whether or not they will qualify for benefits under the announced program and, if so, when someone in Ottawa will let them know how and when to act.

I think that the problem we in western Canada in particular encounter is that we have to contend with weather that is much more severe than the weather in eastern Canada. I am sure that the Parliamentary Secretary to the Minister of Finance knows the type of conditions in which we in western Canada have to work.

Mr. Mahoney: The weather in Calgary is not nearly so severe as the weather in Ottawa.

Mr. Skoreyko: It is as far as homebuilding and construction generally are concerned. We have asked for an injection of funds in the area of land acquisition. We have asked for an injection of funds into the housebuilding industry in general. Some time ago, it was announced that assistance for low cost housing would be entertained by the government, and we were told that the government would look at any development that would create homes for the needy. Recently an application from Edmonton arrived on the desk of the minister responsible for housing. The applicant was requesting the minister to consider making funds available, through Central Mortgage and

Housing Corporation or whatever was the responsible body, for the development of a mobile homes park. When I contacted the minister's office there was some suggestion that there might be legislation under which such a program could conceivably be covered, but in the end the answer I was given was to the effect that no such program existed and therefore nothing could be done for the applicant concerned. Very fortunately for the city of Edmonton, the party in question was able to obtain money privately. The development is now going ahead and providing 900 badly needed homes in the area at a cost that people can afford.

We have already asked the government seriously to consider removing discriminatory legislation that prevents commercial developments in certain cities across Canada taking advantage of the depreciation allowance write-off provision. When that legislation was brought in, to all intents and purposes, it was supposed to be a temporary measure, first for one year, and then for two years. Surely, it is now time that the government considered putting Vancouver, Calgary and Edmonton on an equal footing with Montreal and the other major cities of the country.

• (3:40 p.m.)

The other day when I spoke in support of the amendment proposed by the hon. member for Edmonton West I dealt at some length with the proposals in Bill C-259 having to do with incentives to the oil industry in western Canada. I pointed out that the companies participating in activities in the Mackenzie delta will require vast sums of money in the near future in order to continue development there. As the parliamentary secretary well knows, I pointed out that our companies can operate within a fair and reasonable tax structure, if given desired tax benefits equal to those provided for foreign competitors. I pointed out that in order for our people to reap the benefits of this kind of development, our companies must have a tax structure in Canada that would enable them to generate and attract vast sums of money as capital for this kind of venture.

I pointed out that the government should be looking seriously at offshore exploration. This kind of development has interested the United States government for many years. On CBC television only a week ago there was a lengthy documentary dealing with the potential resources under the waters off North America. It is not inconceivable that within the next ten, 15 or 20 years the prime suppliers of our oil needs in North America will be those companies that are drilling in the waters of the Pacific and the Atlantic off our mainland. I suggest that implementation of Bill C-259 as presently proposed will continue to favour those elements in the tax structure which lead to foreign domination of Canada's oil industry. At a time when public concern favours nationalism in this area, some serious changes are warranted that at least would provide parity incentives for Canadian investors in the oil and gas industries.

Perhaps the only solution to this problem is that tax laws in Canada should provide some basis for at least fair competition with foreign concerns. This objective could be achieved in one of two ways—providing a shelter for Canadian companies or changing the tax laws to provide a true incentive for Canadians to participate in risk ventures which lead ultimately to its development of our own resources, regardless of the tax position of these industries relative to other industries in Canada.

Bill C-259 is a bulky document. I think that the way in which the government has approached tax reform as a whole is cumbersome and unyielding. It has adopted an unprecedented approach to tax reform proposals. First, we had that well known white paper, and then an invitation by the government for Canadians to participate in discussing that document. Over and over and over again, we heard contradictory statements from the Minister of Finance, attempting to clarify some of the confusion that arose therefrom. Is it not ironic that the government could spend $44,000 to put out a document known as "The Proposals for Tax Reform," and then spend $190,000 to answer the criticism arising therefrom? Then it came out with another document that probably cost equally as much, called "Summary of 1971 Tax Reform Legislation," which is not even related to the first one.

I want to put on record the views of the Canadian Council for Fair Taxation as found in their publication, *Guardian*, with respect to the white paper on taxation. This is what they have to say about this "disturbing socialist document," and I quote:

> It is a little difficult to understand a man such as Mr. Benson who is recently reported by the press as saying "I didn't go to university to benefit society generally." We believe you, Mr. Benson, and this raises the question—just who is supposed to benefit from your activities in government? Most responsible people would like to think that their efforts benefit society as a whole, but possibly Mr. Benson is primarily interested in benefiting a small group of radical theoreticians in Ottawa who believe that it is their God-given duty to turn Canada into a socialist state.
>
> It is doubtful that many Liberal M. P.'s are any more delighted with the white paper proposals than are their opposite numbers in the Conservative party. The fact is that these proposals are now Pierre Elliott Trudeau's proposals. This was made abundantly clear on March 4 when he spoke in defence of the proposals in Toronto's Royal York Hotel during a fund raising dinner of the Toronto and District Liberal Association.
>
> At one point in his speech he said "We have deliberately provoked a public discussion, with all its political risks, so that Canadians will have an opportunity to make constructive suggestions and the government will be able to improve its proposals."

Mr. Deachman: On a point of order, Mr. Chairman, I wonder if the hon. gentleman would be willing to identify what he is reading from, the date of it, and the author, so that we would know the source of that material?

Mr. Skoreyko: Mr. Chairman, I cannot help it if the honourable whip is asleep. I said I was quoting from *Guardian* of April, 1970. If he had been paying attention he would have known that.

Mr. Deachman: What *Guardian* is that? Is it the Manchester *Guardian*?

Mr. Noble: A guardian angel.

The Deputy Chairman: Order. The hon. member is entitled to ask for identification of the document, but the hon. member for Edmonton East has said that, to his satisfaction, he identified the document.

Mr. Skoreyko: I am not reading from the guardian that has been protecting the whip's political future. Now, going back to the point at which I was interrupted, I quote:

At one point in his speech he said "We have deliberately provoked a public discussion, with all its political risks, so that Canadians will have an opportunity to make constructive suggestions and the government will be able to improve its proposals."

Well, they have improved them, Mr. Chairman. They have improved them thoroughly. As I pointed out a minute ago, there is no relationship between the two documents. These two documents are not even cousins. I continue to quote:

In the next breath, Mr. Trudeau is quoted as saying the paper is too complex for anyone to be for it or against it. Why publish proposals if they are too complex for Canadians to understand? Why encourage discussion and then turn around and try to intimidate opponents of the proposals, as he did at the dinner, by saying that his government will not be "bullied or blackmailed by hysterical charges or threats."

• (3:50 p.m.)

That kind of language is not new to us. We have listened to it since 1968. We hope the Prime Minister, the Minister of Finance and others in the Liberal party will be able to justify that kind of language at the next election. I pointed out earlier that Bill C-259 is so thoroughly complicated that in my discussions I find that chartered accountants—certainly I am not one—and lawyers who purport to be tax experts all say the same thing in the end. They find this legislation very difficult to interpret. Indeed, they find the bill extremely difficult to translate into everyday language so that everyone can understand it. If I were to speak about all the anomalies in this bill I would be here quite late in the afternoon.

What are some of the anomalies? First of all, it is unique. I thought for once the government would be sensitive to the individual who has to provide himself with certain tools of his trade or profession in order to be able to earn a living. The government of Canada has allowed $150 for the replacement of those very essential tools. I suggest there are not very many votes in that kind of legislation. Mr. Chairman, I see you are about to catch my eye.

The Deputy Chairman: Order, the hon. member's time has expired.

[*Translation*]

Mr. Fortin: Mr. Chairman, it is my duty in my capacity as member for Lotbinière to speak on this matter since it gives rise to a genuine interest on the part of my fellow citizens.

Before dealing with the main subject, I would like first of all to mention two points. In the first place, our society cannot tolerate a poverty level as high as that which is prevailing now. As my colleague from Bellechasse (Mr. Lambert) was saying, the victims of poverty are no longer numbered in thousands, but in millions. The state of dependence of those underprivileged persons is frustrating and disheartening. They see no hope in the future. Furthermore, the most expensive things for them are housing, food and clothing, in view of the uncontrollable increase in the cost of living and despite the fight of this government against inflation.

It is therefore my duty, as member for Lotbinière, to speak out in this House and to say on behalf of my fellow citizens that this situation is totally unacceptable and shameful to Canadians, and to demand a sweeping monetary reform in order to have in this country more justice, humanity and fairness.

Mr. Chairman the study of Bill C-259 casts a shadow over the whole federal administration because it cannot, under the present administrative concepts, exist without the taxation system. In fact, sufficient revenues must be assured to the federal government in order to assist its administration and projects while giving, through a revamped, updated and more equitable tax system, more justice to the Canadian taxpayers.

Governmental objectives may be commendable but it does not necessarily follow that they are reached by the present tax proposals.

The main estimates give a good idea of the expenditures forecast by the government. For the fiscal year beginning April 1, 1971 and ending March 31, 1972, the government has forecast expenditures totalling $14,352 million, that is approximately $660 per capita. Consequently, to cover at least partly these foreseeable expenditures, the federal government must collect an average of $660 from each Canadian citizen, whatever his age or revenue.

However, as all Canadians do not pay income tax, some of them do not earn enough to do so, only a certain number of Canadians bear the brunt of taxes. In fact, Mr. Chairman, children, people without income, mothers who slave away at home but do not gain any earnings, do nothing to fill the coffers of the state. On the other hand, the redistribution of government expenditures, *per capita*, represents, as I said, the amount of $660; this means that the tax burden is increasing for a decreasing number od Canadians, since fewer and fewer of them earn enough to pay income tax according to the scales drawn up.

For instance, the Minister of Finance (Mr. Benson) himself plans to exempt 750,000 Canadians of taxes; this means that, as time goes by, the burden which grows increasingly heavier in proportion to rising governmental expenditures is re-apportioned among an increasingly restricted number of Canadian citizens.

Needless to say that no taxpayer can be compelled to pay taxes if he has not a sufficient income to do so. Whatever one may think, we must not necessarily rejoice because there are fewer and fewer Canadian taxpayers, since it means that they are penniless, therefore entirely dependent on governments for the necessities of life or minimum means of living. In other words, poverty continues to grow even if governments are increasing programs, studies, projects and slogans such as that about the just society which never came true.

All those individuals who do not assume their tax burden are effectively excluded from the economic life and consequently, do not take part in production. They are increasingly helpless as far as consumption is concerned, that is they do not have the necessary means to satisfy their legitimate consumer needs. Indeed, if on account of old age, youth, studies or physical or mental condition a person has no income, this means that he is

unable to satisfy his minimum requirements. Thence the main duty of the authorities of this country, at every level, is to set up the required programs to enable these persons to participate in the economic life of the country, to get their rightful share of the national production, that is to be able to play their role as consumers in a worthy and satisfactory manner.

• (4:00 p.m.)

And that, Mr. Chairman, can only be done through a tax exemption. But we must go further and ensure social security to all Canadians. And, one must admit that present programs, both federal and provincial, are not only insufficient but also often provocative and humiliating at all times. In fact, the administration of such programs is by itself extremely costly. The largest part of the funds available for social security are systematically eaten up by administrative costs, the payment of the staff whose output, in general and very often, is not equal to 20 per cent of what it could be. The thousands of investigators who travel through our ridings to find the one case where assistance could be refused must be paid.

That is where we stand with these many investigations, all equally ridiculous and embarrassing for their victims. Help cannot be given without an investigation which often looks like provocation, blackmail or intimidation.

A government official—I did not talk like that before becoming a member of Parliament, as I was not sure of it, but I can say it now—is a man who protects his job and future; he does not serve the public. The pencil is a fine tool not to be manipulated with the feet.

Anyhow, there are still good officials and I readily admit it but they are drowned in the diversity and complexity of programs, in the number of cases submitted and in their wish to get promotions. The frightening number of officials costs a mint of money. It goes without saying that government expenditures in that area—and everybody will agree with me—will go on increasing but the problem will never be really solved.

Let us consider for one moment the fact that on each tax dollar paid by a Canadian taxpayer, more than 25 per cent—or 25 cents—is spent to finance the health and social welfare programs. That item is the largest of the budget and it will continue to increase because Canadians have always less income to enable them to contribute to the tax system by paying personal income tax. Has social welfare become Canada's main industry?

When we are told that a new tax table will help lower the level of poverty in Canada, it is all completely false, it is misleading our citizens, because if the government agrees to deprive itself of one source of income by granting exemptions to a number of Canadians, it is because it cannot do otherwise. As a matter of fact, these people having almost no income are no longer able to pay tax. The government is not doing them any favour by granting them an exemption; it only recognizes their poverty.

This brings me to the second point of my remarks. Those who pay and will continue to pay the greater share of income tax under this tax reform will be, as the Minister of Finance said himself, those in the middle class, that is those whose income is between $7,500 and $12,000 a year. They are the ones who will suffer most from this tax reform. Those people will pay for those who are exempted and they will not get more services from governments in return. By increasing their tax burden, the government will continue to discourage their personal initiative, their interest in earning more, in progressing and, in the end, they will become the next group of poor. Tomorrow, we shall be asked as members of Parliament to examine government measures to assist them. In fact, government programs now in effect apply to only two groups. They are first designed for rich people whose progress we are furthering through innumerable grants to business for investment or employment purposes, and vote-getting, if possible. On the other hand, government assistance goes to the very poor that we keep on making poorer since government programs do not suffice even to guarantee them a minimum, the major part of funds being swallowed up by administration costs.

Thus big businesses depend on social economic assistance and the poorest are on plain social assistance. Whichever it is the one in between pays. The intermediary class falls between two chairs. The corner shopkeeper, the small employer, the workman, the farmer, those who move heaven and earth to make a living, bring up their families as decently as possible and remain the least bit independent pay for the rich, the haves and also for the have-nots, those who have nothing, who are in poverty. And it is precisely that class which, according to the new tax tables will be most heavily taxed on income.

Just what does the government want? That is the great question.

The debate on fiscal reform raises again the question of the government's general administration and its guiding principles. The following conclusions should therefore not come as a surprise: First of all, poverty continues to increase in Canada at a staggering rate. Secondly, increasingly more Canadians are directly dependent on public handouts to make a pretense of living. Thirdly, increasingly fewer Canadians are producing. One needs only to look at the number of unemployed, non-producers and therefore earning no income to realize it. Fourthly, fewer and fewer Canadians are able to adequately enjoy consumer goods, that is to say that their basic needs are never met because of unsufficient resources. Fifthly, the various programs aimed at creating jobs and bringing social relief are finally no more than poultices on a wooden leg and one must be blind to ignore that.

By the way, even this government realizes that, because it announced last week that more than a billion dollar would be put not into circulation but at the disposal of Canadian industries in order to create jobs and to fight poverty. This shows how this government failed to solve that problem. Therefore we only can find the solution in a thorough monetary reform essentially aimed at the individuals in order to give them financial security, whoever they may be, without affecting their personal freedom.

To do that, we must base such thorough monetary reform on the fact that every Canadian has to fulfil his role as a fullfledged consumer when he is excluded from the process of production without being responsible for it. Only in this way shall we succeed in solving the basic problem—which can be expressed in the following paradox: how can poverty be so great in such a rich country?

This is why I fail to see how the proposed tax reform is going to help solve the economic problem of Canada. This tax reform is mere window-dressing. We just go round in circles within a system which, in the last resort, systematically creates poverty instead of checking it.

I will therefore request that rather than complex tax reform which will solve nothing, thorough monetary reform be effected which will ensure healthy, normal development for every Canadian, regardless of language, race, religion or wealth.

[*English*]

Mr. Faulkner: Mr. Chairman, I will speak briefly in this clause by clause discussion because, as the committee knows, the discussion on clause 1 allows for a rather wide ranging debate. I will be very specific. I said at second reading stage of this debate that I felt there should be no unnecessary delay. I felt that was the case because there had been so much discussion in the country on tax reform. I felt it was only fair to Canadian citizens and businesses and all those participating in the economy that the ground rules under which they will be operating be decided upon by Parliament as soon as possible.

• (4:10 p.m.)

I have also expressed my broad support for the measures before us. In the past I have argued strongly on behalf of higher exemptions, particularly for senior citizens. They are in this bill. There are a number of other provisions which we on this side of the House have argued for and they are in this bill and should be approved.

The only reason I am speaking at this time, Mr. Chairman, is as a result of a very interesting and important meeting which I had in my constituency last week with members of the Peterborough Credit Union movement. The meeting was convened by the members and what struck me most about it was the reasonable tone and the reasonable approach of all the people there. They made no attempt to vilify the government; they never called into question the intentions of the government, but simply placed their case before me, outlining the implications of this bill to their credit unions. I was so impressed by the high mindedness and reasonableness of their representations that I felt I would like to make their case before this committee to the Parliamentary Secretary to the Minister of Finance and to the Minister of Finance himself.

Mr. Chairman, in this debate other hon. members have alluded to expressions of concern from credit unions, co-operatives, and representatives of the Caisse Populaire about the implications of the provisions in this bill. A week or so ago amendments were tabled by the minister which seriously alter the impact of the original provisions of the bill. I think these amendments are a move towards meeting the objections and anxieties expressed by the representatives of the credit unions. In my discussions with the representatives of the credit unions in Peterborough, they agreed.

I think it is important when constituents make their objections and fears known that this House, either in its capacity as the House of Commons or in committee of the whole, deal with such expressions of concern. I should like to read short excerpts from one or two letters to indicate the sort of comment I have been receiving. Here is part of a letter from a lady residing on Harvey Street in Peterborough:

> Credit unions have been in Canada for 50 years and I have been a member for over 35 years.
>
> This volunteer organization has been of great benefit to me when banks would not help me.
>
> There are many citizens in Peterborough who have had the same experience as I have had. When this number is multiplied by every area in Canada the number of citizens helped would reach the millions.

This is an expression from a lady at Lakefield, Ontario, the area in which I am a resident:

> Being a worker in the credit union, I am in position to see the help it has been to people who may not have received from other sources, it has been a great help to me at various times.

The point being made in both these letters, and the one I am about to read, is that credit unions have been of immense help to a wide variety of citizens who have found that other financial institutions were not available to help them. They have helped the people largely through self-help operation and, in turn, they have performed a service to the country which other financial institutions failed to do. I think it is important that this be recognized.

Here is a letter from Mr. Phillip Day, one of the leading figures in the credit union movement in the Peterborough area. He writes:

> I am writing this letter out of concern for the fate of our credit unions. As you are probably well aware, the credit union movement has provided an invaluable service to the millions over the years who have needed financial assistance, financial assistance at reasonable and moral rates of interest.

I think that is an extremely important point.

There are credit unions and credit unions, Mr. Chairman. There are large credit unions with large reserves, credit unions operating in some provinces which compare in practically every respect to banking institutions. One would be hard pressed to say that they should not bear the same tax load as other financial institutions. The Minister of Finance has to deal with the law as it applies in all parts of the country. We cannot have laws applying to different provinces. The minister has to take into consideration the fact that there are large and extremely affluent credit unions which in many instances should probably be dealt with in the same way as banks. However, there are other credit unions, and a number are in my constituency, which are small, parish credit unions, entirely operated by volunteers which serve the people of the parish in a way that no other financial institution has been prepared to do up to the present time. One parish credit union has written to me, as have a number of its members.

I should like to read a brief excerpt from a letter written by the secretary to St. Paul's (Lakefield) Parish Credit Union Limited. This covers several points made in other letters which I shall not read, and it reads as follows:

> Most credit unions are formed by groups of people with very limited financial resources but by combining their resources were able to help each other within their community, parish or industry, depending upon the limits of their bond of association.
>
> In the case of St. Paul's (Lakefield) Parish Credit Union—it was formed about 17 years ago by 20 interested but impoverished

people. We worked together, saved together, pooled our limited resources to help each other, worked and served without remuneration for the benefit of group as we were able and thus helped our community as well as ourselves.

Policies, decisions and election of officers are run in a democratic manner on the basis of one member, one vote.

Seventeen years ago many people were caught in a vicious poverty cycle. Unable to borrow money to buy a house they were condemned to rent at every increasing rental fees without hope of reprieve, or unable to borrow funds to start a small business or to become self-employed, they were forced to keep working at whatever was available just to keep from falling more deeply into poverty.

If you will recall, banks at that time were unwilling to loan money unless secured by bonds or other like collateral. Thus if a man had to borrow, he was forced to deal with the loan sharks of finance companies who charged very high rates of interest (over 20 per cent), and in addition had hidden or penalty charges with which they snared the unwary borrower.

Credit unions gave the average man the chance to better himself by encouraging him to save whatever he was able and for which he was able to earn a reasonable return of 3 per cent to 6 per cent. In addition he could borrow money for any useful purpose at a reasonable rate of interest (1 per cent per month on the unpaid balance). The loan being covered by life and disability insurance.

Mr. Chairman, this letter expresses very succinctly, in part, the history of a small credit union in a small parish in a small village in central Ontario, namely, Lakefield. It expresses a history which has been repeated time and time again in various parts of this country. It expresses the service that credit unions of this kind have given to people who were denied comparable services at comparable rates by other financial institutions.

Mr. Alexander: When did you find that out?

Mr. Faulkner: If the hon. member for Hamilton West will bear with me, he will learn something from this speech. I know there are credit unions in Hamilton. We have heard a great deal from him on other subjects and now he should develop the same capacity for listening as he has developed for speaking.

I said I wanted to be brief, Mr. Chairman. I am simply making this intervention because these matters were raised at the meeting I had with credit union representatives in Peterborough. At the end of the meeting a resolution which had originally been put forward by the Ontario Credit Union League Limited was agreed to. They felt that if the government could see fit to accept this proposal it would help the small credit unions considerably. I am putting it forward, having outlined the background to the Parliamentary Secretary to the Minister of Finance and to the Minister of Finance himself. I ask them earnestly and sincerely to consider this proposal and to see if they cannot accommodate the desires of the people with whom I met the other night. I will simply read the proposal:

(4:20 p.m.)

That credit unions which, within 90 days of the end of the fiscal year, distribute sufficient earnings, after providing for the statutory transfer to the guarantee fund, to reduce their undivided earnings to an amount not in excess of 5 per cent of their net income (after the required transfer to the guarantee fund) for the fiscal year shall be exempt from tax.

This proposal, it was felt, would protect the small parish credit union and would protect those credit unions which distribute money to members which, as we know, is taxed at the personal level. This proposal was put to me seriously and sincerely. It is a proposal which I now commend to the government. I ask the government to consider it carefully and see if it cannot be incorporated in the bill. I have talked to the Minister of Finance and have talked to the parliamentary secretary. They are compassionate, generous men and, I am sure, if they can possibly accommodate my constituents, they will.

Mr. Alexander: And what does the parliamentary secretary say? Is it yes or no?

Mr. Nystrom: Mr. Chairman, first may I commend the hon. member for Peterborough for bringing forward the case of the credit unions in his constituency.

Mr. Alexander: He was showing compassion.

Mr. Nystrom: I hope that we can get agreement in this House about the type of amendments that will be moved relating to credit unions and co-operatives. I know that last week the Minister of Finance introduced a number of amendments relating to credit unions, and I know that some of those amendments go in the direction that credit unions want. Nevertheless, co-operatives and co-operative union people of Canada are still unhappy about the lack of real consideration which has been given to the co-operative movement. The hon. member for Peterborough suggested in his speech that there are many people on this side of the House who, like myself, want to see the tax bill as proposed amended to take into account many of the suggestions made by the co-operatives and credit unions of this country. I know that many members of the Conservative party and of the Social Credit party feel the same way; so, perhaps we ought to convince—

Mr. Alexander: The parliamentary secretary.

Mr. Nystrom: —the parliamentary secretary and the Minister of Finance.

Mr. Alexander: The parliamentary secretary is the one whom we must convince.

Mr. Nystrom: Seriously, we must try to convince the Minister of Finance to bring in more amendments to this tax bill. Since a number of people on both sides of the House agree on the types of amendments needed in this area, let us bring them forward.

Mr. Mahoney: At the rate we are going, we will never have the chance.

Mr. Nystrom: Let us show the people that there is participatory democracy at work in this country. Let us listen to the grass roots opinion. We can arrive at a consensus.

Since I come from Saskatchewan, the co-operative movement is particularly important to me. I have always been an active and ardent supporter of credit unions, co-operatives and wheat pools. In the 1930's many farmers and working people of my province faced difficult economic conditions. First, they could not grow the grain because of the drought, and even if they managed to grow something they could not sell their produce. They had to fight the grain exchange in Winnipeg and the many other

agencies that they found overpowering. Many people saw in co-operatives their only means of defence, and that is how this idea spread across the province of Saskatchewan.

Today you can go to almost any small town or village in my province and find a co-operative store. That store is run and directed by local members who are residents of the community. You will also find that in many small towns and villages in my province there is a credit union where local people deposit their money and borrow money that is needed to keep a business, farm or household going. The grain growers of the province got together and formed the wheat pools. As I said, all these organizations form an important and integral part of rural life, indeed, of all life, in Saskatchewan. I do not want to see this way of life threatened. I think it is valuable and should be preserved.

Really, the basic philosophy behind a co-operative is different from that behind a corporate business enterprise. The purpose of the co-operative is very much different from the purpose of the huge multi-national corporation or of any other corporation in the country. For example, the money made by credit unions and co-operatives is not really a profit. Any surplus earned by the co-operative represents savings for the advantage of the members. The co-operative, therefore, does not really earn an income in the way that other corporations or business enterprises earn an income. The money that co-operatives or credit unions make as profit, if you want to call it that, is paid out in turn to the members in the form of dividends. Of course, this money is taxed at the personal level after it is in the hands of the individual members. The very philosophy of the co-operative is that one member shall have one vote. Co-operatives have arisen because people of a community have got together, regardless of financial background, and formed an institution with which to help themselves. This is the type of thing we ought to be encouraging and not discouraging in Canada.

There are many co-operatives, credit unions and other co-operative institutions in my constituency. I have received literally dozens of letters from them. I could follow the example of the hon. member for Peterborough and read several letters from older people who have been in the co-operative and credit union movements for many years. I could read several letters from managers from various credit unions and co-operatives who are expressing concern about the effects of the tax bill; however, I will not do that at this time. I shall simply read part of one letter that I received the other day from the general manager of the Yorkton Credit Union, one of the largest credit unions in our part of Saskatchewan. To show hon. members how well accepted and widely used this institution is, may I quote one or two sentences from the letter, as follows:

> We are writing to you as the representative of this constituency in the House of Commons in Ottawa in connection with the new tax provisions now before Parliament. This credit union is made up of 5,932 members—

That, Mr. Chairman, shows that nearly 6,000 people in one community belong to one credit union. As the hon. member for Peterborough said, many of these people could not get the financial assistance they need from private banks or private financial institutions, and therefore they make use of their credit union.

I realize that some of the amendments which have been introduced go a long way towards satisfying some of the wishes of the credit union movement. As I said before, I hope the minister and the parliamentary secretary will display the same attitude towards the co-operatives.

I think all members of the House received a letter the other day, dated October 15, 1971, from the Co-operative Union of Canada. That letter is very important and I should like to read part of it this afternoon. It is addressed to all members of the House of Commons and reads:

> Gentlemen:
>
> Since we wrote to you on September 20th, the government has introduced amendments to Section 135 of Bill C-259 relating to the taxation of co-operatives.
>
> Co-operatives wish to advise you that these amendments do not meet the objections of co-operatives.
>
> Co-operatives insist that the fundamental distinctions in their nature be respected by the taxation statute. These distinctions are:—

I think it is important to note the distinctions between co-operatives and private corporations. I continue quoting:

> (a) the co-operative provides primarily a self-help service required by its members.
>
> (b) the co-operative distributes its earnings to its members in proportion to member business.
>
> (c) the co-operative raises and "services" its equity capital by revolving the same in relation to the use of the co-operative by its members.
>
> (d) the capital contributed by a member of the co-operative is to provide himself with services and not to produce a return on investment.

These are some of the things that we must keep in mind when considering the legislation that is before us. There are a number of other things I could say in relation to co-operatives and credit unions. I am sure the Parliamentary Secretary to the Minister of Finance, that congenial soul, will take these suggestions very seriously. I am sure he now understands the objections of co-operatives right across Canada.

• (4:30 p.m.)

As I have said before to the parliamentary secretary, these cooperatives are very much a part of life in Saskatchewan, particularly in the small communities. We all know about the rural urban shift. Last year the population in the province of Saskatchewan dropped by over 30,000. One of the things that makes a rural community viable is a co-operative or a credit union. If we do anything to impede that development, we add to the rapid exit of people from rural Canada to the urban centres. This is of real concern to many Canadians. We should not try to expedite that trend in any way, shape or form through the taxation system. We should be doing exactly the reverse, trying to help people stay and find jobs in rural areas.

I want to make a few general comments on the tax bill before us. It is a very big and comprehensive bill containing over 700 pages, but it does not represent real tax reform. I was surprised and perhaps even amused by the remarks of the member for Edmonton East. He complained about the tax bill being a very socialistic measure. I do not know how anyone in his right mind could take these comments even a little bit seriously. This is exactly what the bill is not because it protects the status quo in

this country. It continues many of the inequities we have had in our tax system for many years.

In 1962, the Diefenbaker government appointed a royal commission to study taxation which was known as the Carter Commission on Taxation. This commission stated that Canada has one of the most unfair tax systems of any country in the world, and that we should do something to remedy it as rapidly as possible. It referred to the hundreds of millions of dollars that are escaping taxation in this country. The reference was to many of the oil companies and extractive industries that each year receive a beautiful tax holiday from the people of Canada. The hon. member for Duvernay, who left the Liberal cabinet a short while ago, made many speeches on this topic. It is about time we started taking him and other economists very seriously with regard to what we are doing to our economy.

Why do we continue to give tax holidays, extra benefits and concessions to many of the large extractive and resource corporations in this country? They do not provide many jobs. As everyone knows, we are exporting jobs by following this type of policy, a situation which would be changed to a large degree if we changed our taxation system to make these corporations pay their fair share of taxation in relation to everyone else in the economy. This is one of the more serious gaps in this huge tax reform bill. I believe these corporations should be paying their fair share of the taxes. If they did, they would be making a greater contribution to Canada and its economy.

We have a 7.1 per cent rate of unemployment in Canada. One reason for this situation is that a large part of our economy is foreign owned. We are a branch plant economy. When things go wrong in the United States, naturally the branch plants here close down. In order that the United States may protect itself, it must make things difficult here. It is like a tree that is in trouble. If something happens to a tree, it is the branch that dies first, not the trunk. Those are things we should be considering on a long-term basis instead of the little reforms contained in this tax bill. This would be one way of having full employment in Canada. It is something we will have to do.

Another point I want to make is that the tax bill before us, as it is constituted, is not based on the principle of equity. We still have a great deal of inequity in our tax system, and this bill will not change that. In the special budget announcement made the other day, we were told that corporate taxes will be lowered by 7 per cent for the next year and a half and personal income tax by 3 per cent of the tax payable. Here again we see the inequity in our tax system. The 3 per cent reduction in income tax is also regressive, not progressive, taxation. It helps the person earning $30,000, $40,00 or $50,000, as well as Members of Parliament, more than it helps the vast majority of Canadian people. These are the types of things we should be getting away from. Many people on the extreme right of the political spectrum say that if we do this, we will discourage initiative. But they forget that very few people in this country have that type of money.

In this type of legislation, we are protecting only a privileged few. According to the Dominion Bureau of Statistics, over 90 per cent of the people in this country do not own any stocks or bonds and do not collect any money from the stock market. Of those who do, many do not collect very much. If we reformed the taxation system, we would be encouraging the vast number of Canadian people who are ordinary citizens. In turn, we would be stimulating the economy and giving the ordinary person a fair chance. We would be encouraging his initiative rather than that of some director of a multinational corporation who is probably sitting in New York or Chicago. This is the direction in which we should be going.

Let us not get carried away by the hysterical fear of socialism held by some of the extremists in the Conservative party. Let us look at it in a sensible way. If we redistribute wealth and power in this country, the ordinary worker, farmer and small businessman can play a meaningful role in the economy of this country. That is not being done today. Let us not kid or fool ourselves. The gap between the rich and the poor is the same today as it was 20 years ago. It is only necessary to look at the Senate report on poverty to ascertain this fact. It pointed out that the top 20 per cent of the Canadian people earned 40 per cent of the income in this country and the bottom 20 per cent earned 7 per cent. It has been this way for the past 20 or 30 years.

An hon. Member: That was in 1961.

Mr. Nystrom: That was in 1961. Those figures are relevant up to, and including, 1968 and 1969. This government has not done anything significant to change the fundamental structure of taxation and power in this country. It is those things we should be doing immediately.

In conclusion, I wish to again encourage the parliamentary secretary to bring in more amendments concerning co-operatives. We have a consensus on that. At least we can get that far on the tax bill now before us. We should forget some of our old hang-ups about protecting and giving gifts to multinational corporations, and begin helping the ordinary Joe in Canada. We can do it. If we do, we will have a much more viable economy and country in which to live.

The Chairman: Order. Before I recognize the hon. member for Grey-Simcoe, I might be permitted to read the details of the proceedings for the adjournment debate this evening.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Halifax-East Hants (Mr. McCleave)—Royal Canadian Mounted Police—Use of informers—Repudiation of statements by Robert Eadie and father; the hon. member for Selkirk (Mr. Rowland)—Taxation—Succession duties and gift taxes—Proposed

federal abandonment—Reply to provincial requests for delay; the hon. member for Dartmouth-Halifax East (Mr. Forrestall)—Regional Economic Expansion—Inquiry as to signing of agreements with Nova Scotia.

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• (4:40 p.m.)

BUSINESS OF THE HOUSE

ANNOUNCEMENT OF OPPOSITION DAY

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, on a point of order, I felt hon. members might wish to be aware that we propose to call an opposition day for Thursday. I thought it would be a good idea to announce this information to the House.

Mr. Knowles (Winnipeg North Centre): You did very well, speaking from this side of the chamber.

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INCOME TAX ACT

The House resumed consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Honey in the chair.

Mr. Noble: Mr. Chairman, in speaking to Bill C-259 I intend, first of all, to make a few preliminary observations. When this government took office three years ago there was a mood of excitement and curiosity in the country at large. I am sure none of us were immune to that mood. Post-Centennial Canada was to witness an apparent turning of ways. In the Liberal party a new leadership had materialized, a new style, a whole new government. Or so it seemed. There were new phrases in the air—participatory democracy, the just society, co-operative federalism, the new politics. Well, these weren't really new phrases, they had been in current use for some time. The difference was that they were being used as techniques on the political platform, and this gave them an aura of newness and mystery. Of course, we were all curious to see how those phrases would be turned into action. And here we are, Mr. Chairman, three years later, debating a bill on tax reform, a bill which grew out of a white paper which showed that the government had fumbled and failed in its attempt at participatory democracy. This bill cannot be described as reform because it does not aspire to a just society, it merely covers up for a few years some of the more glaring injustices which now exist. It is a bill so difficult to read and so secretive in its intentions that it smells of the rankest of the old politics. It is a bill which flies in the face of even the least generous concept of co-operative federalism.

Since other members of the committee will be addressing themselves to many different aspects of these issues, I shall confine my remarks this afternoon to the subject of federal-provincial relations. Of course, I do not mean to imply that these are separate issues—they all hang together as a cloak of this government's arrogance. But for the

sake of emphasis, I would like to highlight certain aspects that are of particular importance to the provinces.

With its assault on the nation's economy over the past three years, the government has not only aggravated the condition of the provincial economies, but has seriously constricted their ability to solve their problems. Every time the federal government puts its leaden foot on the economy the provinces must pay the cost through increased welfare payments. It is indeed shocking, therefore, that this bill should give so little deference to the provinces and the dire economic straits into which the government has thrown them.

The need to co-ordinate federal tax policy with provincial and municipal taxes is becoming increasingly urgent. The rate of municipal and provincial expenditures combined is growing at a much faster pace than those of the federal government. It is no longer good enough to dismiss flippantly the discrepancy between provincial revenues and expenditures by saying that the provinces can simply raise their own taxes to make up the difference.

In the first place, if this government is truly concerned with a more rational and just system of taxation, it must face the fact that all taxes ultimately come from the same taxpayers. In the second place, apart from income tax, provincial revenue is raised from far more regressive sources. Increased sales and property taxes fall heavily on those low income groups the federal government so piously pretends to help. In the third place, every time the government amends the federal structure of taxation, provincial revenues are immediately affected. It makes only good sense, economically and politically, to consult with the provinces and co-operate with them on the issue of taxation. Why, then, Mr. Chairman, has the government failed to do so?

Perhaps the federal government is not concerned about driving the provincial governments to the point of exasperation at which they will have to set up their own independent tax systems. It would be a good election issue for the Liberal party which sees itself as the only vehicle of national unity. After allowing balkanization to take place as a result of its own callous neglect, it could argue before the Canadian electorate that it would put the provincial governments in their places.

The former premier of Ontario, John Robarts, has charged that the new legislation on tax reform shows no regard for the position of the provinces and municipalities in the total tax picture. He has called for a fully integrated and co-ordinated package of tax reforms and social security reforms. Such a program would take time and care to accomplish. It would also take courage, not because the provinces are unwilling to negotiate, but because the Minister of Finance would have to reverse his attitude of stubborn pride in his past accomplishments. We in the Official Opposition hope to give him every opportunity to adopt a more open-minded attitude.

As the Leader of the Opposition pointed out on September 14, the fiasco of the white paper originated in the peculiar stubbornness of the Minister of Finance in refusing to change his mind. We urge him not to repeat that error. Quebec's minister of revenue has asked the federal government for more time in which to refine the Quebec provincial tax system before the federal proposals

become law. The Province of Ontario has asked for a system of tax credits to replace the current system of exemptions and expenses. We in the opposition have also called for the introduction of tax credits. They would be of far greater assistance to the low income taxpayer than the increased exemptions the government proposes. Furthermore, if the government were willing to negotiate with the provinces on this issue, a way could be found to integrate these tax credits with provincial taxes. This would have the humane and rational effect of reducing the regressive nature of provincial taxes. Ideally, a low income taxpayer should be able to apply his unused tax credits to his property taxes, for example, and obtain a refund therefrom.

We are not asking that such a program be introduced immediately. All we are asking is that the federal government finally acknowledge that the individual taxpayer is a unity; he is not split up into three parts, each of which takes on a different economic personality depending upon which government he is dealing with. A willingness to delay this bill and negotiate with the provinces in the entire field of taxation would be such an acknowledgement.

I remarked earlier, Mr. Chairman, that provincial revenues are closely linked to federal tax policy. To ignore this fact is to be irresponsible. Yet the Minister of Finance has gone ahead and thrown the provinces into a quandary over the abolition of the estate taxes and left them with the worry of how to replace the revenues they had received through the abatement program. Since the provinces of Alberta and Saskatchewan have attempted to become tax havens for the wealthy by returning their portion of the abatement to the estate we can applaud the Minister of Finance for justly seeking to neutralize these attempts. The replacing of the estate tax with the uniform capital gains tax will effectively remove these anomalies in time.

The criticism we have to offer is levelled at the inimitable method which the Minister of Finance employs. If the tax reform bill is passed on January 1, 1972 we shall witness an even more unequal death tax jungle than now exists. This will come about, not because the minister lacked good intention, but because he lacked good common sense. At the present time only the three provinces of British Columbia, Ontario and Quebec have their own succession or estate tax laws. After January 1, 1972, these three will be the only provinces collecting death duties and, in order to avoid double taxation and prevent a flight of wealth from their jurisdictions, they will probably have to repeal their laws. In the meantime, the Province of Manitoba, for example, can become a tax haven for the wealthy of Ontario. I am sure our colleagues in opposition, the members of the NDP, will assure us that the province of Manitoba has no desire to become a tax haven for the wealthy.

In addition to these anomalies which will follow in the wake of the Finance Minister's stroll through the jungle of estate tax reform, the provinces are to be handed the burden of finding revenues to replace their losses over the five years while the capital gains tax matures. Manitoba's finance minister has estimated that his province will lose up to $50 million in revenue during this period. This may seem like peanuts to the federal government, which is frequently inclined to spend such sums of money in trivial ways, but it will represent a serious blow to Manitobans who are already so heavily taxed. Again, it is not good enough for the government to wash their hands of the consequences of their own legislation. It is not good enough to simply say that the provinces will have to do the best they can and face up to their own freedom to be responsible for their own taxing and spending. Tying another knot in the financial straitjacket the provinces are in and calling it freedom is the ultimate in irresponsibility.

(4:50 p.m.)

Since the government has for the past two years so loudly and repetitiously proclaimed itself to be on the side of equity, it is incredible to find in this bill so blatant a discrimination against the taxpayers of the three provinces of British Columbia, Alberta and Ontario. I am referring here to the proposal in the bill to include and tax as income those contributions made by an employer on behalf of his employees to a public medical care plan. The taxpayers of those provinces will now be penalized for living where they do, while the taxpayers of other provinces will escape extra taxation because their medicare expenses come out of general revenue. Even more unfairly, while the taxpayer must claim his employer's contributions as income, he will not be allowed to deduct his own contributions as expenses. So the government is going to cut the deck both ways.

To try and imagine the decision making process behind this proposal is mind-boggling. The government may try and defend the proposal by arguing that these wealthy provinces can well afford to pay the extra taxes which they claim will net an additional return of $90 million, $58 million of which will come from Ontario alone. Yet the most elementary common sense will tell you that a person earning $5,000 in Ontario is no wealthier than a person earning $5,000 in Quebec. And if there are people earning $10,000 in Alberta, they are individually no better off than the fewer individuals in that wage bracket in Saskatchewan.

But even the present government cannot be so slow-witted as not to appreciate that. It is possible that they have taken a philosophic position on the issue of medicare premiums and hope to force those provinces to abandon them. In the strange reasoning behind such an attitude, the taxpayer would not direct his annoyance at the federal government for artificially raising his income, but would direct it at the provincial government that has a system of premiums. Well, only an election can bear out such a proposition. It is interesting to note, incidentally, that if the government are opposed to the imposition of premiums on philosophic grounds, they did not allow their principles to interfere with the active assistance given by the finance minister's parliamentary secretary to the Social Credit League of Alberta in the past provincial election—one of the political parties and governments which has introduced a system of medicare premiums.

Regardless of what one's feelings are on the issue of medicare premiums, it is unwise and unfair to reduce the serious problem of tax reform to the level of political gamemanship with the provinces. And this is precisely

what this proposal will do. It is time the government rose to a new level of maturity in its relationship with the provinces. The first step in this direction would be to delay the introduction of the tax reform legislation now proposed. We urge the government to sit down with the provinces and work out a rational system of taxation that adopts as its first premise the fact that all jurisdictions obtain their revenues from the same taxpayers.

Four years ago the Ontario committee on taxation recommended such negotiations, and I quote their proposal:

> We agree that the income base on which provincial taxes apply should be set by the federal government and that major responsibility for broad stabilization policy rests with that government. But it does not follow that the provinces should be deprived of a significant voice in the determination of the tax base and in stabilization policy, and we are convinced that consultation between the federal and provincial governments should take place prior to the implementation of any proposed income tax amendments. In particular, we believe that unilateral changes by the federal government in the common base of the personal income tax cannot be justified, for they directly affect the yield of the tax to the provinces.

Without resorting to the euphoric language that characterized the election of 1968, we seriously feel that a new attitude of co-operation is called for. Should the government continue to neglect the stakes the provinces have in the federal tax system, those jurisdictions may increasingly be forced to find their own independent economic paths. The strains upon confederation would be increased and unnecessarily so. The federal government must not allow this to happen by default. It should assume a role of active responsibility by delaying this bill and calling the province together as soon as possible.

Mr. Nielsen: Mr. Chairman, before discussing the other aspects of Bill C-259 that affect the mining industry, I want to direct the attention of the committee to the specific problem northerners have in meeting the cost of living in the north and the weight of taxation that is added to that cost. The government has recognized the principle that since it costs more for its employees to live in the north, it should therefore compensate them by providing a northern living allowance or isolated post allowance. For various points throughout the north, a formula has been devised and the northern allowance set over and above the regular salary for a single man, with an even higher allowance for a married man. Recently there was a cut in the northern allowance to which strenuous objection was taken by the civil service organizations, but to no avail. Notwithstanding the fact that costs across the board have risen, the government none the less decided to reduce the northern allowances.

My point is that the government has adopted the principle with respect to its own employees that, in addition to the ordinary salary paid the employees, which is in line with salaries paid to non-government employees in the work force, it has seen fit to pay an amount to compensate them for the increased cost of living in northern areas. If this be the case, and if this is a proper principle upon which to act, then surely the same kind of reasoning should prevail with regard to non-governmental employees who live in the north. If I am correct in that reasoning, then surely the only approach that can be taken to these employees is to give them different tax treatment from those in the south.

I know that this matter has been brought up on many occasions in the past, but has been dismissed by the argument that tax treatment for all Canadians must be the same, regardless of whether they come from our most easterly city of St. John's, Newfoundland or our most westerly city of Whitehorse in the Yukon. Nevertheless I think it timely to make the further plea, that the government once again reconsider its stand and that it provide an incentive for Canadians to settle in our north.

I had the good fortune to travel with the Minister of Indian Affairs and Northern Development on a journey to Australia to compare conditions affecting not only the aboriginal peoples in that country but also industrial development, particularly in the resource field, with conditions in our work. I was impressed by the approach that the Australian government had taken in its Northern Territory, and I know that others who accompanied the minister on that occasion were equally impressed, particularly the hon. member for Northwest Territories. Not only does the Australian government provide an incentive to its employees to serve in the Northern Territory; It also provides the same kind of incentive to non-government employees to establish themselves and to settle in the Northern Territory of Australia. They provide those incentives by means of tax incentives. It works, and there is no reason why it should not work in Canada. The Australian government provides incentives in the way of tax cuts to non-government employees who reside in its northern territories for precisely the same reasons that exist in our northern territories. Fuel costs more; light costs more; freight rates are higher; food costs are higher. Virtually everything that is consumed in Canada's northern territories must be freighted in from what we call the outside.

• (5:00 p.m.)

It might interest hon. members to know that an average fuel bill during the winter months—contrast this with the price paid in Ontario—for a tight home and for a modest sized home runs anywhere from $30 to $50 a month. It might also interest hon. members to know that the monthly light bill for an average family in a modest home is anywhere between $20 and $25 a month. I ask you to contrast those costs with the costs that have to be met by residents in this province, or for that matter anywhere else in Canada except perhaps the far northern areas of Quebec, Newfoundland, Labrador and the like.

The freight rates that are applicable to food and other consumer items coming up from Vancouver or Edmonton, and indeed from the eastern part of the country, have to be regarded in terms of Whitehorse being the most westerly city in Canada. From Vancouver goods must travel 1,500 miles up the west coast, and from Edmonton must travel 1,300 miles and more into the interior of the Yukon by highway. This is one of the reasons why costs are higher in the Yukon. This is one of the reasons why the government, in order to compensate its employees, adds to ordinary salaries an isolated post allowance. You can imagine what those freight rates do to the cost of food and other consumer items.

Another factor in our tax system that really skyrockets the cost of living in our northern territories is the 11 per cent sales tax on building materials. This tax is odious enough and onerous enough in the southern sections of the country, putting restrictions on new construction

which would create higher employment. The abolition of the sales tax has been advocated over and over again by the Leader of the Opposition and by all of us on this side of the chamber. But when one adds that 11 per cent sales tax on building materials to the cost of a stick of lumber, or one pound of insulation, or a bag of cement that has to travel from our southern areas all the way to Whitehorse, Dawson, Inuvik, Yellowknife, or wherever else it is destined for in the north, it just places costs away beyond reasonableness. I do not think hon. members realize that building costs in the north generally are 20 per cent to 30 per cent higher than they are in any other community in Canada.

Yet there is still this almost pathological resistance to a recognition of the principle that the same kind of treatment should be afforded to all citizens of the north, and not just to government employees. I suggest it is time that the government cease discriminating against the ordinary citizen of the north and give him the same treatment as it gives to its own employees. I was expecting, and I still expect, the hon. member for Northwest Territories to take up the torch in this debate on this subject. I do not think that there has been any time in which I have been resident in the Yukon—for some 20 years now—when the people up there have not made representations to the effect that the government should encourage the permanent settlement of Canada's northern areas. One of the ways in which that could be accomplished would be by providing tax incentives for Canadians to settle the north. The argument might be made, "Well, you had the opportunity when your government was in power to do just that." I am not making any excuses for it not happening when the country was governed by the party of which I am a member. I still think it is a good idea. I did then. I failed to sell it then, but there is no reason why the principle cannot be sold now.

Passing to mining once again, there were one or two matters which I omitted from my remarks yesterday with respect to the prospector, and I am going to cure that omission in due course. But for the moment I want to discuss the effect of the proposals in the bill before us, when taken together with the other legislation now pending in this Parliament, on the mining industry generally. I have spoken of costs so far as they affect the individual living in the north. The individuals in the north have many occupations. Among those are truckers who haul mining products, and drive transport with respect to the operations of producing mines. There are explorers. There are prospectors. There are miners. People are engaged in virtually every occupation in connection with exploration, development and production of mine products.

The mining companies themselves, which are becoming fewer, have the same kind of costs to meet, and more so than their counterparts in the south. In order for a mine product in the Yukon or Northwest Territories to be competitive with the product of its counterpart in the southern areas of Canada it must be a significantly higher grade product. One can imagine that if that assertion be correct, and I submit that it is, the number of new mines that could be brought into production of relatively lower grade product if only they could compete with southern mining products. The reason they cannot compete is the fantastic cost of finding a mine, developing a mine, bringing it into production, and transporting its product into the southern and world markets. In order for a product in these northern areas to be competitive at all, the grade of the product has to be so much superior to that in the southern areas, thus making it economically feasible to develop a producing mine. I say this by way of background to illustrate that every single cost that is added to the process of exploration, to the process of development, to the process of bringing in a producing mine in the Yukon, simply makes the product of that mine less competitive with its southern counterpart.

[Mr. Nielsen.]

It can be put another way. The more costs which are added to mining operations in the Yukon, the less value will be its proven assets or reserves, so that eventually given a certain grade of mine product, which is economic at the moment, there is a point at which, as costs are added, the ore becomes uneconomic and the mine must close. These costs can be added by taxation or by poor management. They can have the same effect as a fall in the market price of the mineral that that particular mine is producing. They can be added by increased royalties and by labour costs. There are several ways. But the most significant manner in which costs are added to mining operations is through royalties and taxation. In the last three to four years in the Yukon, five new mines have gone into production and in the last year and a half to two years all but one of those mines have ceased producing. One of the four which has ceased producing is now carrying on further exploration work and is refinancing, but the other three are gone because the value of the ore pinched out, as well as other things such as increased costs. I am not suggesting for a moment it was these taxation measures which brought about those closures, but I am suggesting that other current legislation before this House, taken together with the threat of the white paper proposals for taxation, certainly had a bearing on those closures.

(5:10 p.m.)

If the proposals in respect of the elimination of the three-year tax exemption period and if the proposals with regard to earned depletion go on as proposed in Bill C-259, the costs attendant upon those two changes will be in themselves sufficient to eliminate the several possibilities of new mines. I cannot state instances. The effect of these proposals is simply to raise the level of the value of the ore that has to be found before a new mine can come into production. I am not making this case on behalf of the mining industry, as some might charge me with doing, but am making it on the basis that the mining industry is one of the most important industries in our economy today. It is the third largest mining industry in the world, second only to the United States and the Soviet Union. The mining industry in the 100 years in which we have been a nation has had a spectacular growth because of the incentives that have been provided to encourage that growth. All of a sudden these incentives are to be removed by Bill C-259. I said a moment ago I was not making this plea on behalf of the mining industry. I say now I am making it on behalf of Canada as a whole. Canada cannot afford to so inhibit one of its most important industries as to diminish the immensely significant contribution that industry has made to the over-all nation-

al economic fabric. I charge this government with doing just that.

I said a moment ago that I would come back to the subject of prospectors and I shall do so now. Many Canadians, both in the mining industry and outside, know of the traditional prospector who spends much of his life in the bush seeking ore deposits. In the Yukon the practice, as I am sure it is in the Northwest Territories, is for a prospector to hole up in the winter, find employment, and earn enough money so that he can spend the next prospecting season searching for what he hopes will be the mother lode. These men often do not have the kind of education many people have. They are single and sometimes are real strangers to the southern society. Yet prospectors have been one of the most important groups of indidivuals that have contributed to the growth and expansion of our economy. The last time I spoke on this subject I said that in the last 100 years some 240 mines were discovered in Canada. Most of those were discovered by those intrepid individuals who follow this life style I have just described.

The Assistant Deputy Chairman: Order, I regret to interrupt the hon. member but his time has expired.

Mr. Horner: Mr. Speaker, in rising to take part in the debate in committee on Bill C-259, one is immediately impressed once again by the size of the bill and the importance of it.

Mr. Mahoney: About four pounds.

Mr. Horner: The hon. member for Calgary South suggests to me that it weighs four pounds. I would rather concern myself with the economic weight of the bill than its physical weight. The economic weight is indeed a millstone around the necks of many people in view of its damage to the Canadian economy today. I cannot help but quote from the Vancouver newspaper *The Province* of October 16. Under the heading "There was a crystal ball . . ." the article reads:

> Two years ago the Economic Council of Canada, which was assigned responsibility for warning of the economic shoals ahead, offered the view that this country had gone as far as it should in the war on inflation. Further fiscal and monetary restraints, the Council declared, could raise unemployment and slow the economy with only marginal effects on the rate of price increases and costs. What did the government do then?
>
> Two years ago Mr. Benson was budgeting for a $250 million surplus in order to soak up inflation. The Bank of Canada was promoting a policy of tight money and high interest rates. Dr. John Young, chairman of the then new Prices and Incomes Commission was warning that fiscal and monetary screws might have to be tightened further if voluntary restrain failed to halt inflation.

What's happening now? Mr. Benson is budgeting for a billion dollar deficit to cover the cost of the most massive single injection ever made by a Canadian government to stimulate the economy.

So we have all this following the very clear warning by the Economic Council of Canada concerning the economic pitfalls which might well lie ahead. The article continues:

> In its 1969 summation the Economic Council was surprisingly prophetic. If Canada persisted in its tough fiscal and monetary policy through that fall the country would run the risk of a severe recession in 1970. And once the economy turned sour, the Council added, it probably would not be revived quickly by any set of policies.

The author of the article suggests, "Mr. Benson please note". Well, everybody knows that Mr. Benson did not note and that the Prime Minister did not note. He said that in spite of the 6 per cent rate of unemployment we are to continue our fight against inflation. Today I believe many economists recognize that the fact we did curtail the expansion of our economy too much between 1968 and 1970 brought on a great deal more unemployment than was necessary. Many economists admit this now, and even some people in government circles are quietly suggesting that they erred throughout that particular period. The question readily poses itself: what is the solution today?

• (5:20 p.m.)

Let us suppose, for example, that the economists are right and the economy was turned off too much in 1968 to 1970. What does that leave us with today, and how do we bring ourselves out of it? We heard the budgetary statement made by the Minister of Finance last Thursday evening in which he proclaimed that it was the government's intention to turn loose $1,070 million into the economy within the next short period and that this would start the economy rolling again. How does this bill, which results from the budget of June 1971, compare with the minister's budgetary statement? Does it conflict with it or does it agree with it? This is what members of the House of Commons should ask themselves. We have had the budget of 1971, the budgetary statement of last week and the surtax imposed by the United States.

It seems to me that Bill C-259 conflicts with the budgetary statement, which only goes to prove that we are thoroughly tied to the North American market and therefore should gauge our actions by the situation in the U.S. Perhaps there is no easy solution to the problem confronting Canada. The budgetary statement of last week, the June budget of this year and the American surtax present a most serious challenge to the Canadian government and the Canadian people, but to ignore the facts only demonstrates an unwillingness on the part of the government to face the facts.

The inflationary pressures between 1965 and 1970 were obvious to everyone. They were also obvious to the government. As I stated in my opening remarks, the government turned the screws too sharply on inflation between 1968 and 1970. What factors contributed to inflation in that period? One only has to look at the statistics reported in the Bank of Canada's annual report of 1970. Labour costs increased 77 per cent from 1965 to 1970. Farm costs decreased by 2 per cent, and business stayed exactly even. Indirect taxes increased by 13.8 per cent, and other components increased by 11.2 per cent. These are facts that should be obvious to everyone. Labour income has increased out of line with any increase in productivity. In fact, it has increased 30 per cent faster.

The reason I mention the increase in labour income is that it is a key factor in inflation. This is why President Nixon has brought in wage and price controls in the United States. One of the most surprising aspects of President Nixon's wage and price controls in the U.S. is the fact that, by and large, labour unions have accepted wage controls. They have done so because basically they know that wages have outstripped productivity. We have done nicely in the last 20 years. We have made substantial gains in productivity through the advent of technological

advances. But in recent years our productivity has not kept up with our wage increases. In fact, the 1970 annual report of the Bank of Canada suggests that wage increases have outstripped productivity by 90 per cent. When prices have to rise to accommodate the excess, and when markets do not absorb the price increase brought about by the greater cost of productivity, there must be a cut back in production. This is really what is happening in Canada.

The gigantic increase in costs has failed to be absorbed by an increase in productivity, thus bringing about a situation in which the market was unable to absorb the price increases in the commodity. One result of this was a cut back in production, bringing about greater unemployment which no one in our society welcomes or likes. Newspapers throughout all of Canada in the last six months—and one could compile a file of those newspaper reports—have reported cut backs in various plants all the way from General Motors, that the big, sinful giant which is dominating the Canadian economy—if one wished to paint that type of picture of General Motors—to Polymer, the Canadian government owned corporation. All of them have cut back production because the market has been unable to absorb the increased cost of their products.

What does the bill before Parliament do? I think there are a number of steps we should be taking, but I do not believe the government is inclined to take them. I think the first step should be to restore confidence in the nation, confidence in the business community that this nation has the wherewithal to compete with the United States, Japan, West Germany and the European Common Market, to put our products on the markets of the western world and to sell them.

Bill C-259 does not provide the business community with sufficient confidence to re-invest. The minister in his budgetary statement said that corporations would be given a 7 per cent reduction in their tax and that private individuals would be given a 3 per cent reduction in their income tax. As reported in today's paper, a 3 per cent reduction for a single individual earning $6,000 a year is only $12. That is not too much. The person who will be $12 richer because of that 3 per cent reduction is not going to go out and create employment for too many people. The person earning $50,000 a year will save only $314 as a result of the 3 per cent reduction. This is not much to encourage confidence within the business community, and encouragement is what is needed to get the masses who are unemployed back into the labour force to contribute to the development of this country.

• (5:30 p.m.)

We must consider some of the more basic costs. The other night in a speech on the budgetary papers I said that we should withdraw the competition bill and the labour code amendments suggested by the Minister of Labour. We must go further than that and demonstrate clearly that money creates employment within Canada. I recall that the Minister of Regional Economic Expansion said in this House that up until the fall of 1970 his department had created 16,000 jobs at a cost of "X" million dollars. This worked out to something like $5,000 per job and did not take into account the contribution of private industry. Under the regional expansion program it took an investment of nearly $6,000 to create a job. Let us suppose that is one-fifth of the capital investment required to create one job. This means that $30,000 would be required. Let us suppose it could be done more cheaply, say for half; it would still require a capital investment of $15,000 to create one job. Let us say that 500,000 people are out of work. If we multiply $15,000 by 500,000 we get an idea of the kind of investment that is required. I suggest that the Minister of Finance and his parliamentary secretary should look at the facts.

Money is not coming into Canada; it is leaving. Provincial governments and municipalities are not going abroad to borrow. We must ask ourselves if the federal government should be discouraging foreign investment in this country. I am not discussing who should control foreign investment because as a Canadian I believe that we should, but it should be brought into this country to help create trade. But how should we do this, Mr. Chairman? Is Bill C-259 the answer? In my opinion, it is not.

In my opinion, Bill C-259 should be divided in order to give the lower income groups the benefits which may be derived under it. It should be recognized that although inflation is a problem, unemployment is a greater problem. How can these two problems be resolved? Now that the United States has put a freeze on wages, Canada should announce an intention to peg its dollar at 95 cents. This would instill confidence within the business community. If this policy were announced, the immediate result might be an influx of money. To offset this, along with pegging the dollar at 95 cents there should be the announcement of an intention to freeze prices and wages in Canada as long as our major trading partner keeps the same freeze in its country.

The hon. member for Trinity suggested that a wage freeze should be imposed upon unions and prices in this country. If this were done without pegging the dollar, there would be an immediate tendency to force up the value of our dollar. I suggest that it should be stated unequivocally that it is our intention to peg the dollar at 95 cents and to establish a board to impose wage and price controls. In that way the business community would regain confidence and people would be back to work. Part of this bill, not all of it, should be discarded. There should be a tax reduction for the lower income groups and a reconsideration of the capital gains tax and the other measures which increase taxes throughout Canada.

The Assistant Deputy Chairman: Order, please. The time allotted to the hon. member has expired. Is the committee ready for the question?

Some hon. Members: No.

The Assistant Deputy Chairman: The hon. member for Dauphin.

Mr. Ritchie: Mr. Chairman, in view of the far reaching ramifications of Bill C-259, dealing with an over-all revamping of our tax structure, one area that has received little attention is the section dealing with international income. The recent action of the United States government in imposing a 10 per cent surcharge on imports, their avowed aim with DISC and their employment reduction tax to increase industry in that country, coupled with the impending expansion of the European Common Market with the probability of further trade restrictions,

leads me to believe that this bill should receive serious consideration.

All these things may well cause serious distortions in our economy. We saw evidence of this in the government rushing through $80 million worth of aid to Canadian exporters who might be hurt by the surcharge. These measures may conceivably cause complete disruption of trade for Canadian exporters. Time will tell—but there is probably little Canada can do in the immediate future to influence the international situation.

As far as the long-term situation is concerned, the most serious of the United States moves could be the DISC proposals—the Domestic International Sales Corporation. This proposal, which is at the moment going through the United States legislative process, would encourage United States manufacturers to produce goods at home rather than import them from branch plants abroad such as in Canada. If Canada is not in a position to implement offsetting measures immediately, there could be an immediate diversion of production from Canadian to American plants. In the long run there could be a more devastating effect on the Canadian economy, that of new factory and plant expansion which is today in the planning stage in both countries reverting to the United States.

• (5:40 p.m.)

James McAvity, President of the Canadian Export Association, in Montebello yesterday, according to the *Globe and Mail* report of today, also warned of the dangers of the DISC proposals and said the Canadian government had given little consideration to the matter. He said the Canadian Export Association had suggested that the government plan offsetting measures now and postpone certain tax changes. He called for the federal government to reassess the tax changes in light of changes in the world trading economy and Canada's position in it. He had this to say:

> Even now, the position is that Ottawa will take steps if and when the DISC is adopted but meanwhile the tax reform must stand.
>
> In light of the drastic changes in the trade and economic situation in the world around us, it seems incredible that the government is stubbornly pressing legislation which was designed to fit circumstances prevailing a year or two ago, and is so clearly not appropriate to the situation existing today

In a speech before the Toronto Board of Trade, Mr. William MacDonald, Toronto tax lawyer, is reported to have made similar criticisms. In his speech to the Toronto Board of Trade, Mr. MacDonald said Canada is moving in the opposite direction from the United States when it comes to creating new international trading markets. The new tax proposals would make Canadian companies liable to rates of taxation on foreign profits that are the same as those on domestic profits, while in the United States the DISC proposals would reduce domestic taxes to the levels of income taxes in the countries where United States goods are forced to compete. It would appear that as a result of tax reforms it will be prohibitive for Canadians to compete. At least two companies have so far moved their operations out of the country, he said.

He went on to lay the blame at the feet of the federal government, suggested that the federal government was not particularly interested in the private sector and compared the federal government to the French General Staff in the First World War. The General Staff had developed a plan for an offensive before the beginning of the war and was unwilling to abandon it even in the face of greatly altered circumstances. The government seems intent on adopting similar attitudes toward tax changes: they must go through at all costs.

In this legislation there are provisions that are restrictive to multinational corporations and come at a time when Canada could possibly benefit from a growing isolationist sentiment in the United States. We must remember that multinational corporations are with us—they are here, for good or for bad.

Mr. MacDonald concluded his remarks by suggesting that the complex tax changes be delayed until the end of 1972 to permit ample time for assessment, training and a smoother transitional period. In the international field, he rejected the approach outlined in the tax reform bill with regard to restricting any changes to stop the diversion of income from Canada which is not related to business activities abroad. He went on to speak about a very important aspect of the economy that we must consider very seriously and said:

> The fact that Canada is an open economy, not by choice but by necessity, means we must, above all, travel light so that we can adapt to the changing winds of fortune coming from the outside and over which we have little control.
>
> The trouble with recent policies is that they threaten to weigh us down into immobility.

There are in the new tax bill major changes which affect non-residents. First, the tax bill proposes that non-residents should be subjected to a tax computed on capital gains realized on the sale of certain Canadian properties. I do not think that provision was included previously. Second, there would be a change in the treatment of discounts earned by non-residents on debentures, notes and the like. Third, after 1975 the normal rate of Canadian withholding tax on investment and passive income to non-residents would be increased to 25 per cent if the non-resident lives in the country with which Canada does not have a tax treaty. Also, provisions exempting certain interest payments from withholding would be withdrawn.

Fourth, certain pension payments would be subject to a withholding tax. Fifth, the special branch tax levied on non-resident corporations—the tax that in principle is in place of the normal withholding tax on dividends paid by resident corporations to non-residents—would be extended to corporations that are resident in Canada but do not meet the qualification of a "Canadian corporation". Sixth, after 1975 this tax would be increased to 25 per cent and the same increase in rate would be levied from non-resident insurance companies.

In assessing the proposed changes affecting non-residents, it will be seen that the major changes under these provisions are the increased withholding tax rates, the taxation of specific capital gains relating to Canadian property and the taxation of several types of Canadian source income which were previous exempt. Even though many of these changes do not take effect until 1976, many of the proposals may be considered detrimental to the residents of other countries as, for instance, the proposed capital gains tax.

This would indicate that the renegotiation of existing tax treaties will not be easy since in the early 1970s we will be occupied with the great monetary problems the world is facing before the economic situation settles down. After

1975 the general withholding rate will be increased from 15 per cent to 25 per cent. In general, this thrust in the new tax bill would seem to make investment in Canada considerably less attractive than in the past.

There seems to be excessive rigidity in the section dealing with pension payments to individuals. Under the present act, many payments of a deferred income nature are not subject to non-residents withholding tax except in the case of old age security pensions, social assistance payments made on a means test basis, and the first $1,290 of Canada or Quebec Pension Plan payments. The new bill makes all such payments subject to the non-resident withholding tax rules, that is, to 15 per cent after 1972 and 25 per cent after 1975.

The withholding tax will be broadened to include Canada and Quebec Pension Plan payments in excess of $1,290 per annum, retiring allowances, supplementary unemployment benefit plan payments, registered retirement savings plan payments and deferred profit-sharing plan payments as well as income averaging annuity contract payments and the income portion of other annuity payments. If the non-resident wishes, he may elect to be treated as if he were resident in Canada in respect of all of these payments with the exception of the last two. In that case he will add to his Canadian business and employment income all the payments previously referred to, and compute his Canadian tax payable as if he were a resident of Canada and as if the amount arrived at were his total income. If the tax withheld is 15 per cent or 25 per cent, as the case may be, and exceeds the tax so computed, he could obtain a refund of the excess. The election must be made on an annual basis.

The presumed rationale of this proposal is that most of these payments originated from funds the contributions to which were tax-deductible and, as a consequence, Canada should collect some tax when they are paid. The old age security pension, at $960 plus the first $1,290 under the Canada Pension Plan totals $2,250, which just about equals the single person exemption. This amount would not have been taxable even where the individual was resident elsewhere. These proposals, again, are subject to the renegotiation of treaties with the country in which the pensioner resides and, as already suggested, there is likely to be some hard bargaining in these matters. Whatever is withheld at source in Canada is likely to be eligible for foreign tax credit abroad to the disadvantage of the foreign treasury.

(5:50 p.m.)

This provision will seemingly render more difficult the retiring of our elderly, particularly in countries where there are no tax treaties of significance. Because of the nature of our climate, many people for health reasons must seek a milder climate, with these restrictions. Many of them are of very limited income. It seems that we will be working a hardship on many people who can ill afford it. Presumably, these people will be subject to tax in the country in which they reside, so that if there is no tax treaty real hardship can result.

Regarding the treatment of investments by Canadian taxpayers and the shares of non-resident corporations that can be described as foreign affiliates, the proposed legislation considerably narrows the option because after 1975 the dividends received by a Canadian corporation from a non-resident corporation in which it holds more than 25 per cent of the dividend shares are deductible in computing taxable income. The proposed new laws also provide that after 1975 only dividends from foreign affiliates in countries with whom Canada has new tax treaties will be deductible in computing tax income.

It appears that at a time when the United States is moving to encourage its production and investment, Bill C-259 is tending to have the opposite effect by increasing the rate of withholding tax on investment and passive income to non-residents to 25 per cent although we will need more savings and investments to replace the gap that will be left by the United States' programs. It seems that Canada is attempting to pressure many countries to establish tax treaties; but the chances of this occurring do not seem to be great, considering the present unsettled state of the world.

Some of the thrust of the proposed legislation seems to be designed to provide tax havens from being effective. This is to be commended, but in some respects it may well be a rigid and cumbersome act. In general, the tax proposals in so far as international income is concerned seem to be directed at reducing the outflow of Canadian capital and inflow of foreign capital. It is doubtful if this is the road that we should be journeying on in the 1970s when, presumably, capital will be in short supply.

We must provide a great many jobs for our people. We must provide for those who were born during the 1950s when there was a high rate of birth. We will need all the opportunities and capital we can get to provide jobs for these people in the 1970s. Perhaps after 1980 we can look to a period when job production will not need to be so great, but I suggest the section of the tax reform bill dealing with international income is unnecessarily restrictive. It runs counter to what the Americans are doing. At this time we should be more expansive in our economy and encourage industry to take part in the international financial field.

[*Translation*]

Mr. Lambert (Edmonton West): Mr. Chairman, it is always nice to see in the House the hon. member for Bonaventure-Îles de la Madeleine (Mr. Béchard), whose only task seems to be to say: Agreed . . . let's have it—

Mr. Béchard: —At the right time.

Mr. Lambert (Edmonton West): Sure, at the right time. The hon. member has not yet spoken.

Mr. Chairman, with the consent of the House, I would very much appreciate taking advantage of the dinner hour to nurse a bad cold.

So may I call it six o'clock—

The Deputy Chairman: Is that agreed?

Some hon. Members: Agreed.

The Deputy Chairman: It being six o'clock, I do now leave the Chair to resume same at eight o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

[*English*]

Mr. Lambert (Edmonton West): Mr. Chairman, I hope I shall have the consideration of the committee tonight. I guarantee I shall not long inflict myself on hon. members. I managed to pick up a western breed of cold germ this weekend and I am afraid it is more virile than I am normally.

I am taking part in the debate in committee at this late stage of the general discussion for a number of reasons. First, I was aware that some amendments would be put down, but never was I prepared for the flood of 95 amendments which we had last Wednesday afternoon. Some people might ask, "What does it matter that we should have 95 amendments?" I don't know; but it took until Friday morning to get those amendments into printed form, and since that time it has taken one very experienced girl until four o'clock this afternoon, in working hours, to cut out and insert into Bill C-259 the amendments in the appropriate places and index the text of the bill. If hon. members feel they are competent to understand this text, know their way around it without having the amendments inserted and without an index, I can only say they are taking the bill on a basis of pure, blind faith. Even some of the amendments have errors in them, as we have noticed. For this reason nothing can be taken on the basis of faith or trust.

Then there is a question which is present in the minds of everyone: How much of the bill is actually being rewritten at the present time? There was, in effect, an attempt to rewrite it in part on Thursday evening when the minister went through the exercise of making a statement which amounted to a mini-budget. This means another bill is making yet further amendments to the present act. And, of course, we have not yet touched the Customs Tariff and the Excise Tax Act amendments to the budget of last June. Now we are being asked to ram this thing through. There are suggestions of an allotment of time with respect to committee stage and perhaps to the other stages in order that the bill may go through. But hon. members opposite do not even know what they are getting. They know there are further substantive amendments to come.

Mr. Gibson: Surely that is what one would expect in a tax bill, a bill proposing tax reform.

Mr. Lambert (Edmonton West): So you are ramming it through?

Mr. Gibson: No, we are not ramming it through.

Mr. Lambert (Edmonton West): The idea of ramming legislation through is ever present. Every time someone over there sees two people on this side rise to make a speech, they say "filibuster".

Mr. Gibson: Let's get on with it right now.

Mr. Lambert (Edmonton West): I wish the hon. member for Hamilton-Wentworth would get to his feet and make a sensible presentation from time to time. I will refer to him in due course.

Mr. Gibson: On a point of order, Mr. Chairman, if we could get on to deal with the substance of the bill I suggest we could move much more expeditiously, instead of making procedural criticism.

Mr. Lambert (Edmonton West): I can deal with that insignificant remark, Mr. Chairman.

The Deputy Chairman: Order, please. I merely want to say that what we heard was not a point of order but a matter of debate.

Mr. Thomas (Moncton): He doesn't know the difference.

Mr. Lambert (Edmonton West): True; the hon. member doesn't know the difference between a point of order and a matter of debate any more than he knows how to distinguish substance from detail in this bill.

This afternoon my hon. friend from Dauphin made reference to a speech delivered by Mr. William MacDonald, a prominent Toronto tax lawyer. He quoted at length from this speech. The point he made is one which should be on the record because hon. members opposite would otherwise pay no attention to it. One of the things that struck me was that the government is going ahead with its tax plan in much the same way as if it were proceeding with an elaborate military plan of some bygone era.

• (8:10 p.m.)

While circumstances have changed a great deal, the government is still trying to put through the same tax changes. It is very apparent that this is so because circumstances in the period between last year, when we had the white paper, and this spring, when Bill C-259 was being drafted and considered by the government, altered a great deal because of economic conditions. The Minister of Finance himself admitted that the circumstances had changed by his complete about-face between his June budget and the statement he made the other night. The circumstances changed as a result of the action taken by the United States government. I would invite hon. members to read some of the commentators who know a good deal about the situation in Canada. For example, I am sure they read John Meyer who writes in the Montreal *Gazette* and other newspapers.

This bill is a rewriting of the white paper. I have a briefcase full of briefs from the Canadian Manufacturers Association, the Bar Association, from chartered accountants and any number of worth-while bodies that have made very pertinent and telling commentaries about the language of or difficulties seen in the clauses of this bill. Yet as this great machine here rolls on, we are expected to grind out these clauses one by one. They are already being rewritten and I am willing to bet that we will see another sheaf of editorial amendments as this bill is considered.

On second reading we were asked to approve a certain bill, yet it is still being changed. The reason it is being changed is that the government was not aware of what it was preparing in Bill C-259. It had not the slightest idea of the effect of a good number of the provisions. Thus we have witnessed an event this year that has no predecessor in Canadian history. The hon. member for Peterborough can nod his head sagely, but he has not the slightest conception of this bill or the slightest conception of just what will happen as a result of its provisions.

Mr. Faulkner: Let the hon. member put his own position, not mine.

Mr. Lambert (Edmonton West): We will put our position, and we will put it time and time again. In view of the changes that have been made in the nature and philosophy of this measure, we are going to get objections from the United States. We have already had many objections from Canadians. For instance, take the case of foreign investment in retirement trust funds. There is supposed to be a certain minimum ceiling on foreign investment. We are getting a lot of static from foreign countries in regard to this restriction. Canadian objectors are getting nowhere, so we will see whether foreign objectors have more clout. A list has already been produced on behalf of the United States government, which incidentally seems to have more authenticity than hon. members opposite credited to it.

Another point is that certain continuing rights and provisions in this bill are subject to renegotiation in regard to tax treatment. Given the present climate of relations between, for instance, Canada and the United States, between which two countries there is a most important tax treaty in existence, surely no member of this House is naïve enough to think that this treaty will not have to be renegotiated, under the terms of this bill, in order to give equality to Canadians. Do hon. members opposite think that these negotiations will be successful within the next five or ten years?

In the interval, of course, Canadian investors and businessmen are going to take it in the neck. The same situation prevails in our relations with Great Britain. There was a conference this summer attended by some noted Canadians, including the former Prime Minister of the Liberal party and authorities from Great Britain in government and in business, which discussed the level of relations between Canada and the United Kingdom, two countries where once again effective tax treaties must be maintained. Yet we are doing many things to foreign investors in this bill.

Mr. Faulkner: What things?

Mr. Lambert (Edmonton West): We are reducing returns on foreign investments. We are making conditions much worse for foreign investors in this country. There may also be found a good deal of economic nationalism in this bill. Small companies' proposals are replete with economic nationalism of a kind to which there will be a great deal of objection from Canadians and foreigners alike. Therefore, is this the best time for the negotiation of tax treaties, when we look for certain advantages?

Mr. Faulkner: Pure fantasy.

Mr. Lambert (Edmonton West): At a time when the Canadian economy requires more incentives, greater encouragement to production and to savings, what is the government doing? It is imposing a greater tax burden on production on the savings of Canadians. That is the net result of Bill C-259.

Another part of the bill that I suggest will cause a great deal of difficulty is this. Simply passing the bill in this House and in the other place and putting it on the statute books will not make effective its provisions. One aspect of this bill, from the white paper on, has been totally neglected by the government. It has been brushed aside, or swept under the carpet, if I may use another simile, because the government does not like the difficulties it foresees. I refer to co-ordination and co-operation with the provinces. I should like to put on the record what the Canadian Manufacturers Association had to say in this respect. I think they put the position quite well. They said:

> The effect of the proposed corporate and personal income tax rates depends greatly on the action which the provinces may take.

I pause to say that the hon. member for Peterborough is one of those who deludes himself that everything should conform to the federal point of view; that if the federal government shall speak, the provinces shall follow.

Mr. Faulkner: The CMA is not the spokesman of the provinces.

Mr. Lambert (Edmonton West): The members of the CMA are the ones who will suffer the effects of the federal government's attitude to these tax changes; that is the point. It is the meat in the sandwich which is protesting now. I invite the hon. member from Peterborough to talk with certain provincial treasurers—not only the one in the province of Ontario but others—and learn their attitude toward these tax changes.

(8:20 p.m.)

Mr. Faulkner: Let us hear from them.

Mr. Lambert (Edmonton West): We have.

Mr. Faulkner: Not through the CMA.

Mr. Lambert (Edmonton West): I am also talking about businessmen who will suffer from these changes. We hear from the provinces, at least the government does, but it never publishes the results of these conferences with the provinces on these points. I think they are to meet within the next few weeks. I suppose the hon. member would want us to have the bill passed by that time, then the provinces could comment on the nature of the changes. That is just how stupid the whole thing is. I continue with my quotation:

> With respect to personal income taxes, the impact on the individual which has been calculated and shown in the tables in the Summary of 1971 Tax Reform Legislation depends on the provinces imposing a tax of 30 per cent of federal tax. The proposed reduction in corporation income tax rates depends on the provinces not changing their corporation income tax rates. The intended 33 193 per cent tax credit with respect to dividends from taxable Canadian corporations will only be given full effect if the provinces adopt a corresponding credit.

In other words, that would require action by ten different legislatures. We have not heard that they intend to do so.

> Some of the provinces have expressed concern about the proposed elimination of federal estate and gift taxes on January 1, 1972.

Manitoba is one of them.

> They have indicated that this proposal will not only create inequities between the taxation of existing wealth accumulations and future wealth accumulations, but will thrust the burden of

readjustment, if provincial revenue loss is to be avoided, entirely on to the provinces.

All these factors require co-ordination of federal and provincial tax policies and make an assessment of the economic impact of the proposed legislation difficult. At the same time, we are concerned that the intention of the Ontario government to give tax credits for provincial sales tax and municipal taxes and not to provide the 15 per cent additional capital cost allowance introduced by the federal government in its December, 1970, budget, are indicative of a trend towards separate provincial tax administrations and policies. Such a trend is, we think, most undesirable and we urge the federal government to co-ordinate tax policy and administration with the provinces.

That is basically the point I wish to make, that the government has failed to take into account co-ordination and simplicity of administration of a major tax act in co-operation with the provinces. There is one further point I wish to refer to but I can defer that until another occasion because I have just about reached the time allotted to me.

Some hon. Members: Carry on.

Mr. Lambert (Edmonton West): I will make just one point if I have the permission of hon. members. It is in reference to a particular clause.

The Deputy Chairman: Order, please. It might be preferable to clarify the situation. It seems that hon. members are agreeable to allowing the hon. member to complete his remarks. Is this agreed?

Some hon. Members: Agreed.

Mr. Lambert (Edmonton West): Thank you, Mr. Chairman, and through you I thank members of the committee. I think the parliamentary secretary has an idea of what I wish to say. I want to highlight one of the difficulties that has arisen in trying to close the door to a tax haven through clause 146(1)(g) dealing with the type of investments that may be permitted in retirement savings trust funds. We know that in the past it was wide open and that terrible abuses could be created—in fact, almost by individuals walking down the street into a trust company, entering into a trust agreement to deposit $2,500, then turning around, cross-borrowing and each walking out with $2,500. We have heard of trust funds set up for the benefit of race horses and to maintain professional equipment for a doctor or a dentist. All of this was possible for those who were ingenious enough to go and do it, and it benefited them in a way that should not have been so.

In his attempts to close the door, the Minister of Finance has gone too far. His proposal will effectively wipe out the method whereby organizations such as the B.C. Teachers Federation set up a supplementary retirement savings plan. This applies to other groups of individuals as well. I know of one group in the province of Alberta which set up a co-operative retirement savings fund plan where all the funds are not channelled to their personal benefit but, by reason of being an investment co-operative on a pro rata share basis, in a period of three years they have been able to put $600,000 into housing construction, particularly where the conventional sources of lending do not normally go. Where banks, insurance companies and even CMHC refuse to go, these people are prepared to put up money—perhaps at a slightly higher rate of interest—and in so doing they fulfil a social need.

It was the same way with the B.C. Teachers Federation retirement savings plan under which designated portions of these supplementary savings plans are turned over to a trustee, who then advances the money against notes of an affiliated credit union, which then turns around and invests the money in housing for teachers. The whole system has grown up in the period since 1951 to the point where their assets now exceed $37 million.

One of the main features about it is that the funds have been able to provide housing for teachers in outlying places. Teachers have been able to get credit facilities. This extends throughout British Columbia, and now the regulations have been changed so that the plan will cover teachers from the province of Alberta, in particular teachers who may have about ten years service to go and whose original retirement plans were predicated on much lower salaries. Now that they have much higher salaries they are able to divert savings into supplementary pension plans.

If the bill as now designed will not permit these notes from the credit union to be an acceptable form of investment for the retirement savings plan, unless the minister is able to assure us that under the regulations they can be designated as an appropriate investment the whole plan is in complete jeopardy. I would make a special plea to the minister, through his parliamentary secretary, to consider the representations that have been made so that this very worth-while plan will not be scuppered because it was caught in a net that was cast much wider than had been anticipated. Again, Mr. Chairman, thank hon. members for giving me extra time to put that point on record.

Mr. Cullen: Mr. Chairman, it was interesting to hear some of the comments made by the hon. member for Edmonton West, who seemed to suggest that there was a lack of knowledge about this bill on the part of members on this side of the chamber. I would suggest to the hon. member that he is incorrect in this assumption and that some of the better ideas and recommendations have in fact come from the government benches.

(8:30 p.m.)

I would not expect that each individual member of this party would be as well versed on each and every clause of the bill as the hon. member for Edmonton West, because he has a particular responsibility in this field. It seems to me, however, that he is carrying the weight of the world on his shoulders and might take a lesson from this party. He should do some organizing and get some people to speak on the subject of credit unions and on other subjects, rather than feel he has to cover each individual subject himself.

The hon. member states that changes have been made to this bill. I would be the first to concede that and to welcome it. I would think further changes will in fact be made because the government has indicated it is not rigid, is not inflexible and is prepared to listen and to make changes where changes are warranted.

Some hon. Members: Oh, oh!

Mr. Baldwin: It is a good thing you are not under oath when you say that.

Mr. Cullen: The hon. member indicated there is more truth than fiction in the newspaper reporting. I am happy he is not running the country because I would hate to think he would react to every newspaper article, develop government policy in answer to newspaper articles and then go to a foreign government and say, "We do not know what your official position is, but we are reacting to the leak in a particular paper because we have no other source of contact." If that is the way the opposition would run the country, thank heaven they do not have that responsibility.

Much has been made about the fact that this is a complicated bill and that changes have been made. I suggest, with the greatest respect, that if the hon. member for Edmonton West would consider this matter for a couple of weeks and then come forward with all the changes he would like to see made, if we accepted them we would have the credit unions, the bankers, the Bar Association and others all telling us what was wrong with the hon. member's bill. Listening to the hon. member one would think he had the idea that tax legislation can be done in this way: Tell us what you make, tell us what you spend, tell us what you have left, and send it in.

If the hon. member wants to read some complicated tax legislation I would refer him to the Ontario succession duty act which was supposed to be revised in 1970. There is no easy or uncomplicated way to draw up tax legislation. No one knows that better than the hon. member for Edmonton West. In the Ontario legislation there is a short-form mortgages bill and a long-form mortgages bill, and then they spend a fortune explaining what they mean in each piece of legislation. It is extremely complicated.

Speaking for myself, I should much prefer to get on with the clause by clause study of this bill. I take exception to the suggestion that we are trying to ram something through. How does one do that? I wish I knew how to do it in respect of legislation as complicated as this. I think we should deal with the clauses which are important and then apply a time allocation to our considerations. I suggest to the hon. member for Edmonton West that through his practice in court he knows that time limits are placed on speeches and cross-examination even when dealing with the lives of individuals.

It would be one thing if we had all the time in the world to discuss this legislation, but we do not have that. If the hon. member for Peace River does not stop interjecting, perhaps it would be a good thing to have a time allocation.

Mr. Baldwin: You will have lots of time after the next election.

Mr. Cullen: Mr. Chairman, I think by now, after second reading stage and now on the clause by clause study of the bill, particularly clause 1, we have gone through the usual process which seems to be ritualistic around here. The cabinet minister highlights that which is good in the bill, opposition spokesmen criticize that which they think is bad, and then we have a series of addresses from each side of the House in what has become the usual channel. The only people who seem to have broken away from that channel—and more power and credit to them—are the hon. member for Kamloops-Cariboo, the hon. member for Gloucester and, this afternoon, the hon. member for Peterborough with his brilliant speech.

We are endeavouring to be as objective as possible in this most partisan of places. One of the most thought provoking addresses—certainly the best we have heard on credit unions—was delivered, when we were discussing an amendment proposed by the hon. member for Edmonton West, by the hon. member for Norfolk-Haldimand. I would commend the re-reading of his address to the Minister of Finance, particularly with respect to the comments he made about co-operatives and credit unions, as well as caisses populaires.

Mr. Baldwin: Read it to me. I never heard it.

Mr. Cullen: I am not surprised that the hon. member for Peace River did not hear it; he is too busy interjecting to listen. Similarly, I felt that the Minister of National Revenue and the Parliamentary Secretary to the Minister of Finance admirably put the position of the government insofar as this bill is concerned. The minister stressed that which is positive, and the parliamentary secretary answered some of the criticisms from the other side, at least those which he thought warranted comment.

In my opinion, the white paper approach to legislation is good government but I am not certain it is good politics. The government member faced with a white paper, particularly the backbencher, must endeavour to explain without defending the recommendations of the government and at the same time point out to any audience he may be addressing, "Here are some of the suggestions the government has to make. I would like to hear your comments before the legislation is drafted".

All through the debate on the white paper we heard that the government was rigid, that it was committed to the white paper approach and that any changes would be mere tokenism. The rug was somewhat pulled out from under the opposition when the changes made were, not mere tokenism but changes which gave effect to recommendations made by the public at large and by representatives of various groups who addressed the Standing Committee on Finance, Trade and Economic Affairs. Effect was also given to recommendations made in the committee's reports. This having been done, the opposition party, finding that government members advance the correct approach that should be taken to white papers and have thereby regained credibility with the population, now find themselves in the difficult position of trying to convince the Canadian public that the government backed down or backed away from the white paper.

It is for this reason I feel the white paper approach is in fact good government, because it does give the people an opportunity to have their say and to participate. In respect of whether or not it is good politics, I still need some convincing—because if we stick to the provisions of a white paper then the government is being rigid, and if changes are made then the position is taken that the government is backing away. It is almost impossible to win that kind of argument on a political platform.

Be that as it may, I am frankly more interested in good government than politics and I commend the Minister of

Finance for his approach to this particular problem of letting the people who are knowledgeable have their say. It is for this reason I am participating in the debate. Recognizing that the Minister of Finance listened to representation from so many people in respect of his white paper and made major changes in the approach suggested in that document, I am hoping he will once again listen to the people of the credit unions and co-operatives, because in my opinion the credit union case that is being made in the reports, briefs, correspondence and telephone calls is a good one. In fact, it is an excellent one.

Mr. Baldwin: How are you going to vote on it?

Mr. Cullen: Wait and see. The credit unions are concerned with people, and not with profit. Their strongest argument is the fact that they speak on behalf of and out of consideration for their members. Credit unions are self-help organizations. The Prime Minister himself, in commending credit unions across Canada, said in part:

> But even more important credit unionism encourages self-help, mutual assistance and personal involvement.

I say "Hear, hear" to that because it accurately sets forth my opinion of credit unions. In the past too many people, when dealing with government, have had a tendency not to write but to throw up their hands and say, "What's the use?" This minister and the government have encouraged people in the belief that their ideas are considered, their correspondence is read, and where changes can be made they are made.

(8:40 p.m.)

Sometimes decisions are made which are contrary to views expressed in a letter, but I am satisfied that these letters do receive consideration from all Members of Parliament. I want to quote from three letters from my constituents which I think typify the credit union approach. The first is from Mr. B. J. Kane, president of the Dow Chemical, Sarnia, Employees Credit Union. He says in part in his letter to me:

> We sincerely hope you are aware of the basic principles of credit unions and their self-help philosophy which enables a group of people—

Mr. Baldwin: Why don't you table the letter?

Mr. Cullen: I continue reading the letter:

> —restricted by a close bond of association, to obtain a better standard of living. This is accomplished by their own efforts within their own ranks and produces better citizens—

This is the part I like:

> —who do not have to call on outside agencies to help in time of need. Surely, this aspect alone benefits the general public by removing the necessity of obtaining aid through tax supported government departments.

Mr. Ed Odell, treasurer-manager of the Moore Credit Union Limited says in one paragraph of a letter to me:

> Twenty-four credit unions in Lambton county were organized for service to their members, not for profit. They are simply vehicles by which their members of a catholic parish, the employees of an industry or the residents of some small community like Forest, Port Lamton or Corunna, help each other by bringing together these people with a little money to save for those needing temporary financial assistance. Moore Credit Union is not seeking profit but brings together working people needing credit and working people who have savings to pool with their neighbour or brother employees. Our members who do receive a modest dividend or earnings on their share savings already pay tax on such income, to tax these same earnings in the form of income from the operation of the credit union is, in our view, a double taxation and should not be passed into law in Canada.

I think the hon. member for Peterborough made a good point this afternoon when he indicated that there are credit unions and credit unions, and some of them are certainly larger than the type referred to by Mr. Odell. I should like to refer to another part of his letter where he writes:

> In Lambton county, including Sarnia, there are only seven out of the twenty four credit unions with anything like an office open for daily business. There are three Catholic parish credit unions in Sarnia who are very small and are run on volunteer help as are the other fourteen to bring the total to twenty four. One credit union formed over a year to help the employees of a particular group of offices in Sarnia is struggling along with a volunteer secretary-treasurer and a board of directors.

He makes the point that these are community-minded people. Mr. John Kedwell, president of the Imperial Oil Employees, Sarnia, Credit Union Limited said the following in his usual succinct and honest way:

> It has always been our belief that credit unions should not be taxed—

This is probably the crux, that credit unions should not be taxed and, if they have to be taxed, to what degree? Mr. Kedwell, in taking this position with regard to credit unions, takes the obvious stand on their behalf and says that credit unions should not be taxed—

> —since they are non-profit, non-public and member-owned operated by groups of people attempting to meet their own credit needs at reasonable cost—

I have read excerpts from these letters because in my opinion these are people speaking out to government. These are community-minded people, as they have so often tried to stress, people who deserve a tax break because of the services they perform on behalf of fellow human beings.

Just as the Minister of Finance made substantial changes in his white paper—and as is demonstrated by the fact that he brought down a substantial number of amendments—it is my hope that the minister will look very carefully at the sections affecting credit unions and particularly at the comments the hon. member for Peterborough made this afternoon. I am satisfied that the people of Canada have had an opportunity to have their say. Now we have the law before us. I say, let us get on with the clause by clause study and let us give the benefit to the people who will get the benefit under this marvellous piece of tax legislation.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Baldwin: Mr. Chairman, would the hon. member answer a question? In light of the hon. member's apparent dissatisfaction with the present clauses with regard to the taxing of co-operatives and credit unions, and in light of the fact that it is likely that if we ever get a chance to move on, amendments will be offered from this side of the House in this regard, will the hon. member indicate

whether he will support amendments which will be put forward with respect to this particular clause, provided hon. members opposite stop talking, so we can move that far?

Some hon. Members: Oh, oh!

Mr. Cullen: When I was making my address in support of this marvellous piece of legislation the only interjections I heard were from the opposite side. If amendments you will be proposing are as weak as the interjections, I will not be able to support them.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Rondeau: Mr. Chairman, before considering this bill clause by clause, I should like to speak to it as a whole.

I realize that on the government's side, they would like to see this bill passed in a hurry, as was indicated by the preceding speaker. But when we consider the importance and consequences of this bill, it is only right to take all the time required to make a detailed study of it, for the protection of the people in general.

Unlike my colleagues, I do not have time to show how extremely complex this bill is. The Minister of Finance (Mr. Benson), to whom I would readily confer a degree as tax-collector emeritus, the best that Canada has ever had, has brought forward a very confuse, dark and unpopular legislation, as we have been able to realize for the past two years.

This bill is confusing since all Canadian financial experts, and particularly accountants, cannot make anything, or almost, out of it. In the briefs submitted, this has been shown to us and we have been made to realize this quite often.

Once more, the government showed that it could not leave the beaten track of the taxation system we have known, and this is why the government and its consultants find it difficult to suggest something other than moving around the taxes or the individuals taxed to a larger or lesser degree.

Mr. Chairman, here I only wish to recall, as an example, what the president of the Canadian Bank of Commerce said on December 9, 1969, about the white paper, and I quote:

> The economic consequences of the proposals made in the white paper, as well as of the principles on which they are based, represent a threat for the economy and the people of Canada.

Now, Mr. Chairman, I do believe that such criticism is more than serious.

[*English*]

Mr. A. Gordon Archibald, president of the Canadian Chamber of Commerce, had this to say on September 17, 1971:

• (8.50 p.m.)

> —businessmen have been "severely tested and almost strangled in the jungle of government regulations—"
>
> "Many businessmen will want out, and business will cease to attract new, young talent."

[Mr. Baldwin.]

[*Translation*]

Mr. Chairman, one businessman said that this new Bill C-259 "is a disturbing socialist document".

What is more obvious, I believe, is that the government had asked the Senate Committee on Poverty to inquire on poverty in Canada. Now, on June 22, 1971, four of the committee members, four economists appointed by the government, had to resign because they could not produce a report according to what they thought and believed good for Canada as a whole. I should like to quote from an article entitled "The Canadian economic system tolerates and even creates poverty", published in the June 22, 1971 edition of *La Presse*. It said:

> The Canadian economic system not only tolerates poverty, but creates it, maintains it and makes the problem even worse.

Such was the statement made by the four economists, Peter Penz, Brian Hill, Bill Cameron and Ian Adams who resigned from the Senate Committee on Poverty in April, because they disagreed with the committee chairman, Senator David Croll. That was understandable; the committee report was not to hurt the government. Those members said the following:

We resigned because the chairman—would not accept a candid evaluation of our society, said the four outgoing members in *Last Post*'s last edition.

> What he really wanted was a doleful discussion on what it means to be poor—

For a long time already, hon. members have deplored poverty in Canada and complained about the great number of poor people. But when it comes to adopting measures to achieve tax reform in order to help the poor, the government or the establishment, must not get hurt. There is no getting away from the beaten track, the orthodox economic principles that date back 200 years.

I quote further on:

> —an indignant denunciation of the inequities of the present welfare system, followed by an argument in favour of a guaranteed annual income.
>
> And above all, he did not want the people to know why they were poor.

They did not want the four members of the Special Senate Committee on Poverty to tell the Canadian people and Parliament why Canadians are poor. In fact, they had been appointed to determine the degree of poverty in Canada, and its reasons. When the members of this Senate committee tried to determine the reasons of this poverty, they had to resign so as not to hurt the government. I resume the quotation:

> Besides, this is why social reforms have always been in adequate and have always come too late in this country.

It is not the Creditistes who say that social reforms are inadequate and come too late. The economists and the experts chosen by the party in power, members of a Senate committee, have come to the conclusion advocated by the Creditistes since 1935.

And I quote again:

> The four resigning members of the Senate Committee on Poverty consider that poverty is built in the Canadian economic system, is aggravated by government policies and is not in the least hindered by welfare, housing, legal and medical programs.

About 40 per cent of the total income is shared among 20 per cent of the population, so that the gap between the rich and the poor is getting wider and wider all the time.

Mr. Chairman, we have been saying for years that the gap between the rich and the poor is still broadening. We are advocating a solution to raise the standard of living of the poor without reducing that of the rich whereas the socialists want to reduce the standard of living of the rich and give the impression that more will be distributed to the poor when all socialist countries of the world have socialized, nationalized, taxed without giving more to those who wanted more. Here is what the four economists are still repeating, and I quote:

In fighting inflation—

—and this what the present government has done—

—at the expense of employment the government, according to them, has made heavier the burden of the poor who are earning low wages and who are always first to be fired and last to be hired.

It seems to me that it would be time to listen to the Créditistes because we have succeeded in convincing the government economists even before we could convince the members opposite.

I also have here a document which I think is extremely important and which is from one of the greatest prime ministers of the free world, Sir Winston Churchill who had this to say:

[*English*]

Sir Winston Churchill had more than an inkling of what was, and is, wrong when giving his Romanes Lecture—"Parliamentary Government and the Economic Problem"—at Oxford, on June 19, 1930. He said: "The classical doctrines of economics have for nearly a century found their citadels in the treasury and the Bank of England ... Whatever we may think about those doctrines ... we can clearly see that they do not correspond to what is going on now ... It is certain that the economic problem with which we are now confronted is not adequately solved, indeed is not solved at all, by the teachings of the textbooks, however grand may be their logic. however illustrious may be their authors ...

If the doctrines of the old economists no longer serve for the purposes of our society, they must be replaced by a new body of doctrine—

Beyond our immediate difficulty lies the root problem of modern world economics; namely, the strange discordance between the consuming and producing power ... Who would have though that it would be easier to produce by toil and skill all the most necessary or desirable commodities than it is to find consumers for them? Who would have thought that cheap and abundant supplies of all the basic commodities should find the science and civilization of the world unable to utilize them? Have all our triumphs of research and organization bequathed us only a new punishment—the curse of plenty? Are we really to believe that no better adjustment can be made between supply and demand? Yet the fact remains that every attempt has so far failed. Many various attempts have been made, from the extremes of communism in Russia to the extremes of capitalism in the United States. They include every form of fiscal policy and currency policy, But all have failed, and we have advanced little further in this quest than in barbaric times. Surely it is this mysterious crack and fissure at the basis of all our arrangements and apparatus upon which the keenest minds throughout the world should be concentrated. Lasting fame and great advantage would attend the nation which first secured the prize ...

Economic problems, unlike political issues, cannot be solved by any expression, however vehement, of the national will, but only by taking the right action. You cannot cure cancer by a majority. What is wanted is a remedy. Everyone knows what the people wish. They wish for more prosperity. How to get it? That is the grim question ...

Parliament is upon its trial, and if it continues to show itself incapable of offering sincere and effective guidance at this juncture, our parliamentary institutions, so admirable in the political sphere, may well fall under a far reaching condemnation.

[*English*]

• (9:00 p.m.)

And today we see Churchill's prediction coming true. Parliament "put upon its trial" has failed to resolve the "discordance between our producing and consuming power", with the result that it has become the object of the ridicule and hostility of the persons whom it is supposed to serve.

[*Translation*]

Mr. Chairman, I could also quote statements by three American presidents. Moreover, in 1935, at a time when the Social Credit party had assumed power in Alberta, a former prime minister of Canada who wanted to secure the support of Social Creditors, particularly in Alberta and Saskatchewan, said the following, and I quote:

[*English*]

Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to Government, and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and democracy is idle and futile.

[*Translation*]

Mr. Chairman, these words were uttered 36 years ago. In his tax reform, the best Canadian "taxman", in reforming the country's finances, has only caused taxes to change places, and this is the reason why Social Credit members in this House are not only opposed to Bill C-259, but are equally shocked to see that whenever the government wishes to get money out of Canadian pockets, he resorts to a bill of more than 700 pages.

On the other hand, when it comes to helping those who have stood in defence of Canada, as for example the war veterans, a 4-page bill is deemed sufficient. But to pump money out, destroy private enterprise in Canada, or threaten it further, a 700-page bill is needed. To help those who fought for our country in times of war, those we told to go fight for Christianity and civilization, a 4-page bill was enough. To reward those who financed the war, who did not go to the front, who only had to line up figures in their bank accounts, and lend money to the federal government to increase our debts by several billions of dollars, a 700-page bill is introduced.

Mr. Chairman, we will have the opportunity of coming back to those clauses of the bill; we will take all the time needed to perform our duty in this House, to represent not the world of finance but the Canadian people who deserve better than a bill drawn up by experts with a view to gradually but totally dispossessing them.

Mr. Chairman, I should also like to read part of the communist program. I quote:

[*English*]

The Communist Manifesto by Karl Marx was first published in English in 1850. This was long before we had such a thing as income tax. It was also before the days of the central bank, with its long tentacles of control. In chapter 11 of this very revealing book, its author is discussing methods by which the whole world can be

brought under communism. I quote from page 152 as follows:

These measures will of course be different in different countries.

Nevertheless, in the most advanced countries, the following will be pretty generally applicable.

1. Abolition of property in land and application of all rents of land to public purposes.

2. A heavy progressive or graduated income tax.

3. Abolition of all right of inheritance . . .

6. Centralization of the means of communication and transport in the hands of the state.

These are only the first four of Karl Marx's ten important points but they are sufficient for our purposes at this time. Look at point No. 2—"A heavy progressive or graduated income tax." Now let us compare it with part of paragraph 1, section 9, of the Benson white paper which reads as follows:

This concept of "ability to pay"—

[*Translation*]

The Deputy Chairman: Order, please. I regret to interrupt the hon. member, but his time is now expired.

Some hon. Members: Continue.

The Deputy Chairman: Is it the pleasure of the House to allow the hon. member for Shefford to continue his remarks?

Some hon. Members: No.

Some hon. Members: Yes.

The Deputy Chairman: There does not seem to be unanimous consent.

Mr. Rondeau: Mr. Chairman, do I have the unanimous consent of the House, yes or no?

The Deputy Chairman: Order, please. The Chair is powerless to determine who gives consent and who does not; the Chair heard nays. So there is no unanimous consent and I have to recognize the hon. member for Saint-Hyacinthe (Mr. Ricard).

• (9.10 p.m.)

Mr. Ricard: Mr. Chairman, I would have liked my colleague from Shefford (Mr. Rondeau) to enjoy the same privileges which were granted to other members, and it is unfortunate to see the "nays" coming from the government side.

Mr. Chairman, although I only want to speak briefly on the measure now before us, I feel duty bound to make some comments on behalf of my constituents.

It is difficult, Mr. Chairman, to speak about the bill under consideration without first saying a few words about the white paper introduced by the Minister of Finance (Mr. Benson).

We remember that when the Minister of Finance tabled his white paper, there was nothing more perfect, everything had been fully looked into, and it was going to solve all income tax problems.

The opposition undertook a thorough study of that white paper. We voiced our opposition and refuted the objections of the government members. We were accused of taking too long, of filibustering. We were blamed for all possible and imaginable ills.

Finally, the minister realized that we were right because protests began to flow from all sides of the House at once. Financial exports, accountants, lawyers, in short everybody gathered to let the minister know that his proposal was entirely inacceptable and that it ought to be seriously reviewed. The minister was finally forced to see the light and do over again, though still most imperfectly, the work already started.

We now have before us Bill C-259. When this measure was introduced, it was something perfect which had to pass then and there because it had been hatched by a Liberal government. According to our friends across the way, a liberal government simply cannot make mistakes.

We have begun our consideration of this legislative proposal which no one understands, and we have raised objections. The public in general has done the same and, following a committee study, the Minister himself has proposed a hundred amendments or so.

So, Mr. Chairman, even if we are accused of extending the debate, we, of the official opposition, are only doing our duty when we raise objections or when we propose amendments to a bill. We do it to fulfil our duty to our electors. We want them and the Canadian people to have good laws that are very easy to understand and easy to apply.

But it seems, Mr. Chairman, that we are dealing with a government unable to take a clear and firm position that anyone can understand. Apparently, proposals must contain loopholes for certain classes of people. It is so much more satisfactory to bring in something good, something understandable, something simple that the government should, I think, apply itself to it and follow the advice of those who are close to the people.

If the government acts in this way, it is because it lost touch with the people. It has no longer any contact—

Mr. Rondeau: It never had any.

Mr. Ricard: —my friend from Shefford says that it never had any and I think he is rather right. But more and more it is losing touch with the people. No wonder then that most of our laws are enacted so as to benefit as much as possible the "big" ones and to injure the "little" ones or average Canadians. There are so many indirect taxes that the low income Canadian can hardly make ends meet at the end of the year.

For many months, many years even, we have been urging the government to bring about the partial or total removal of the 11 per cent tax on building materials. It is known that when the building trade slows down many Canadian workmen are deprived of their livelihood. It is often said that activity in the building trade is a sign of prosperity. Well, the 11 per cent tax is now a hindrance to construction and the government would do well to take the best interest of the people into consideration and remove this 11 per cent tax as speedily as possible.

Mr. Chairman, under the minister's new proposals, it is those earning $7,000 to $12,000 a year who will be carrying the burden of the new fiscal system. If there is a segment of our population deserving of the government's attention,

it is certainly the citizens earning from $7,000 to $12,000 a year. The government should be far more generous towards that class of society, and grant them even greater exemptions. Under the present tax system, the general public harbour a continual feeling of despondency which affects initiative on the part of small and middle businessmen and manufacturers.

Instead of racking his brains in order to find ways to tax small and middle industries, the Minister of Finance would do better to think up means of making available to those industries, which have already played a very important part in the economic life of this country, low interest loans which would allow them to continue their contribution to the economic life of our country.

Canada needs good workmen, good farmers, and also good businessmen and good manufacturers in order for its economy to expand rather than deteriorate as it is doing at present.

Everybody knows that last year the number of bankruptcies increased dramatically, and the debts which caused those bankruptcies are at present 50 per cent higher than in 1970.

Mr. Chairman, if that does not show that the economic health of our country is threatened, I do not see what other sign could be found. It was funny to hear the Minister of Finance last Thursday night tell us that we have a strong economy and that he expected continued progress. That caused laughter not only in the House but also outside. To be convinced, Mr. Chairman, one only has to look at the quotations on the stock exchange. This indicates very clearly what the economic life is like at the present time, and the stock market is a true reflection of what is happening in Canada.

(9:20 p.m.)

Mr. Chairman, I was greatly surprised to hear this afternoon my good friend the hon. member for Peterborough (Mr. Faulkner) state that, at last, he had discovered there were in Canada caisses populaires and credit unions. For months, we tried to convince the government that it should give special consideration to caisses populaires and credit unions, because these two types of financial institutions had rendered great services to this country. While the large financial institutions were refusing workers the loans they needed to build a house of their own, the caisses populaires and credit unions have done the utmost to accommodate the people in the lower income bracket, so much so that one can see in all Canadian cities at least one sector that has been developed through the loans granted by the credit unions or caisses populaires.

So I would ask my friend the hon. member for Peterborough to put forward the views of those people who have rendered immense services to the population and to make the Minister of Finance understand that he has an obligation—although I doubt that he could do it—to avoid taking measures that would sink those Canadian financial institutions that have done so much and that still have so much to do.

Mr. Chairman, I received letters from co-operatives but I will dispense with reading them. I would also like to join with those that have appealed to this House in favour of the caisses populaires so they will receive the treatment they deserve and be allowed to continue helping low wage earners.

In concluding my remarks, I would also like to ask for more generous personal exemptions for those who are the foundation of our society, labourers, farm hands, and workers in general, for they are in the final analysis the big taxpayers in the country. They deserve special attention. I also wish the government would finally accept the obvious and recognize that our demands are not made only on our behalf but on that of all Canadians.

Mr. Fortin: Mr. Chairman, not very long ago, the federal government published a booklet prepared by the Treasury Board and entitled: "How Your Tax Dollar Is Spent". This booklet was based on the government's estimates for the fiscal year 1971-72. Needless to say that this question is topical today, since we are discussing Bill C-259 on tax reform. People are complaining—justifiably enough—that they are being taxed more and more heavily. One should ask oneself what the government is doing with the taxes it collects.

On every taxpayer's dollar, the government spends 25 cents on health and welfare programs and 14 cents on economic development and "support". Given the fact that this government is as much interested in encouraging big business as in achieving the economic development of the country, it earmarks 14 cents of every tax dollar for the national debt and service 13 cents to defray national defence. Nobody knows whom we are fighting or whom we are defending and why, but anyway, it costs 13 cents of every tax dollar in peace time. Transfer payments to provinces cost 9 cents of every tax dollar whilst 7 cents are spent on transport and communications, 6 cents on internal overhead, 4 cents on general government services, 4 cents on education assistance, 2 cents on culture and recreation and 2 cents on external affairs, which makes a total of $1.

This is how the federal government is spending the taxpayers' money.

This is leading to several conclusions and, among others, that the major government item in the budget is health.

Confronted with the continued increase in unemployment and inflation, the government announced last week, through the Minister of Finance, a reduction in individual and corporate taxes. This is another government move, apart from the tax reform, to fight inflation and unemployment.

The House will remember that since 1968, each time the Minister of Finance tabled a budget, he claimed that the measures he was introducing would either decrease unemployment or eliminate inflation. But since every endeavour led to failure, the Minister of Finance again rose and smiled and introduced a new budget, saying that he would increase the grants here and there, only to awake shortly afterwards with another budget designed to compensate for previous failures.

And now even though recent Bill C-259 has not yet been enacted, the Minister of Finance wants it to be amended. I understand for not only this bill in its present form is far from acceptable but the co-operatives, for instance, even

with the amendment proposed by the Minister of Finance, will be no better off than before.

Mr. Chairman, this shows way that the bill before the House will not solve the present problem, since the minister himself agrees to lower personal income tax by 3 per cent and corporate income tax by 7 per cent.

Mr. Chairman, that is an example of what I call administrative manipulation of our fellow citizens' tax, which really amounts to nothing, an aspect which I did not have time to deal with this afternoon. That is why I wish to speak once more.

I should like to emphasize that the government has two sources of financing: the taxpayers' money, increasing from year to year, and the loans raised in foreign countries. That is how the government finance their administrative expenditures, according to their own priorities.

Now it has been proven that taxes keep on rising from year to year. The government may say that is normal since their expenditures also increase. But as the Canadian taxpayers are unable to fill in, with their income and taxes, all the public administrative expenditures, the government for the past ten, twenty, even a hundred years, let us say since 1967 at least, has had to borrow money abroad in order to finance this country, which means, if I quote the title of the publication "How your tax dollar is spent", that we come to the following result:

(9:30 p.m.)

Canada's public debt amounted to $38 billion in October, 1970, and the Minister of Finance has forecast new government borrowings of $1.9 billion in 1971-72 to cover an anticipated $600 million deficit in the fiscal year, and a $1.3 billion net cash requirement for non-budgetary investments such as housing, transportation, and loans to developing countries.

Incidentally, it must be noted that the government admits that the money it lends to foreign countries at a low interest rate is money it has borrowed itself from other countries at a high rate. Anyway, that is not the question. In fact, at this time, the government anticipates a $600 million deficit and will have to borrow $1,900 million. That deficit has to be made up one way or another. The government borrows from other countries.

On the other hand, they say that they will borrow from those sources $1,900 million to pay non-budgetary expenses. Both amounts come to more than $1,900 million, plus $600 million, which means that we now arrive at $2.5 billion. These are debts, borrowings made this year for the 1971-72 fiscal year.

According to last week's estimates, this debt will be increased by almost $1 billion. We now have almost $3 billion. The debt amounted already to $38 billion. The service of the public debt, that is interest and capital payments on the public debt, will cost $1.995 billion in 1971-72, or, in other words, 14 cents on each dollar paid to the federal government. That is what is said in this government pamphlet.

Mr. Chairman, I say this is pure demagogy in a certain way. This is a monumental joke. This is the way we are administered. On the one hand, Canadian taxpayers are in debt up to their eyes and overtaxed, and on the other hand, the government increases its expenditures. Borrowings are increased so that in order to pay the interest on its debts, the government falls back on the taxpayer, increases the income tax to pay for those borrowings and the interest, which means that at the present time, excluding the two and one half billion dollars deficit predicted, we lose 14 cents on every tax dollar.

There then, Mr. Chairman, is the overwhelming proof that the income of Canadians, on the whole, is burdened by the public debt accumulated by successive governments, liberal as well as conservative. This proves that the most inflationary factor is the progressive indebtedness of governments. We speak of federal government debts, but we could speak as well of the debts of the provinces, municipalities and school boards. The taxpayers must, through their taxes, pay the interest and the principal on those debts, on all debts, municipal, school, provincial and federal so that finally they get discouraged because there is no end to it.

Yet, financing the development of our country would be simple if we turned to the financial institutions we have, such as the Bank of Canada; the Canadian taxpayers would save that much.

It will be said that it is the miracle solution, the stupid solution of the Créditistes. However, nothing proves that the present system is not absurd. Indeed, it is inflationary, while the one we advocate is not. When it is suggested that Social Credit will create inflation by using Canadian financial institutions, it is not true, because inflation exists at the present time. Social Credit is the solution which does not lead to inflation.

What difference is there between $7 coming from the United States and Europe or $7 from the Bank of Canada, if both amounts are based on Canadian development? The big difference just the same is that the $7 from the Bank of Canada will be reimbursed only once, since the amount is lent to the Canadian people while the $7 from the United States or elsewhere must be repaid with interests. As a result, the taxpayers through their taxes will have to pay three bridges to big business and one to themselves, three trans-Quebec highways to big business and one to themselves, three Trans-Canada highways to big business and one to themselves, three James Bay projects to big business and one to themselves, four Quebec Hydro, at the very least, given the interests and the indebtedness that this corporation has contracted with the Americans, and one Quebec Hydro to themselves, all this according to the wishes of politicians of the old school, so as to become masters in our own house.

Mr. Chairman, are we masters in our own house, when we are kneeling in front of big business to ask them for permission to breathe in our own country?

Mr. Chairman, this means that as we are discussing Bill C-259—more than 710 pages on how to tax our fellow citizens—we ought to question the financing system of this government so that the latter will add a third source of financing. If the only sources of financing for this government are loans and taxes, it should add a third one, the Bank of Canada, in order to finance the public sector of Canada.

The Economic Council of Canada, in its eighth annual review published in September 1971 under the title: "Design for Decision-Making", states that the public sector in Canada is expanding more and more and is becoming more and more costly. I invite my colleagues to read this report which was not published by the Creditistes but by the government. It says that more and more the public sector of the Canadian economy is gaining in importance over the private sector.

That, Mr. Chairman, means—if one is able to understand the situation—that the proposed tax reform will not solve the problem but that, on the contrary, another measure will be needed in a couple of years, perhaps twice as thick as this one, to solve another problem, because expenses will continue to rise in the public sector because of its increasing importance.

Mr. Chairman, they devise all kinds of ways to tax our fellow citizens with bills that even officials do not understand. They propose a superficial tax reform which not only fails to solve the problem, but affects a new class of unprotected people, namely the average wage-earner with an income between $7,500 and $12,000. They will have to pay the grants awarded to large companies as well as the tax exemptions allowed to 750,000 other Canadians.

Mr. Chairman, we should be ashamed to say that 750,000 Canadians will be tax exempt, which means that 750,000 other Canadians do not have enough income to pay taxes and have to live on welfare. This means that 750,000 other Canadians are outside the economic system of production and are thus deprived of consumer goods.

Mr. Chairman, it is more and more imperative that the government stop joking about this question, come back to earth and look seriously into the Social Credit proposals. What has it to lose? In any case, it is now in a vicious circle.

But, Mr. Chairman, I doubt that the government will look into the Social Credit doctrine.

• (9:40 p.m.)

I think the only way the administration can solve the problem is by calling a general election. The best example of this is found in the publication of the Treasury Board entitled "How your tax dollar is spent". Here what it says on page 23, and I quote:

This interest payment is—

It is mentioned here that 14 cents of every tax dollar pay for interest on our debt. In fact, to make Canadians swallow the interest payment on our debt to foreigners, the government says, as one can read on page 23, and I quote:

This interest payment is almost wholly—

Mr. Chairman, it is dishonest, it is insidious, I continue to quote:

This interest payment is almost wholly a return on investments in Canada by Canadians.

Let one Canadian stand up, whether he is a farmer, a labourer or anything else, and show me the dividend cheque he has received from the federal government for investments in his country: No Canadian can do it. The only investments that bear interest are the Canada savings bonds, and they do not even finance 30 per cent of the Canadian government administration. The balance is loans, Mr. Chairman, for which Canadians receive no interest.

However, in this brochure designed to sell taxes to Canadians, the government tells them: Continue, it is a good thing to borrow abroad, a good thing for you to pay taxes of over 14 cents per dollar to the federal government as interest on our debt, because actually that is just reimbursement for what you have invested.

That is all pure ballyhoo, pure demagogy, blatant lies, Mr. Chairman. There is not a word of truth in what is written there and I shall go even further, saying that the Minister of Finance and the President of the Treasury Board, the authors of that text, should be sued by Canadians because that is not truth, it is shear phantasy, it shows how dishonest some people can sometimes be, in the belief that power belongs to them.

Mr. Chairman, the autority to administer may belong to the government, but the authority to finance that government belongs to the Canadian people and they require the government to make use of its financial institutions in order to help it ensure the sound and normal development of the country by taking part in and by getting its financial institutions, like the Bank of Canada, involved in the financing of the public sector. As I said, and as pointed out by the Economic Council of Canada, it is increasingly costly.

Mr. Chairman, as a member of this House, I am really sorry to see how keen they are to tax our Canadian people and to see how little the members on the other side are interested in seeking solutions in order to alleviate the tax burden of our fellow-citizens.

I urge the hon. member to read the booklet entitled "How your tax dollar is spent" and, if they have the courage, to go and read it in their riding. Then we shall perhaps be able to discuss matters on an equal footing. But if some people want to go on playing games and concealing the truth from the Canadian people, if this country keeps getting bogged down and if its financial situation continues to deteriorate, the day will come when only a tiny minority will be paying income tax, while most of the other citizens will be on welfare. Believe it or not, there remains one fact which nobody can laugh off: how is it that a country as rich as Canada has so many poor?

[*English*]

Mr. Mazankowski: Mr. Chairman, when we look at the massive bill before us—in fact, as the whole matter of tax reform, the white paper and Bill C-259—and what all this legislation has cost the Canadian taxpayer, we must ask whether the exercise has really been worth while. I believe the changes proposed in this bill could have been incorporated during the course of a normal budget.

I was a member of the Standing Committee on Finance, Trade and Economic Affairs which travelled through the western provinces receiving briefs and hearing the reactions of the public to the white paper proposals. We were constantly reminded of the repercussions which those proposals were having on trade expansion and on construction, resulting in a reluctance to embark upon new ventures, all of which had a cooling effect on the whole economy.

There is no need to say that today we have an economy which is dreadfully sick, with high unemployment, inflation and one of the highest rates of bankruptcy we have experienced. To realize this one has only to be reminded of the postponement of the plans of Syncrude, in northern Alberta—a $300 million venture which was postponed deliberately as a result of the tax proposals enunciated in the white paper.

I do not believe we will ever know, in terms of dollars and cents, exactly what the whole exercise has cost the Canadian taxpayer. But suffice it to say that it has been plenty. We will never be able to assess, in terms of dollars and cents, the misery and hardship created as the result of lay-offs, lack of confidence in the economy and lack of suitable employment. We have suffered from lack of an expanding labour market which has been brought about in large measure by the effects of the white paper that was published in 1969.

We might ask ourselves why this uncertainty has existed. I believe the answer could be summarized by referring to page 5 of the white paper in which it was said that the government's proposals were the result of careful study of tax principles, practices and impact, and that the government believed they were the best practical proposals "to attain our objectives in present circumstances." Mr. Chairman, I submit that that was a pretty firm declaration. It was a firm commitment that the white paper proposals, so far as the government was concerned, were an almost perfect approach to change not only the tax structure but also the social and philosophical attitudes of Canadians.

Businesses large and small, and corporations foreign and domestic became very apprehensive about the future. To date many patchwork measures have been undertaken in an attempt to stimulate the economy. Recently we have experienced a situation arising from actions taken by the United States. It is obvious to me that much of the uncertainty and stagnation of our economy was caused by the white paper proposals put forth in November, 1969. I have already said that probably we will never know the exact amount of the losses incurred as a result of this exercise, but we do know that the economy has suffered considerably. It has suffered as a result of the ostensible determination to inject equity into the tax system.

We know that the direct cost of the exercise was something in the order of $10 million. This was outlined in an article in the Ottawa *Journal* on July 10. We know that the exercise, right here in the House of Commons, was very costly—something in the order of $1 million. The cost of the hearings conducted by the Standing Committee on Finance, Trade and Economic Affairs was $601,321. The amount it spent for research staff and studies was $200,818, and the cost of calling witnesses was $8,766. The Senate committee had similar costs. The business community also had high expenses in hiring professional help in order to present its case adequately before the committee.

• (9:50 p.m.)

Not only do we have an expensive tax structure but we have a complicated tax structure; a myriad of changes which can serve only to confuse the average taxpayer. This may force the average taxpayer to engage the services of accountants and other professional people, which in normal circumstances might not be necessary. I believe this has been adequately enunciated by those who attended the convention of the Canadian Bar Association. It was readily supported by professional accountants and others. We have a situation in respect of the new measures incorporated in Bill C-259 which will make Canada a nation of bookkeepers.

I should like to deal briefly with the effect of this legislation on small business and the impact it will have on the agricultural community, including co-operatives. In respect of co-operatives it will have a very devastating effect on those organizations which provide services to the agricultural community. I think of the small, seed cleaning plants, for example, which provide a service to farmers at cost and which will find themselves in a very difficult situation in attempting to carry on under the new proposals. Members of the Vermilion Seed Cleaning Association met with me and pointed out that under their present policy they are not making money but are merely providing a service to the farm community. They were unable to accumulate any money under the old system and stated that under the new system they will have to increase the tariff to farmers in order to remain solvent. I believe the same thing applies to other small co-operative organizations such as the livestock co-operative and many other small groups which provide services not provided by private enterprise.

One does not have to be much of a tax expert—I certainly am not—to realize that this bill will have a serious effect on agriculture and small business. While the capital gains tax implications are obvious, little has been said about the much greater tax disadvantage the farming community will suffer because of the new measures. This leads one to realize that even the Minister of Finance and the tax experts who work in conjunction with the authors of the task force report on agriculture want to do away with two-thirds of the farmers of our country.

Mr. Mahoney: You must do better than that if you want to continue for another four minutes.

Mr. Mazankowski: I will be here as long as you will. The situation, simply, is that the type of legislation brought forth by this government has been deliberately aimed at destroying the family farm and the welfare and occupation of farmers.

Mr. Mahoney: You don't believe that.

Mr. Mazankowski: There is no doubt about it. The notorious Bill C-176, Operation Lift which more properly should be named operation "Flop," the stabilization bill and then what has commonly been referred to as the adjustment program which has been brought forth in the form of a so-called white paper are aimed at speeding up the rationalization process in the farming community. From reading the statistics provided by DBS we know the effects of the cost-price squeeze and the strangulation which has taken place since this government assumed office. We know the government is well on its way to succeeding in what I refer to as a measure of occupational genocide.

We know that in 1966 the total net realized farm income in the three western provinces was in the order of $1 billion. This decreased in 1970 to a net realized income of roughly $500 million, a reduction of 50 per cent. Yet we

have a government which intends to bring in tax measures which would further aggravate the situation.

The point I am making is that we are creating a situation in which the removal of two-thirds of the farmers from the land will in fact will become a reality. We know many farmers have found themselves in the position of being in a cost-price squeeze. The cost of their input has increased since 1967 by roughly 8 per cent, while in the same period the price of the goods they sell has decreased by roughly 11 per cent. This type of situation cannot continue. It must be recognized that agriculture is indeed a risky business. The Minister of Finance and the parliamentary secretary—I do not believe he has a great deal of sympathy for the agricultural community—have not seen fit to incorporate any measures which would take cognizance of this fact.

May I call it ten o'clock, Mr. Chairman?

Progress reported.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, on a question of privilege.

I would not want to be nasty to anybody, but I have not heard, because the sound system was not working, the progress report to the Chair, following the meeting of the committee of the whole.

Would it be possible for you to repeat the report which has just been brought forward?

The Assistant Deputy Chairman: To answer the hon. member, the report handed to me read as follows:

Mr. Chairman, the committee of the whole has considered a certain bill and has invited me to report progress and request leave to resume consideration at the next sitting of the House.

Such is the report handed to me.

Mr. Gilles Marceau (Lapointe): That was read in French by the Assistant Deputy Chairman of the committee of the whole.

(10:00 p.m.)

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

ROYAL CANADIAN MOUNTED POLICE—USE OF INFORMERS—REPUDIATION OF STATEMENTS BY ROBERT EADIE AND FATHER

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, it is a great pleasure to be able to put our good friend the hon. member for New Westminister, now Parliamentary Secretary to the Solicitor General, (Mr. Hogarth), through his baptismal fire.

In a speech to the Canadian Association of Chiefs of Police on September 2, his boss the Solicitor General (Mr. Goyer) said that the work of the police calls for "a much greater degree of open public discussion about police policy". As we know, the matter that brings us here tonight is the affairs of father Eadie and son Eadie—that is, the young fellow who was informer, and his father. I had asked a question about the activities of the younger Eadie and the statement to the House of the Solicitor General keeps us here tonight.

As former U.S. attorney general Ramsay Clark said—

No area of police activity calls for greater skill or discipline than drug control. Of all consensual crimes, the victim here is least reliable and least likely to co-operate. His dependence on his supplier is great. Most traffickers are users themselves and therefore doubly dangerous—dangerous as persons dealing in serious crime and dangerous as unstable individuals. Evidence is difficult to obtain in drug cases. Historically narcotics agents have worked under cover and through informers.

Mr. Clark, I imagine, is regarded by most of us, or at least those who have some knowledge of the law, as one of the great lawyers of our times. He went on to say:

Informers, rarely wholly reliable, are even more rarely so in narcotics cases.

Now we come to the case of the Eadies, and especially Eadie junior who appears to have earned his living from giving information to the police about drug users. His father has spoken on this matter. Whether the RCMP used intimidation to recruit his son, as he claims they did, by threatening to have him "busted" on planted evidence and sent back to the reformatory is one of the serious questions that has come out of this whole melancholy case.

Robert Wayne Eadie, on the CBC program of September 9, said his son had been paid $305 by the RCMP over 2 ½ years dating back to when he was a youth of 18 for supplying information that had led to three arrests, that his son had been forced to supply information to the RCMP after they had been contacted by the Cornwall police who were holding him on a charge of drunkenness, and that his parents were never notified that he was being paid as an informer. He said that the RCMP coerced his son into providing information by threatening to plant drugs on him and prosecute him, and that his career as an informant ended after he was severely beaten by six guys and left for dead. He said his son lost his teeth because of this action.

The Solicitor General told us in the House that the practice of paying juveniles for information given by them to the police is repugnant. That this practice did not add appreciably to the efficiency of police operations I think almost anybody here could believe.

Before that, on August 15, the Solicitor General had told the Canadian public that the RCMP would not have a young person on the payroll as an informer. That leaves us in the position where we are very much in doubt about police operations. Perhaps we are left in doubt as to whether anybody should now be in jail because of information given to any court by a young person under oath. We are also left in some doubt as to the rapport between the Solicitor General and the Royal Canadian Mounted Police.

This is a subject totally repugnant to me, Mr. Speaker. As a matter of fact, if I did not have the particular responsibility I would not be raising it this evening. I suppose, like most citizens, I would like to believe that

everything was working for the best of all possible worlds. However, because of the rather substantial differences between people in different positions I feel it my duty and obligation to raise the matter tonight. I hope my hon. friend, who has had a great career in the courts—much more than I have had—in dealing with this type of matter and dealing with crime, will be able to support some of the points I have raised.

Mr. Douglas A. Hogarth (Parliamentary Secretary to Solicitor General): Mr. Speaker, in dealing with this question which has been raised by the hon. member, and which is indeed a very serious subject, the Solicitor General (Mr. Goyer) has very little to add to what was said in his statement on motions on September 17 last as reported in *Hansard* at page 7937. This dealt both with the policy of the Royal Canadian Mounted Police with respect to the employment of informers of a young age and with the Eadie case.

Specifically, five allegations were made by young Eadie. First, that he was forced to supply the RCMP with information relating to drug offences under threat of returning to prison. This was refuted, as reported in *Hansard* at page 7938. Second, Mr. Eadie alleged that his parents were not aware of his activities. This was refuted at the same page. Third was the allegation that there was a threat to plant drugs upon him if he did not provide the police with information. This was refuted. Fourth, he alleged that he gave information which resulted in three arrests. This was not necessarily refuted; the RCMP reported that he gave information on 21 occasions which resulted in successful police action in respect of 14. Fifth, he alleged that he was threatened with physical harm because he was a police informer, or at least that it was found out, and that the police refused him protection. This was categorically denied.

In respect of the statement on motions made by the Solicitor General, I think it is to be noted that the hon. member for Skeena (Mr. Howard) made specific mention of the fact that it is sometimes inadvisable to rely on statements made by paid informers. Indeed, as my hon. friend knows, the rules of evidence are such that this type of evidence must be corroborated in any court of law.

In any event, on September 30, the young man went on television again. It was this second appearance that gave rise to these proceedings tonight. At that time it did not appear to the Solicitor General that he said much that he had not alleged before, and there was very little that could be added. In that broadcast it was alleged that the Solicitor General was wrong with respect to the fact that Eadie's parents were informed. The Solicitor General has reviewed the file and contacted the Royal Canadian Mounted Police again on this point. It is suggested that there is a difference in fact here, and the Solicitor General relies on the previous statement that he made.

The second allegation made in the new broadcast, that he was forced to inform about drugs under threat by the RCMP, is also denied, as it was before. The third allegation is that he was beaten up because he was a drug informant and that he asked for protection. Similarly, there is nothing to add to what was said before. The fourth allegation was, and this was somewhat new in that broadcast—

[Mr. McCleave.]

(10:10 p.m.)

The Acting Speaker (Mr. Boulanger): Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. Hogarth: Mr. Speaker, might I have half a minute to finish?

Some hon. Members: Agreed.

Mr. Hogarth: The fourth allegation is that he was contacted by the RCMP in November, 1968, that he provided information one week later and that he received payment for this information during Christmas of 1968. This is denied by the RCMP. The records indicate that the first payment to him was made on April 30, 1969. I regret that is all the information we have to provide. There has been a thorough looking into of the case on behalf of the RCMP.

TAXATION—SUCCESSION DUTIES AND GIFT TAXES—PROPOSED FEDERAL ABANDONMENT—REPLY TO PROVINCIAL REQUESTS FOR DELAY

Mr. Doug Rowland (Selkirk): Mr. Speaker, on October 8, as reported at page 8554 of *Hansard,* I directed the following question to the Prime Minister (Mr. Trudeau):

I understand the Prime Minister has now sent a reply to the previous letter of August 6 requesting a one-year delay in the implementation of the proposals regarding changes in succession duties and gift taxes. I wonder whether the Prime Minister is now in a position to inform the House of the nature of his reply?

The Prime Minister said in reply:

—I indicated that my reply was to the effect that we were not going to delay the implementation of the government's decision, subject to our getting the legislation through the House, of course. I added that federal officials and ministers would be prepared to discuss with provinces that desire to have discussion ways in which we might assist them in preparing to raise their own taxes if they wanted to step in where the federal government had stepped out. As the House knows, the announcement was to the effect that we would not continue collecting these taxes but that if the provinces wanted to start collecting them we would try to assist them to do so.

In a word, Mr. Speaker, that reply is completely unreasonable. If the provinces are to collect estate and gift taxes, they must first pass legislation. They do not know at this moment when the tax bill before this House will pass, so they cannot very well begin the procedures necessary for the passage of the legislation. There is no time available to them to consult with other provinces in an attempt to establish the sort of uniformity necessary in estate and gift tax legislation, if they are to be administered by the provinces. There is no time available for them, after the bill before this House passes, for the framing of their own legislation. There is no time available for them to call special sessions of their own legislatures in order that their legislation may come into effect on January 1, 1972.

Their request was entirely reasonable and I fail to understand why the government has not acceded to it. In view of the problems the provinces would face in attempting to get all these tasks completed by January 1, 1971, the Prime Minister's offer of assistance is nothing more than hot air.

Mr. Knowles (Winnipeg North Centre): That should be "1972."

Mr. Rowland: Yes, 1972. If a vast jungle is not to be created in the field of succession duties and gift taxes, then the federal government must agree to this eminently reasonable request on the part of the provincial governments for a one-year suspension in the proclamation of that portion of Bill C-259 which provides for the complete withdrawal of the federal government from the imposition of estate and gift taxes.

The provinces need time to consult, if there is to be any uniformity in their approach to the problem. Surely even a complete cretin can see the need for a large measure of uniformity in the area of taxation. If the rich provinces, for example, were to decide that they do not need that revenue and therefore they will not impose any gift taxes, what would happen to the poor provinces? In Manitoba, the revenue gained from gift and estate taxes is equal to a 1 per cent surcharge in income tax. Where are you to find that kind of revenue?

If the richer provinces decide not to impose estate taxes because there is not enough time to get the legislation through, the poor provinces must follow suit and further narrow an already too narrow tax base. This is a completely backward step that the federal government has taken. It should never have abandoned the field of estate and gift taxes. Indeed, it should never have contemplated that step. One of the major purposes of a proper system of taxation is to equitably redistribute the wealth of society. Estate taxes and gift taxes are one of the best means of so doing.

Why should a person receive an immense boost over his neighbours simply because, for example, he was fortunate enough to be born into a family having a rich uncle? If a man has worked hard and used his ingenuity and initiative to accumulate wealth beyond that possessed by his neighbours, I can understand the desire on the part of society to let him keep it. However, if he has done absolutely nothing to warrant more wealth than his neighbours, other than being born into a family with wealth to pass on, I fail to see why society should not get a cut, given the fact that no man, no matter how hard working or how ingenious, succeeds without relying in some degree upon the services provided by society.

Abandoning estate and gift taxes is, as I have said on a number of occasions, a retrograde step. Not allowing provinces time to avoid the potential confusion resulting from an attempt to impose estate and gift taxes on their own, without consultation with one another, is absolutely criminal. I ask the members of this House to remember that eight out of ten premiers requested the one year's delay. These premiers represent every major political philosophy in this country.

I am astounded by the degree of arrogance—I realize that "arrogance" is an overworked word in this House but it is the only way to describe this cavlier rejection of a request by eight out of ten premiers—and stupidity required to deny that request. It will not make one iota of difference to the government's budget if it delays the imposition of that portion of the bill for one year, because it represents an abandonment of revenue and not a source of revenue. It creates no problem whatsoever with the budget. If the government cannot see logic, why not be gracious and accede to the provincial governments' request which is absolutely reasonable and necessary?

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, on September 22, 1971, the Prime Minister (Mr. Trudeau) wrote the chairman of the premiers' conference reaffirming the federal government's decision to repeal federal estate and gift taxes effective January 1, 1972. The federal government has no intention of continuing this form of taxation when capital gains are included in the tax base as provided in the June 18 budget.

The federal government is, nevertheless, prepared to afford technical and administrative assistance to provinces wishing to enter these fields. This offer of assistance was communicated to provincial finance ministers by the Minister of Finance (Mr. Benson) on October 14 and expresses our willingness to administer a succession duty imposed by any province that is not presently levying succession duties, that is, provinces that do not themselves have the staff and facilities to administer such a duty.

The offer is contingent upon the following conditions being met: One, at least four provinces must enter into the agreements; two, each participating province would enact a model act providing that the base of the succession duty would be the same; three, some degree of uniformity of rates would be provided under the model acts having regard to the rates now in effect in those provinces imposing their own succession duties; four, that administrative procedures be reasonable in terms of the rights of taxpayers; five, it would be clear that the federal government's role is purely administrative and the presentation to the public would make clear that it is a provincial, not a federal tax. There are a number of other conditions, including provision for a reasonable administration fee and a three-year term of agreement.

A similar offer has been made in connection with the gift tax, with the proviso that the minimum of four provinces participating be provinces that have entered into the collection agreements for succession duties. Officials of the federal and provincial finance departments concerned will be meeting very soon to discuss the offer. With regard to the matter of time, the government does not anticipate that the House will take an undue time to pass Bill C-259 in view of the numerous benefits to Canadian taxpayers and the economy which are embodied in it.

• (10:20 p.m.)

Most provinces are expected to adapt their own income tax systems to the federal system. We hope the House and the other place will soon pass Bill C-259 into law so that the provincial legislatures can meet and at least receive budget speeches from their governments before the end of the year.

Mr. Rowlands: We can't do that.

Mr. Knowles (Winnipeg North Centre): How can a grown man be so childish?

REGIONAL ECONOMIC EXPANSION—INQUIRY AS TO SIGNING OF AGREEMENTS WITH NOVA SCOTIA

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, the burden of my message tonight arises out of a question I asked in this House several times of the Minister of Regional Economic Expansion having to do with what I consider to be a breakdown in communication between the provincial authority in Nova Scotia and the federal authority in Ottawa. In this context, it has to do with agreements.

On October 7 I asked the Minister of Regional Economic Expansion (Mr. Marchand), as reported at page 8516 of *Hansard*, whether the minister could indicate the present status of a subagreement under the basic agreement between the federal authority and the province of Nova Scotia, which is an agreement entitled "Nova Scotia federal-provincial agreement on special areas and highways," dated at a point in the administration in Nova Scotia of Hon. George Isaac Smith who was then Premier of Nova Scotia. I asked the question particularly in light of a headline which had appeared in the Halifax *Chronicle-Herald* of September 14, 1971, which read "$40 million more from DREE: Highway work to take half". The article

The Nova Scotia government is expected to sign a formal agreement with Ottawa next week whereby the province will receive an additional $40 million in grants and loans under the regional economic expansion (DREE) program.

Half of the money will be committed to highway work, with the bulk of the balance going to projects in the Halifax-Dartmouth metropolitan area.

Premier Gerald Regan told a news conference at Province House yesterday that the funds are an extension of the province's existing DREE agreement plus another $20 million for highway work.

He and finance minister Peter Nicholson gave newsmen only sketchy information about details of the new programs, saying that more information could be revealed upon official signing of the agreement with Ottawa.

The new money constitutes a one-year extension of Nova Scotia's existing $34 million DREE package, from June 30, 1972, to June 30, 1973.

Mr. Regan said his government opted for a short-term agreement so that more detailed planning could be conducted on a proposed three-year package covering the period April 1, 1972, to June 30, 1975. It was better for a new government deciding its options and long-term programs to secure a short-term agreement so that greater attention could be given to the future, he said.

Some surprise was registered in Nova Scotia at an announcement being made at that point by the Premier, but he explained he was making it then because he was off to Malaysia to attend a conference.

When I raised the question in the House of Commons the minister indicated that he had no awareness of what I was talking about. On the basis of the article I have read, I cannot question the veracity of the minister, because he said he knew nothing about it, but I do without hesitation question the veracity of the Premier of Nova Scotia. This is the second time I have raised the question, only to learn there is still no awareness on the part of the Minister of Regional Economic Expansion as to what in hell this is all about, and I am a little fed up with lying and evasion of public trust. God damn it, what is going on? The minister is too lazy to be here tonight. I ask the parliamentary secretary to tell us whether he knows anything about this or not.

I have come from a testimonial dinner tonight in honour of a man who represents the epitomy of integrity in this country, a former hon. member from British Columbia, Mr. Howard Green, a man who embodies what is important to this institution and has done so over the years. The people of Nova Scotia do not need any misleading information to be given to them. Either the people of Nova Scotia have government by headline or they have government on the basis of consultation with the senior government. It is that question and that question alone that brings me here this evening.

I should like to know whether or not there is about to be signed, or has been signed within the last week or ten days, an extension of or amendment to the original DREE agreement between the federal authority and the province of Nova Scotia to grant the province of Nova Scotia some $40 million in funds. If that is not the case, then I wish the parliamentary secretary to the minister would get to his feet and tell the people of Nova Scotia that Mr. Regan does not know what he is talking about.

Mr. John Roberts (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I am very pleased that the hon. member for Dartmouth-Halifax East (Mr. Forrestall) raised this matter on the "late show." As part of my new duties I have been reading back through the minutes of proceedings of the Standing Committee on Regional Development and I can testify to the hon. member's continuing interest in this subject. Obviously, as he indicated tonight, this is a subject on which he feels very strongly, and rightly so.

He did say that the minister said in the House that he did not know anything about this matter. If the hon. member would look back to *Hansard* he would see that what the minister actually said was whether it would be possible to know to which agreement the hon. member was referring, because there were several agreements to which he might have been referring. So it was not a declaration of ignorance; he was asking the hon. member for information.

The hon. member also said that there has been a breakdown in communications. This is not so. In fact, to the contrary. We have recently completed negotiations in regard to two agreements with the government of Nova Scotia, one dealing with highway projects and the other,—I am sure the hon. member is happy to know—dealing with the development of the special areas of Halifax-Dartmouth and the Strait of Canso. The latter represents an extension of the term of an earlier agreement that was signed last year. These two agreements have now received the approval of the Governor in Council and within the next day or two a letter will be sent to Premier Regan to make arrangements for the signing of the agreements. In accordance with normal practice, details will be announced jointly by the two governments as soon as possible after the agreements have been signed.

I am sure the hon. member will be pleased at these developments and I thank him for his continuing interest in the affairs of the department.

Motion agreed to and the House adjourned at 10.30 p.m.